Central & Eastern Europe
Commercial Update

A publication of the U.S. Department of Commerce, International Trade Administration, Central and Eastern Europe Business Information Center (CEEBIC), in cooperation with the U.S. Agency for International Development

July/August 2004

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Calendar of Events

September

9/13–9/17

Healthcare Technologies Trade Mission

Czech Republic, Hungary, Slovak Republic

Further information:
Mr. Bill Kutson, Project Manager
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9/20–9/24

46th International Engineering Fair

Brno, Czech Republic

Further Information:
Trade Fairs Brno
Vystaviste 1, CZ - 647 00 Brno
Fax: +420-541-153-044
E-mail: *msv@bvv.cz*

9/28–9/29

Maximizing Opportunities, Minimizing Risks in CEE Internet Banking

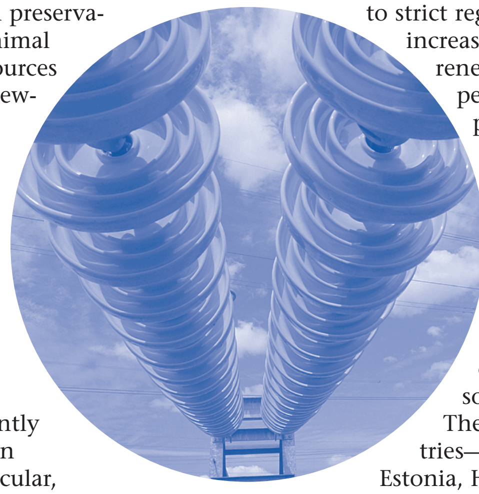
Budapest, Hungary

Further Information:
Mr. Pete Mitchell
Tel.: +44-20-7878-6875
www.C5-online.com/ceeinternet

Please see note on page 8

Renewable Energy

by Michelle Koscielski



Renewable energy is an energy source, such as wind, solar, hydro, or geothermal, that is not derived from finite natural resources. It is considered vital for environmental preservation because it gives off minimal levels of pollution and its sources are inexhaustible. Using renewable energy sources helps to decrease greenhouse gas emissions, which are harmful to the environment. Recently, the European Commission's energy policy has increased its focus on renewable energy. This article discusses how the focus of the European Union (EU) on renewable energy has affected the recently admitted Central and Eastern European countries, in particular, the Czech Republic, Hungary, Poland, and Slovakia. This article also explains how those countries have had to upgrade their policies and standards for renewable energy, and how this change has created business opportunities for U.S. companies.

EU countries' interest in renewable energy began in 1993 when the European Commission introduced the Altner Program. The program served as the basis for additional policies, which now require that all EU member countries adhere to strict regulatory demands and to increase their consumption of renewable sources from 6 to 12 percent by 2010. To further promote this target rate, the EU created the Directive on the Promotion of Electricity in September 2001 and increased the initial target rate of 12 percent to 22.1 percent. The directive also provides a legal framework aimed at promoting further exploration into potential sources for renewable energy. The recently admitted countries—Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia—are also subject to this target rate.

For most EU member countries, meeting the target rate for renewable energy is a daunting challenge, for they are far behind the EU-established target. The EU has agreed to absorb a portion of financial aid for this transition, and the individual governments have set aside funds;

Continued on page 10—Renewable Energy

Central and Eastern Europe Commercial Update Announcement

Please be advised that the Central and Eastern Europe Business Information Center's (CEEBIC) publication, the "Central and Eastern Commercial Update," will become the "Southeastern Europe Commercial Quarterly" as of September 30, 2004. The "Central and Eastern Commercial Update" will no longer provide publications, business counseling, and information resources on the countries of Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia as they have graduated from U.S. government assistance. This will be the second to last edition of the "Central and Eastern Commercial Update." The "Southeastern Europe Commercial Quarterly" will provide similar information on Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Serbia and Montenegro, Macedonia, Kosovo, and Romania.

If you do not wish to receive the "Southeastern Europe Commercial Quarterly," please send an e-mail to *ceebic@ita.doc.gov* with complete contact information to be removed from the mailing list. CEEBIC has another publication free of charge, which is available to U.S. companies interested in Southeastern Europe, the "Southeastern Europe Business Brief." If you wish to subscribe, please send an e-mail to *ceebic@ita.doc.gov* with complete contact information.

The last edition of the "Central and Eastern Commercial Update" will provide contact information for the U.S. Department of Commerce offices, which will handle inquiries about the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia from the U.S. business community.

