

# 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

April 2003

## U.S. Commerce Secretary Advances Ties with Central and Eastern Europe

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### Calendar of Events

#### April

4/22

#### Paving the Way to the European Union: Infrastructure Opportuni- ties in Central Europe

Featuring: the Czech Republic, Hungary, Poland, the Slovak Republic, and Slovenia  
Washington, D.C.

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#### Expanding Opportunities in Slovenia with EU Membership in 2004

Washington, D.C.

#### May

5/27-5/30

#### Industria

Budapest, Hungary

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U.S. Secretary of Commerce Donald Evans visited Romania, Bulgaria, and Slovakia, Feb. 27-March 1, 2003, to meet with government officials to explore ways the United States could help build these countries' markets and increase U.S. commercial activity in them. "I'm pleased to travel to Central and Eastern Europe at the request of the president to demonstrate our support and appreciation of these countries. I look forward to further developing our economic relationship with our long-standing friends and trading partners," said Evans. "Trade is key to promoting political and economic stability. Stronger economic ties between the United States and Central and Eastern Europe will promote economic growth, increased innovation, greater productivity and a better quality of life for all of our people."

Evans is the first U.S. commerce secretary in nearly 15 years to visit Romania. While there, Secretary Evans met with Romanian President Ion Iliescu and Prime Minister Adrian Nastase to underscore the importance of U.S.-Romanian commercial relations and praised Romania for its economic reforms. Over the past year, trade between the United States and Romania has increased by almost one-third. Fittingly, Secretary Evans announced that the U.S. Commerce Department would lead a business development mission to Romania later this year. The mission aims to increase bilateral trade and commercial cooperation, fostering economic growth and creating jobs in both countries. According to Secretary Evans, "Romania is a valued friend and trading partner. Commercial development between our two nations will lead to peace and prosperity in the U.S. and Romania, creating a better world for our children and grandchildren."

In Bulgaria, Secretary Evans' visit was widely perceived as a gesture of U.S. friendship toward the nation. Secretary Evans met with

Prime Minister Simeon Saxe-Coburg-Gotha, President Georgi Purvanov, and Deputy Prime Minister and Minister of Economic Affairs Nikolai Vassilev. Secretary Evans announced three important measures to increase U.S. trade with and investment in Bulgaria: the determination by the U.S. Commerce Department that Bulgaria has a market economy, a declaration of support in arranging a meeting for the chairman of the Bulgarian Foreign Investment Agency during his upcoming visit to the United States, and a commitment to bring a high-level trade mission to Bulgaria.

Overall, the visit raised Bulgarian expectations about future U.S. commercial relations. All levels of the Bulgarian government expressed satisfaction with the positive message of the visit.

Secretary Evans received a warm welcome during his visit to Bratislava, Slovakia. He met with Prime Minister Mikulas Dzurinda, President Rudolf Schuster, several political leaders, and the American Chamber of Commerce. Secretary

Evans thanked the Slovaks for their support of U.S. policy regarding Iraq and praised their economic and social transformation that has afforded them invitations to join the European Union and the North Atlantic Treaty Organization. Secretary Evans stated that the United States "will do everything to encourage an even stronger bilateral commercial relationship" and noted the success of the last year's investment conference sponsored by the U.S. embassy in Bratislava in attracting additional investment to Slovakia. Secretary Evans also noted that there are plans in the pipeline for an even larger conference later on this year.

Source: Office of Public Affairs, U.S. Department of Commerce; U.S. Embassy, Bratislava; U.S. Embassy, Sofia; and U.S. Embassy, Bucharest.



# Eye on Southeast Europe



## Industrial Parks in Romania

Industrial and technological parks are a relatively new phenomenon in Romania. Private companies and local administrations are developing several projects to create a network of industrial parks throughout the country. Most of the new industrial/technological parks specialize in the building, leasing, and management of areas near large cities (for instance, Bucharest, Arad, Iasi, Cluj, and Brasov). Park management staffs are committed to working closely with clients to meet their specific needs and provide the flexibility required for business growth.

In 2001 and 2002, the Romanian parliament passed a law and regulations on the development of industrial parks (see [www.mac.doc.gov/ceebic/country/romania.htm](http://www.mac.doc.gov/ceebic/country/romania.htm)). According to Ordinance No. 65/2001, "industrial parks are zones where economic, scientific research, and/or technological development activities are carried out using the human and material resources available in the respective region."

This legal framework creates conditions favorable to financing of industrial park projects. Grants of \$600,000 each help project sponsors complete the infrastructure portions of their plans. Meanwhile, the Ministry of Development and Prognosis has streamlined the process by which an industrial park owner/developer secures the title along with all official approval for park operations.

The industrial parks legislation provides benefits such as:

- Tax deduction on profit representing 20 percent of the total initial investment in infrastructure and utilities;
- Deferred VAT payment until the 25th day of the month when the investment was made;
- Special incentives negotiated with local authorities on a case-by-case basis;
- Tax exemption for the use of state-owned land for purposes other than agriculture and forestry, when such use is warranted by industrial park development.

Industrial park sponsors in Romania comply with both national and EU regulations regarding the following:

- Guaranteed access to national or European roads;
- Possession of at least 10 hectares, with the exception of industrial parks for scientific research, technological development, and/or information technology;
- Thirty-year leases signed by the park's licensed owner;
- Clear legal status.

An industrial park's activities and operations are based on commercial agreements between the park management and legal entities (Romanian or foreign) that are the park's clients. A foreign investor can establish a joint venture for the sole purpose of managing an industrial park and enjoy all incentives and benefits approved for park developers. Industrial parks can be built almost anywhere in Romania, and they may target specific sectors considered priorities by local or regional authorities.

Lots within industrial parks offer the following advantages and amenities:

- Complete infrastructure;
- Low-cost, reliable utilities;
- Enterprise zones;
- Free trade zones (available in some parks);
- Airport or railroad facilities nearby;
- Local incentives;
- County and state incentives.

For a list of industrial/technological parks or additional information about such parks in Romania, e-mail [monica.erechia@mail.doc.gov](mailto:monica.erechia@mail.doc.gov), [robert.balazs@mail.doc.gov](mailto:robert.balazs@mail.doc.gov), or [cristina\\_marine@ita.doc.gov](mailto:cristina_marine@ita.doc.gov).





## EU Accession Extras

### Croatia Submits Application for EU Membership



On Feb. 10, 2003, Croatian officials submitted the country's EU membership application. The EU Council of Ministers is expected to review the application in late April or early May. After that review, the EU Commission will assess Croatia's application. In October 2001, Croatia signed a stabilization and association agreement with the European Union, which provides formal mechanisms to achieve EU standards. Source: Hina News Agency.

### Accession to Stimulate Economic Growth



The EU Center for European Reform predicts that accession to the European Union will stimulate economic growth in the candidate countries by as much as 1 to 2 percent. This estimate is based on the idea that accession will increase foreign investment and trade.

The center also estimates that accession will create approximately 1.5 million jobs. Source: *Enlargement Weekly*.

## Expanding Opportunities in Slovenia with EU Membership in 2004

**April 29, 2003**

9:00 am–11:00 am

Central and Eastern Europe Business Information Center (CEEbIC)  
USA Trade Center, Ronald Reagan Building, Mezzanine Level  
1300 Pennsylvania Avenue, N.W.  
Washington, DC 20230  
Tel: (202) 482-2645  
Fax: (202) 482-3898

On April 29, 2003, the Central and Eastern Europe Business Information Center will host a briefing on Slovenia's commercial climate, with a view toward EU accession in 2004. The briefing will also highlight industry sectors that offer opportunities for U.S. and Slovene companies to cooperate and expand in the EU market.

#### Featured speakers (videoconference):

- **Johnny Young**, U.S. ambassador to Slovenia;
- **Dr. Davorin Kracun**, Slovene ambassador to the United States;
- **Dick Johnson**, president of Goodyear-Sava and the American Chamber of Commerce in Slovenia;
- **Marta Kos**, vice president of the Chamber of Commerce of Slovenia.

#### Registration

To register, fax the following form to Jennifer Gothard at the Central and Eastern Europe Business Information Center. Fax: (202) 482-3898. E-mail: [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov).

Company name: \_\_\_\_\_

Person(s) attending: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Industry sector: \_\_\_\_\_

There is no charge for this CEEbIC event.