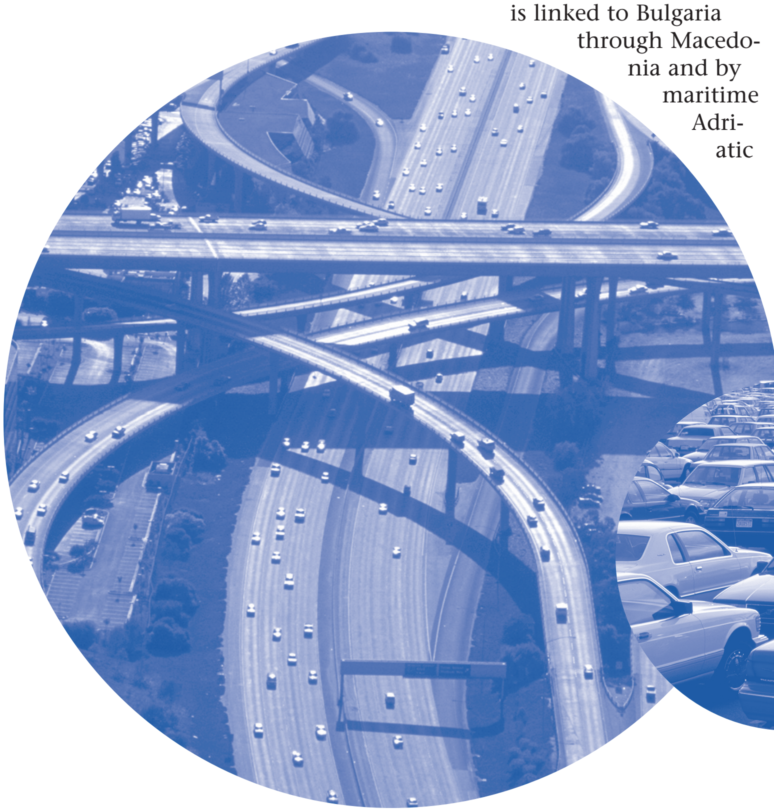
Transportation Infrastructure Development in Southeastern Europe—Part II

by Arben Zajmi

This article—the second of three on transportation infrastructure in Southeastern Europe—gives a detailed description of the transportation networks in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, and Kosovo. Part three will cover the remaining countries of the region (Macedonia, Romania, and Serbia and Montenegro) and will provide information on how U.S. companies can become involved.

Albania is located on the eastern bank of the Adriatic Sea. It has a population of 3.1 million and gross domestic product (GDP) per capita of approximately $1,588. A study financed by the European Union (EU) predicts an exceptionally large, long-term increase in overall transportation needs throughout Albania.

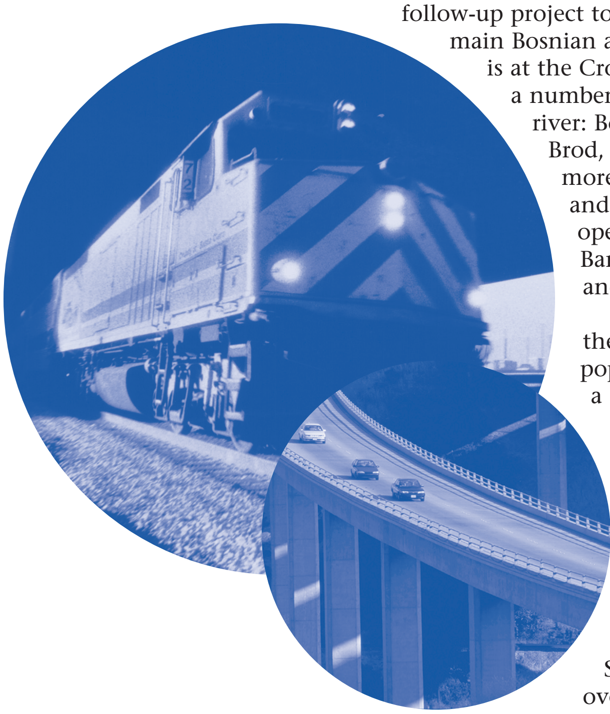
Two important EU transportation corridors—8 and 10—pass through Albania (please see part I of this article for additional information about the corridors). The port of Durrës is the Adriatic gateway for Corridor 10, which ends at the Black Sea. Corridor 10 involves a vertical passageway through the Montenegrin-Albanian border toward the Albanian-Greek border. Those two corridors connect Albania and continental Greece with Europe's interior road networks. Because Albania borders Macedonia, which borders Bulgaria, Albania is linked to Bulgaria through Macedonia and by maritime Adriatic traffic. Albania's government is also planning to construct a highway linking the port of Durrës with Pristina—the capital of Kosovo—at an estimated cost of $300.5 million. Albania has another significant port, Vlora, in the southern part of the country.