# Central and Eastern European Commercial Opportunities

## Romania



The city council of Buzias in southwest Romania and a private Romanian sponsor are looking for U.S. investors/developers to participate in the Buzias Health Spa project. The therapeutic effects of Buzias' thermal and mineral waters were first documented in 1811, and since then Buzias has been a health resort. However, the spa now functions at just 40 percent of its capacity. The strategy for the development of Timis County and the western region lists the health resort among its top priorities. The Buzias project includes but is not limited to construction of a sports center with a multiuse building with medical offices; sports facilities; a business center; an Olympic-size swimming pool; an administrative building; a thermal power station; and tennis, volleyball, and basketball courts.

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[cristina\\_marine@ita.doc.gov](mailto:cristina_marine@ita.doc.gov)

## Slovakia



ALCOM, a private company with 10 employees, seeks a U.S. joint venture partner and American know-how and technology. The company builds GSM/MW cellular phone networks and develops remote controls and alarms for homes. It has clients in Slovakia, Hungary, Poland, France, Egypt, and Morocco. Its revenue in 2002 was \$175,000. The company is planning to expand its business to the development and production of electronic equipment, including software accessories for households, the automobile industry, and offices.

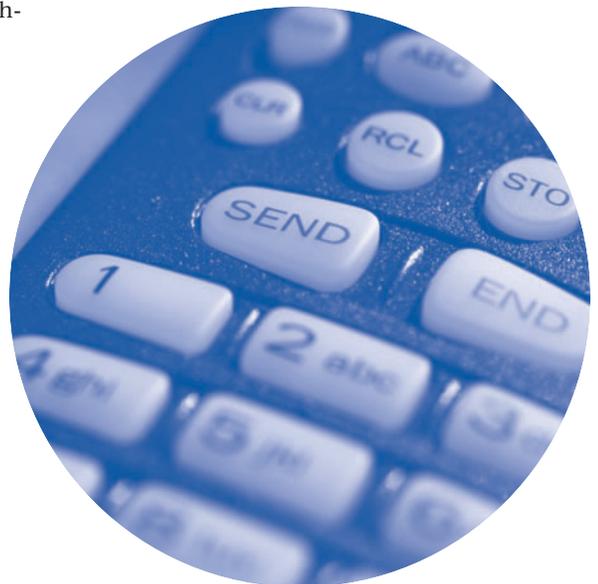
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## Estonia



Vipex AS, a wholesaler of building materials, seeks U.S. suppliers of bathroom equipment (ceramic tiles for interior decoration).

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# Upcoming Events

## April

4/22

### **Paving the Way to the European Union: Infrastructure Opportunities in Central Europe**

**Featuring: the Czech Republic, Hungary, Poland, the Slovak Republic, and Slovenia**

Washington, D.C.

The seminar will feature embassy representatives discussing sector opportunities, followed by a reception with ambassadors in attendance.

Further information:

CEEBC

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4/29

### **Expanding Opportunities in Slovenia with EU Membership in 2004**

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This business briefing will feature Johnny Young, U.S. ambassador to Slovenia; Dr. Davorin Kracun, Slovene ambassador to the United States; Dick Johnson, president of Goodyear-Sava and the American Chamber of Commerce in Slovenia; and Marta Kos, vice president of the Chamber of Commerce of Slovenia.

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E-mail: [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov)

## May

5/27-5/30

### **Industria**

Budapest, Hungary

This is an international industrial trade fair.

Further information:

HUNGEXPO Co. Ltd.

Expo ter 1 (Albertirsai ut 10)

1441 Budapest

Hungary

Tel: +361-263-6443, 263-6183

Fax: +361-263-6086

E-mail: [industria@hungexpo.hu](mailto:industria@hungexpo.hu)

Web site: [www.industria.hu](http://www.industria.hu)

For a more complete list of events, go to

CEEBCnet: [www.export.gov/ceebic](http://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.



# EcoLinks

## Creating Environmental Partnerships

Central-Eastern Europe is becoming one of the most promising regions for U.S. exporters of environmental technology. Already suffering from decades of environmental neglect, countries in the region face the challenge of meeting strict environmental standards as they seek EU membership. Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, and Slovenia are set to join the European Union on May 1, 2004. Bulgaria and Romania may join the union in 2007.

The U.S. Agency for International Development launched the EcoLinks program in 1998, in cooperation with the U.S. Department of Commerce and several environmental organizations, to facilitate the transfer of U.S. technology to Central-Eastern Europe and the former Soviet Union, as well as to foster the growth of environmentally sustainable economies. The EcoLinks mission is to enhance environmental trade and investment by promoting commercial ties between U.S. environmental firms and businesses and municipalities in these regions.