In Tirana, the "Mother Theresa" international airport is undergoing two major upgrades, which are expected to be complete by 2006. These and other projects—including the port of Saranda, which supports passenger and freight services to Greece and Italy—currently have priority to improve circulation through the Albanian ports of entry for the August 2004 Olympic Games in Athens. The current projects in Albania—at a cost of more than $490 million—largely funded by the World Bank, the European Bank for Reconstruction and Development (EBRD), the European Commission (EC), and the European Investment Bank (EIB).

Bosnia and Herzegovina has a population of 4 million and a GDP per capita of approximately $1,093. Bosnia and Herzegovina is geographically sandwiched where Croatia meets Serbia and Montenegro. It has a mere 20 kilometers of coastline with the Adriatic Sea. Current infrastructure projects in Bosnia and Herzegovina are valued at $373 million, $130 million of which will go toward the third Electric Power Project (funded by the World Bank). The goal of the project is to reconnect the country's high-voltage network with neighboring systems. An equal portion is earmarked for improving road networks and constructing bridges (funded by the EIB and EC). Among other expenditures, $80 million will go toward the Railway Recovery Project (funded by the EIB and EBRD). Those projects are expected to be completed by 2006.

Bosnia and Herzegovina also includes sections of the EU transportation corridors 5 and 10. Corridor 5 cuts through the middle of the country, passing through the capital of Sarajevo, and Corridor 10 grazes the border with Croatia. Road transportation is the core of Bosnia and Herzegovina's transportation system. The 21,700-kilometer road network consists of 3,800 kilometers of primary roads and 4,800 kilometers of regional roads, with the remainder being local roads. Even though much of the damage to Bosnia and Herzegovina's 1,030-kilometer rail network has been repaired, rail services are only gradually being restored. Much of the recent repair work was completed under the internationally funded Emergency Transport Reconstruction Project. The EBRD is considering a follow-up project to upgrade rolling stock. The main Bosnian access to the Adriatic Sea is at the Croatian port of Ploce, and a number of ports are on the Sava river: Bosanska Gradiska, Bosanski Brod, Brcko, and Orasje. Of the more than 20 airports in Bosnia and Herzegovina, only four are open to commercial traffic: Banja Luka, Mostar, Sarajevo, and Tuzla.



Bulgaria, situated along the Black Sea coast, has a population of 7.6 million and a GDP per capita of $1,838. Four EU transportation corridors pass through Bulgaria: 4, 8, 9, and 10. Corridors 4 and 9 traverse Bulgaria vertically north and south and Corridor 8 serves as a horizontal link from the Adriatic Sea to the Black Sea. Corridors 8 and 10 overlap and share the same road as they pass through Bulgaria. Bulgaria's transportation infrastructure is reasonably well developed, but it has suffered over the past decade from low spending and poor maintenance. However, the development of the EU transportation corridors should lead to a gradual improvement in transportation routes.

Some of Bulgaria's major projects include the construction of a new Danube River bridge and the reconstruction and electrification of the railways in the Plovdiv region. The first will allow for a second fixed bridge over the Danube River, which passes between Bulgaria and Romania. The second will upgrade and electrify the railway lines along Bulgaria's borders with Greece and Turkey. Those projects should be completed between 2005 and 2007. A rail link between Bulgaria's capital, Sofia, and the capital of Macedonia, Skopje, is also expected to be completed within the next few years. Bulgaria has four relatively modern major ports—two on the Black Sea (Burgas and Varna) and two on the Danube (Ruse and Vidin). The process of port modernization is expected to occur over the next few years. For example, a project involving $120 million of Japanese financing will provide the port of Burgas with a terminal that has the capacity to handle 15 million tons annually by 2005, and two new terminals are planned in Varna. Air transportation is the least significant mode of freight transport, carrying just 4,000 tons in 2001.

Croatia has a population of 4.4 million, an extensive coast on the Adriatic Sea, and a relatively high GDP per capita of approximately $5,000. EU transportation corridors 5 and 10, intersect and pass through Croatia. Croatia's two important ports, Ploce and Rijeka, serve as Adriatic entrances to two segments of Corridor 5. One segment intersects the Danube River at Ploce and is a very important link to multimodal regional transportation. Both corridors 5 and 10 constitute significant access points to the main EU networks.

The Croatian government has poured resources into its roadway construction program to create and rehabilitate 400 kilometers of motorways that link the capital, Zagreb, with main trading cities on the Adriatic coast and with the regional capitals of its neighbors by the end of

Continued on page 8—Transportation

To see maps of the corridors referred to in this article, please visit the following:

- *http://bulletin.rec.org/bull103/corridors.html*
- *http://www.unece.org/trans/main/ter/Countries/Corridors/corr3.jpg*
- *http://www.unece.org/trans/main/ter/Countries/Corridors/corr5.jpg*
- *http://www.unece.org/trans/main/ter/Countries/Corridors/corr7.jpg*
- *http://www.unece.org/trans/main/ter/Countries/Corridors/corr8.jpg*
- *http://www.unece.org/trans/main/ter/Countries/Corridors/corr9.jpg*
- *http://www.unece.org/trans/main/ter/Countries/Corridors/corr10.jpg*

Around the Region

Regional: 16 Billion Euro Transport Project Granted in Southeast Europe

The countries of Southeast Europe have agreed on a €16 billion ($19.2 billion) project designed to unite road and rail systems in the region. A memorandum of understanding was signed by transport ministers from Albania, Bosnia and Herzegovina, Croatia, Macedonia, and Serbia and Montenegro. The long-term goal of this development project is to connect the transport network in Southeast Europe with the pan-European system. The project will be largely financed by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). By the time this project is completed, there will be 6,000 kilometers of improved roads and 4,300 kilometers of reconstructed railroads, plus upgraded airports and ports in Drac, Dubrovnik, Nis, Rijeka, and Split. (Source: *seenews.com*)

Macedonia: Imports Require User Instructions in Cyrillic

The Ministry of Economy announced on Tuesday that as of June 29, 2004, the Macedonian Customs Office will1 not accept imports of goods if the product packaging does not have instructions for use within in the Macedonian language in Cyrillic script. Ministry spokesman Goce Pacemski made it clear that any manufacturers planning to export to Macedonia will have to print instructions for the use of their products in Macedonian. The requirement is part of new trading legislation that took effect on March 29, 2004. The implemented change should protect local customers and domestic producers, as well as to secure fair competition in the market. (Source: *seenews.com*)

Regional: The World Bank Commits to Albania-Kosovo Transport Project

The Albanian Finance Ministry stated that the World Bank has confirmed its funding commitment to a project for a transport corridor linking Albania and neighboring Kosovo. The bank has agreed that it will provide financing for the first part of the Durrës-Kukes-Morine road, which links Albania and Kosovo through the Morine checkpoint. The project, initiated in June 2002, has been estimated to cost $250 million. The 175-kilometer route chosen by the government involves building a 6.1-kilometer tunnel through a mountain, as well as a new stretch of road. The project is expected to take four years to complete, and the World Bank has committed to funding $30 million dollars for it. (Source: *seenews.com*)

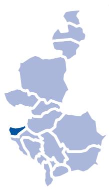
Regional: Foreign Direct Investment Increases in Region

European Union enlargement has made Central and Eastern Europe more attractive for investors. Foreign direct investment (FDI) is expected to recover this year with the Czech Republic, Hungary, and Poland standing to gain substantial international interest. Overall, the Baltic States, the Czech Republic, Hungary, Poland, Slovakia, and Slovenia are expected to generate 15.7 billion euros in net FDI in 2004 and 16.3 billion euros in 2005. Last year, FDI in Hungary totaled 2.3 billion euros and is expected to rise to 2.5 billion euros in 2004 and 2.8 billion euros in 2005. (Source: *Budapest Sun*)

Czech Republic: Mobile Phone Dispersion Reaches 97 Percent

Data from the three Czech mobile operators shows that the number of active Subscriber Identity Module (SIM) cards in the Czech Republic rose from 178,000 to 9.89 million in the first quarter of the year. Many carriers believe that by the end of 2004, there could be one mobile phone per inhabitant in the Czech Republic. Eurotel reported the greatest increase in the number of customers in the first quarter of 2004, which raised the number to 4.28 million. Cesky Mobile increased its clientele from 67,000 to 1.61 million and T-mobile brought the number of its customers up from 43,000 to 3.99 million. The three carriers generated a net profit of CZK 3 billion, and they recorded combined revenues of more than CZK 16 billion in the first quarter. (Source: PMR)

Slovenia: European Energy Network Includes Two Slovenian Projects



The European Union Council on Transport and Energy, listed two Slovenian projects to be constructed in an enlarged pan-European energy network. The projects are two high-voltage transmission lines: one connects Slovenia with Italy, the other with Hungary. The new line between Slovenia and Italy will connect Okroglo pri Kranju with Udine, and the Hungarian line is to run between Cirkovce and Pince. (Source: *Slovenia Business Weekly*)

Regional: U.S. Department of Commerce Publishes Business Ethics: A Manual for Managing a Responsible Business in Emerging Market Economies

The U.S. Department of Commerce's Good Governance program is pleased to announce the publication of *Business Ethics: A Manual for Managing a Responsible Business in Emerging Market Economies*. Designed as a resource and training tool for enterprises operating in emerging market economies, *Business Ethics* will be useful to any organization designing and implementing an ethics program that conforms to global standards. The manual features practical examples plus worksheets and checklists that provide guided exercises. The manual is currently available in English; a Russian language edition is scheduled for fall 2004. Ordering information and an on-line copy are available at *www.ita.doc.gov/media /publications*, or by contacting the Good Governance Program at *Elizabeth_Ramborger@ita.doc.gov*.