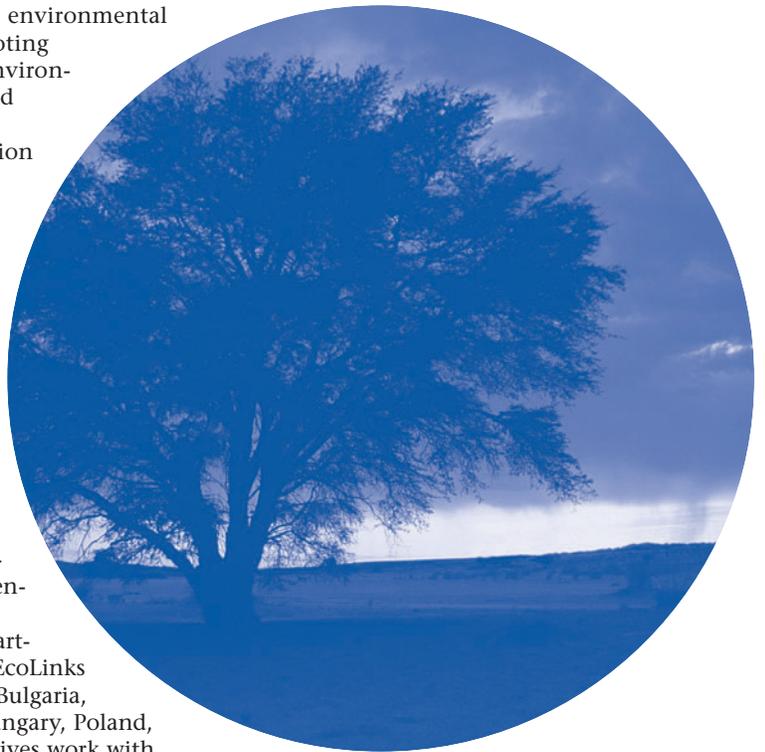
EcoLinks pursues its mission through two primary avenues: the Partnership Grants and the Trade and Investment programs. Grants entail financial assistance for initial partnership meetings as well as feasibility studies. The Quick Response award provides up to \$5,000 for eligible businesses, local governments, or associations to travel, visit sites, or participate in demonstrations of technology. The Trade and Investment Program facilitates the transfer of appropriate, cost-effective environmental technologies.

To that end, the U.S. Department of Commerce has placed EcoLinks representatives (“tech reps”) in Bulgaria, Croatia, the Czech Republic, Hungary, Poland, and Romania. These representatives work with local businesses, governments, and professional associations in their respective countries to identify their environmental needs. Such needs cut

across the full spectrum of ecological challenges, from remediation, waste management, and pollution control to pollution prevention, cleaner manufacturing, and production of environmentally friendly goods and services.

When promising business matches are identified, EcoLinks tech reps help facilitate meetings between potential U.S. and foreign partners and clients. Tech reps also assist in mobilizing a wide range of U.S. government resources and services regarding project financing, including CEEBIC, the U.S. Commercial Service, Export-Import Bank of the United States, U.S. Trade and Development Agency, and Overseas Private Investment Corporation.

For more information about EcoLinks, visit [www.ecolinks.org](http://www.ecolinks.org).



# Around the Region

## Serbia and Montenegro: TDA Grant for Air Traffic Control



On Feb. 10, 2003, the U.S. Trade and Development Agency (TDA) signed a \$190,985 technical assistance grant with the Federal Air Traffic Control Authority (FATCA) in Belgrade, Serbia. The grant will assist the government of Serbia and Montenegro in developing the civil aviation sector.

U.S. Ambassador to Serbia and Montenegro William Montgomery signed on behalf of the TDA, and FATCA Director General Nikola Stankov signed on behalf of Serbia and Montenegro. The TDA grant will help enhance and expand project, acquisition, and engineering management at the FATCA Project Management Office in Belgrade. The goal is to prepare FATCA for the planned modernization of its air traffic control system. The grant reflects the specific project implementation needs of FATCA. The MITRE Corporation of McLean, Va., will provide the technical assistance.