Central and Eastern European Commercial Opportunities

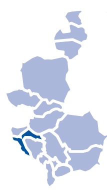
Bosnia and Herzegovina: Tender for Concessions of Hydroelectric Plants

The Agency for Privatization of Herzegovina—Neretva Canton has issued a public tender for the collection of bids for granting concessions for planning, construction, usage and transfer of five mini–hydroelectric power plants in the area of Konjic municipality on the rivers of Tresanica and Bijela.

Deadline: September 1, 2004, at 12:00 midnight Central European Time (CET).

For more information, please contact:
Mr. Dervis Dizdarevic
Concession Committee of Konjic
Tel.: +387-36-726-153 or 727-221

Croatia: Contractors for Construction Works in the Port of Rijeka



Description: Rijeka Gateway Project, Zagreb Pier Extension
Contract No.: RGP-CW-019/2004-ICB
Loan No.: 4715 – HR

Specific Procurement Notice—Invitation for Prequalification:
This invitation for prequalification follows the general procurement notice for this project that appeared in Development Business No. 597 of December 30, 2002. The Republic of Croatia has received a loan from the International Bank for Reconstruction and Development (IBRD) toward the cost of the Rijeka Gateway Project. It intends to apply part of the proceeds of this loan to eligible payments under the contract for which this invitation for prequalification is issued. The Port of Rijeka Authority intends to prequalify contractors and/or firms for construction of new wharves (piled pier type), retaining wall, and seaside slope protection; placing of reclamation fill on land side of retaining wall, demolition and renovation of existing buildings; yard pavement and drainage; and installation of electric power and water supply networks. It is expected that invitations to bid will be made by September 30, 2004.

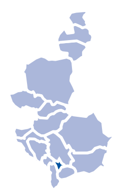
Contact:
Port of Rijeka Authority (Lucka uprava Rijeka)
Mr. Rajko Raceta
Riva 1
51000 Rijeka
Croatia
Tel.: +385-51-351-120 or +385-98-368-023
Fax.: +385-51-213-112 or +385-51-331-764
E-mail: *rajko.raceta@portauthority.hr*
Working hours: 9:00 a.m. to 3:00 p.m. CET

Albania: Company Seeking U.S. Suppliers of Soybean Meal and Grain

AIBA Co. is looking to import soybean meal and corn. It would prefer combined shipments of not more than 12,500 metric tons because the port of Durrës cannot handle ships with higher tonnage. AIBA is also very interested to doing business with exporters of wheat for both animal feed and human consumption.

Contact:
Mr. Omer Dashi
CEEBIC Commercial Specialist
American Embassy
Rruga Elbasanit 103
Tirana, Albania
Tel: +355-4-247-285 x 3009
Fax: +355-4-232-222
E-mail: *dashiox@state.gov*
www.export.gov/ceebic

Kosovo: Supply of Light Vehicles for Kosovo Post and Telecommunications



Contract Description:
The purpose of this Contract is to supply Post and Telecommunication Enterprise of Kosovo with the following light vehicles:

1. 17 4x4 on/off-road vehicles and spare parts – 5 seats
2. 12 4x4 on/off-road vehicles and spare parts – 7 seats
3. 8 4x4 on/off-road pick-up vehicles and spare parts – double cabin
4. 2 4x4 on/off-road pick-up vehicles and spare parts – single cabin
5. 37 Passenger vehicles and spare parts
6. 56 Station wagon vehicles and spare parts
7. 16 Light trucks 2.5 ton (double cabin) and spare parts
8. 1 Light Truck 10 ton and spare parts
9. 3 5000 liter Truck, fuel-carrying vehicles and spare parts
10. 1 Cable drum trailer 10 ton and spare parts
11. 1 Minibus-van with minimum 8 seats, plus spare parts

Deadline for submission of bids: Friday August 13, 2004, at 12:00 midnight (CET).

Contact: Post and Telecommunication Enterprise of Kosovo
Attn: Mr. Fatmir Rushiti – Procurement Manager
Tel./Fax: +381-38=526=436
E-mail: *Fatmir.Rushiti@ptkonline.com*

EU Accession Extras

Slovak Republic: Small Businesses Gain Easier Access to Capital

Small and medium-sized firms will gain better access to finance as a result of a 5 million euro loan from the European Bank of Reconstruction and Development (EBRD) to UniBanka. A subsidiary of Unicredito Italiano, Unibanka is the sixth largest bank in the country. Additionally, the European Union (EU) is providing more than 1.1 million euros toward implementing the project. The loans will help small businesses gain easier access to capital, which is fundamental to growth and economic development. (Source: *Enlargement Weekly)*

Regional: Bulgaria and Romania Prepare to Join the EU

On June 14, the EU completed its accession negotiations with Bulgaria and praised Romania for the progress it has made. Bulgaria is expected to join the EU on January 1, 2007, and Romania is currently working to close the "energy and services" chapter in the *acquis communautaire*. Romania has closed 24 chapters in its negotiations with the EU. (Source: *Radio Free Europe/ Radio Liberty at rferl.org*)

Regional: EU Newcomers Prepare to Join the Euro

Estonia, Lithuania, and Slovenia are the first of the recently acceded countries in the EU to join the "exchange-rate mechanism" (ERM-2), which will prepare them for assuming the euro in 2007. Countries that intend to adopt the euro must participate in ERM-2 for a minimum of two years. ERM-2 ensures a stable exchange rate between the euro and the currency of the participating country. This process is vital because currencies in ERM-2 are not allowed to fluctuate by more than 15 percent against the euro. Additionally, prospective countries must adhere to other criteria, such as low inflation rates and a low budget deficit. (Source: *EU Observer*)

Czech Republic: New EIB Vice President

Ivan Pilip of the Czech Republic was appointed to a three-year term as the vice president of the European Investment Bank (EIB), the European Union's long-term lending institution. Pilip's responsibilities include the EIB's financing operations in the Czech Republic, Poland, and the Slovak Republic; financing of the trans-european networks; and cooperating with the European Commission in co-financing EU Structural Funds. The EIB officially recognized the participation of new member states on May 5, when the Board of Governors increased its membership from 15 to 25 representatives, which reflects adding 10 new member states. (Source: *EU Observer*)

Transportation—*from page 3*

2005. The existing Zagreb-Karlovac motorway has been extended to Rijeka—the country's major port—and to Pula on the Adriatic coast. Large tracts of roadway between Zagreb and Split have been completed, and one has also been constructed between the Slovenian border and Zagreb. The railroad system is also important. In 2002, Croatia had 2,726 kilometers of track, 36 percent of which are electrified. Maritime communications are also important for Croatia, with its long coastline and large shipping fleet.

Kosovo (currently administered by the United Nations Mission in Kosovo) has a population of 2 million with a per capita GDP of $1,329. Kosovo is bordered by Albania, Macedonia, and Serbia and Montenegro. Kosovo has a road network that comprises 647 kilometers of main roads and 1,287 kilometers of regional roads. The roads remain somewhat damaged, mostly because of the lack of maintenance. Albania is planning to construct a highway linking the Adriatic port of Durrës with Pristina, the capital of Kosovo. Although the condition of the main roads has improved, the condition of secondary and local roads remains poor, and the need for bridge improvement is critical. Although the Ministry of Transportation has been able to increase its budget for road infrastructure and maintenance, more is needed.

Two of the largest contributors of funds are the World Bank and the European Agency for Reconstruction. Kosovo's existing non-electrified, standard-gauge, single-track railway network has a combined length of 330 kilometer. Freight traffic consists of 60 percent military traffic and 40 percent commercial traffic. Passenger traffic lines have increased since 2002 and cover the entire territory of Kosovo twice daily. In May 2002, the Serbian and United Nations Mission in Kosovo railways signed an agreement to reopen the northern line to Serbia, which began running in December 2002. Kosovo also has an international airport near Pristina.

To summarize, this article has described the transportation networks in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, and Kosovo. U.S. companies interested in becoming involved in Southeastern Europe's transportation sector must understand the networks and how projects contribute to the larger regional initiatives presented in the first article of this series. Part three will give a detailed profile of Macedonia, Romania, and Serbia and Montenegro and will conclude the series by elaborating on more specific commercial opportunities for U.S. companies to contribute to more efficient transportation, communication and trade in Southern Europe.

For more information on transportation infrastructure in Southeastern Europe, please visit CEEBIC's Southeast Europe Initiative page at *www.mac.doc.gov/ceebic/SEE.htm.*

* Note for Calendar of Events

For a more complete list of events, go to CEEBICnet: *www.export.gov/ceebic*.
This notice is provided solely as an informational resource and does not constitute U.S. Department of Commerce endorsement of these events. All information published in the *Commercial Update* regarding trade events is subject to change without notice by the organizers of those events.