## Romania: Standard & Poor's Upgrade



On Feb. 27, 2003, Standard & Poor's raised Romania's long-term local currency sovereign credit and senior unsecured debt rating from "BB-" to "BB" and its long-term foreign currency sovereign credit and senior unsecured debt rating from "B+" to "BB." Standard & Poor's also affirmed its "B" short-term local and foreign currency ratings. Thus, Romania's bonds have improved to the "speculative" designation for investors. The country's outlook remains positive. Source: U.S. Embassy, Bucharest.

## Growing Markets for Consumer Goods in the Region



According to a recent report of the Economist Intelligence Unit, Central and Eastern Europe continues to offer attractive markets for manufacturers of consumer goods. However, the region is not only a manufacturing base. It also boasts growing domestic markets and consumer goods companies with faster sales growth than their counterparts in Western Europe. The upward trend benefits producers of electronic goods, household appliances, clothing, footwear, cosmetics, and toiletries. The report indicates that some firms measure Central and Eastern European markets by Western European standards and adjust their budgets accordingly. Accelerated consumer spending has increased the number of retail chains in Central and Eastern Europe. Large retail chains account for more than 40 percent of sales of fast-moving consumer goods in Poland, and so-called hypermarkets account for more than one-third of consumer spending in Hungary. The report also says that the growth of large, foreign-owned chain stores is likely to continue in Central and Eastern Europe. Source: Economist Intelligence Unit.

## Central & Eastern Europe Commercial Update



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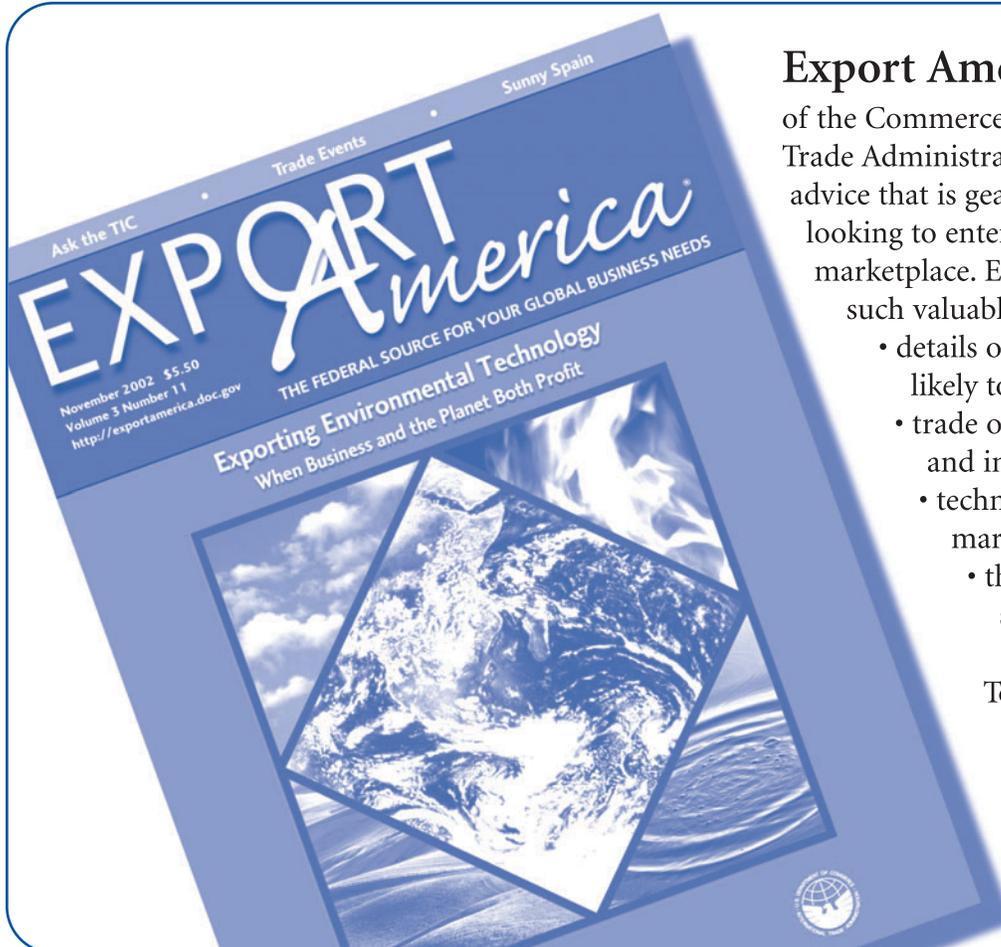
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