Exporter's Corner

The top 15 U.S. State Exports to Central and Eastern Europe (in $1,000):

State	2002	2003
Texas	934,648	915,462
California	764,957	672,552
Washington	288,790	625,851
Illinois	293,566	385,957
New York	348,171	384,340
Virginia	170,261	210,509
Arkansas	348,364	201,613
New Jersey	207,026	192,416
Pennsylvania	155,476	163,714
Massachusetts	103,782	159,002
North Carolina	132,915	152,935
Florida	137,300	148,853
Georgia	187,860	143,945
Michigan	128,452	142,126
Ohio	125,698	134,379

Source: U.S. Department of Commerce, International Trade Administration, Trade Stats Express *(http://tse.export.gov)*

Frequently Asked Questions

What is a commercial invoice?
A commercial invoice is a bill for the goods from the seller to the buyer. Commercial invoices are used by customs officials to determine the value of the goods in order to assess customs duties and taxes.

Is there a standard form for a commercial invoice?
In general, there is no standard form for a commercial invoice, although all invoices tend to contain many of the following features:

- Seller's contact information
- Buyer's contact information
- Consignee's contact information (if it is different from the buyer's)
- Invoice date
- A unique invoice number
- Sales terms (usually in Incoterm format; see *http://www.iccwbo.org/index.asp*)
- Payment terms
- Currency of sale
- Full quantities and description of merchandise (Generally, this feature includes unit price and total price. Product descriptions should be consistent with the buyer's purchase order. Including the Harmonized System commodity codes can be helpful, especially in countries that are WTO members.)
- Certification that the invoice is correct (Standard language is "We certify that this invoice is true and correct.")

For country-specific requirements, please visit CEEBIC's Web site at: *www.mac.doc.gov/eebic/ceebic.html*, and review the "How to Export" Guide for the relevant country.

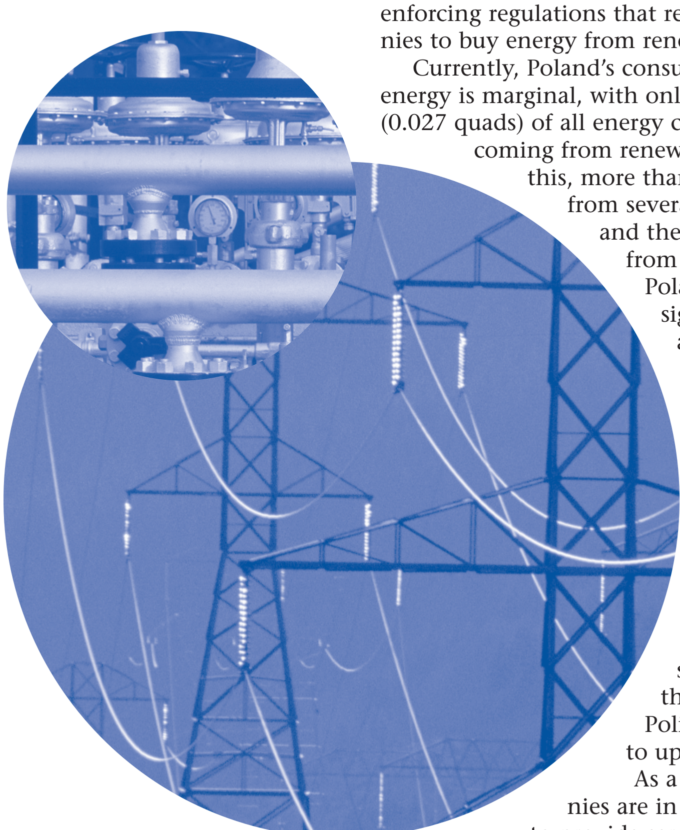
E.U. Accession—*from page 1*

however, the process is too large for public-sector aid alone. With proper funding and management, Central and Eastern European countries have great potential for developing renewable energy sources, which, in turn, can provide benefits such as employment opportunities, energy security, and sustainable regional development. In addition, the focus on development renewable energy sources opens the door to new commercial opportunities for U.S. companies.

Poland

Poland's power-generation sector is the largest energy sector in Central and Eastern Europe, with a total capacity of more than 33,000 MW. Until recently, 97 percent of all electricity in Poland was generated from coal. However, in 2001 the Polish parliament adopted a Strategy for the Development of the Renewable Energy Sector. The plan called for an increase in the share of renewable energy, from 2.5 percent in 1999 to 7.5 percent in 2010 and then to 14 percent in 2020.

To fulfill those obligations, more than 200 modern MW generators will be erected. In addition, the Ministry of the Economy has begun enforcing regulations that require power companies to buy energy from renewable sources.



Currently, Poland's consumption of renewable energy is marginal, with only about 0.7 percent (0.027 quads) of all energy consumed in 2001 coming from renewable sources. Of this, more than 80 percent comes from several hydropower plants and the remainder comes from geothermal sources. Poland has no other significant renewable energy sources, although there is potential for additional geothermal and biomass energy. In May 2003, legislation to the Energy Law concerning the obligation to purchase electricity and heat from renewable sources was amended, therefore encouraging Polish power companies to upgrade their facilities. As a result, U.S. companies are in an optimal position to provide services, technology, and equipment used in alternative energy production. In addition, Polish companies will require postsale maintenance, equipment service, access to spare parts, and future technology upgrades. In this way, U.S. companies not only can enter the market of renewable energy, but also can ensure a more secure long-term investment.

Hungary

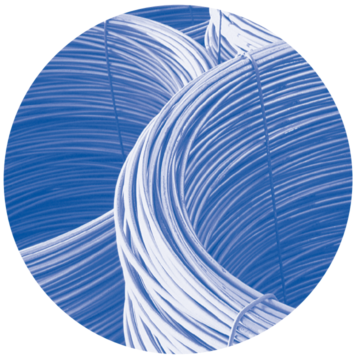
Hungary plans to double its share of renewable energy, from 3.6 percent to 7.2 percent by 2010. The Hungarian government projects that HUF 400 billion (U.S. $1.8 billion) will be required to meet the EU's renewable energy goals. Hungary's main tool to meet this goal is a government requirement that the electricity distribution system guarantee the purchase of renewable energy at a rate 37 percent above conventionally produced electricity. In the long run, liberalizing the market will allow the market to open up and involve more players, subsequently creating more competition among those players. Thus, if the government mandates an increase in the consumption and use of renewable energy sources, then demand for such sources will also increase in the more-liberalized market.

The Ministry of Economic Affairs estimates that biomass and wind are the most important potential sources for renewable energy, with geothermal energy also significant. Although expansion of renewable energy sources may be quite difficult, the market for the development of such sources should grow strongly in coming years. Securing the necessary financing is a key component of success for waste-to-energy projects. The best prospects for U.S. companies include supplying low-waste and recycling technologies, soil remediation, bio-energy, waste-to-energy, and wastewater and water treatment projects.

Slovak Republic

The market for Slovak electric power generation is small compared with other European countries. Slovakia depends on hydroelectric and nuclear resources, plus coal, natural gas, and oil thermal plants for electric power generation. In 2002, 55 percent of all electric power production came from nuclear power stations, 29 percent came from fossil fuels, and 16 percent came from hydropower. Renewable power sources account for approximately 2.6 percent of the total energy consumed by primary power sources. Currently only 27 percent of the capacity is being used. However, the prices for providing energy from nuclear and coal sources are less than from renewable sources.

Slovakia's ability to increase electricity generated using renewable sources will depend mainly on the liberalization of energy prices, on subsi-



dies, or on measures such as government support and policy enforcement. Construction projects for renewable energy depend on investments and the ability to meet environmental standards. Consequently, there is a lot of room for growth in this sector.

The most promising opportunities for U.S. companies include investment in infrastructure projects, either by providing materials for the construction of new facilities or by upgrading wastewater treatment plants, recycling facilities, or biological waste facilities. U.S. companies can also play an advisory role by providing market research and consultation services for implementing new government procedures and complying with regulations.

Czech Republic

A government regulation on January 1, 2001, ensured the demand for renewable sources when it made the purchase of such resources compulsory. Renewable energy sources supply less than 3 percent of the Czech Republic's primary needs, in contrast to the EU average of 6 percent. New laws are being prepared to support renewable sources so the Czech Republic will be able to reach its goal of 6 to 7 percent by 2010. However, capital expenditures needed for this effort are estimated at US$7–8 billion. As a result, funding is needed from both special-purpose subsidies and non-budgetary sources, such as investments, loans, or grants.

Several municipalities are operating biomass boilers, with each having a total capacity of 3 to 4 MW. Investors have a growing interest in biomass and biogas from municipal landfills. The potential for the use of wind generators has been studied in previous years, and some potential locations have been identified. However, high costs have prevented distributors from showing more interest. This obstacle has been removed by the government regulation in January 1, 2001. As a result, opportunities for U.S. firms include providing improved energy efficient technologies alternative or renewable energy sources and innovative energy services.

Conclusion

Following the EU Directive on the Promotion of Electricity, the new EU member states from Central and Eastern Europe have increased their emphasis on reforming their renewable energy sectors. The region lags behind the EU target rate for renewable energy consumption; however, upgrading facilities and building renewable energy plants are essential for economic growth. As a result, U.S. companies have an opportunity to provide services, technology, equipment, knowledge, and experience.

For more specific information on renewable energy in Central and Eastern Europe, please consult the Central and Eastern Europe Business Information Center Web site at *www.mac.doc.gov/ceebic*.

(Sources: U.S. Commercial Service, Warsaw Voice, Ministry of Industry and Trade of the Czech Republic, Slovak Spectator, Slovenia News, Budapest Business Journal)

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