GLOBAL NEWS LINE

CZECH REPUBLIC

Despite the economic decline in Europe and the United States, the Czech automotive market continues to grow, offering excellent opportunities for U.S. automotive producers. The automotive industry represents 13.3 percent of Czech industrial production and is one of the most prosperous sectors of Czech industry. Key components of this sector include production of passenger cars, and most importantly, automotive parts and accessories.

The Czech Republic produces the most cars of any country in Central and Eastern Europe. At the core of the Czech automotive sector is Skoda Auto, part of the Volkswagen Group since 1991. In 1997, Skoda Auto overtook Fiat to become the largest car manufacturer in Central Europe. The plant that manufactures the upscale Octavia model range is one of the most efficient in Europe, with six component systems integrators supplying modules directly to the assembly line. Volkswagen's $2.6-billion investment in Skoda Auto has stimulated the entire Czech components industry.

At the end of 2001, PSA Peugeot Citroen and Toyota Motor Corporation decided to build a plant to produce a new class of automobiles in the Czech Republic. This will make the Czech Republic one of the biggest European automobile makers, with annual production of around 800,000 vehicles. This also represents a unique opportunity for U.S. automotive suppliers.

There are now 270 suppliers of car parts in the Czech market. Forty-five percent of the top 100 European automotive component suppliers and 40 percent of the top 100 world automotive component suppliers manufacture in the Czech Republic. The country offers excellent connections with Europe's highway network, a track record of successful R&D and quality production, and highly qualified, low-cost labor. Foreign component manufacturers have set up more than 130 joint ventures and greenfield sites in the Czech Republic, and more are in the pipeline. Many major companies are expanding single Czech plants into multiple operations.

Czech-based automotive sector suppliers are geographically close to important car manufacturers in Germany, Poland, Slovakia, and Hungary; but they also supply farther-flung markets such as France and Spain. New important automotive players are setting up operations in the Czech Republic to use cheap labor to supply the new factories to be built by BMW in Leipzig, Germany, close to Czech Republic's northwest border, and by PSA Peugeot Citroen and Toyota in Kolin, in the middle of the Czech Republic. This will further boost the Czech automotive industry.

Several U.S. companies have established joint ventures or bought majority stakes in Czech auto parts producers. These companies have been extremely successful and are being followed by others. Significant opportunities also exist in aftermarket parts.

BULGARIA

The interest in renewable energy sources in Bulgaria reflects changes in energy policy around the world as a result of air pollution and global climatic change. The extensive use of relatively low-cost, fossil-based fuels for power generation, as well as lack of government support and education, has blocked the development of most economically viable renewable energy projects in Bulgaria. As a result of the last 12 years of transition to a market-based economy, the energy sector is gradually opening up. Despite having the lowest GDP per capita of EU accession candidates, Bulgaria uses the most electricity per capita. This, in combination with the largely untapped potential of some renewable energy sources (biomass, solar, wind), offers some interesting "green" energy perspectives. The government's policy leans toward ensuring rational use of indigenous and imported energy supplies, existing energy systems, and other resources in the energy sector. Bulgaria is using low-cost tools in order to set priorities for future capacities for energy supply. With respect to the long-term potential of renewable energy in Bulgaria, the Ministry of Energy and Energy Resources estimates a potential supply of 5 percent from renewable sources (including hydropower). At the moment, renewable sources account for only 0.4 percent of total power supply.

Local renewable energy sources help reduce reliance on imports of fossil fuels, improve the security of energy supply, meet the commitments to protect the environment, and contribute to employment generation. Moreover, renewable energy sources (such as biomass, small hydropower plants, and geothermal energy) have significant resource, technical, and economic potential. Nevertheless, being used irregularly and insufficiently, their share in the total gross energy consumption is negligible (in contrast with the worldwide average of 11 percent). A serious obstacle to their development is the higher cost of initial investments. Although Bulgaria's room for maneuver is limited on the supply side, the potential for energy saving is quite high. Efficient instruments will be introduced to utilize this potential. This will have a beneficial effect not only on the security of energy supply, but also on Bulgaria's foreign trade balance, in which the import of energy amounts to 27 percent of the total.

The economic factors mentioned still limit the renewable energy market's potential growth, especially due to the relatively high up-front cost of renewable energy technology. The geothermal and biomass energy sector's potential is the highest, while larger-scale utilization of solar and wind energy may also be attractive as soon as the government develops its subsidy program and conventional energy prices continue to increase. There are no wind farms in Bulgaria, although recent wind analysis shows that wind speeds at certain locations would justify the use of wind turbines.

TURKEY

The total value of Turkish imports of solid waste recycling equipment in 2001 was $154 million, but it decreased to $87 million in 2002. Industry analysts contribute this sharp decrease to weak economic conditions in the country in 2002. Last year, imports from the United States increased for two types of equipment: sorting, screening, separating, or washing machines; and crushing and grinding machines.

Per capita household solid-waste generation in Turkey is 0.6 kg/day, whereas municipal solid waste generation is close to 1 kg/day. The major constituents of municipal solid waste are organic in nature, and approximately a quarter of municipal solid waste is recyclable. Opinion polls show that more than 80 percent of the population is ready and willing to participate in separate waste-collection programs.

Turkey hopes to become a member of the European Union. Therefore, the Turkish government has been adapting rules and regulations to those of the union. Waste recovery and recycling regulation is no exception, which means municipal and industrial recycling targets will be increased every year, and there will be a growing demand for waste recycling equipment. Imports mainly satisfy such equipment demand in Turkey.

THE PHILIPPINES

Although the Philippine market for insulation products has weakened in the last three years due to a slowdown in general construction activity, industry sources forecast 5-percent annual growth over the next three years as the Philippine economy shows signs of improvement. Imports satisfy 60 percent of the demand for insulation products. There are a number of U.S. suppliers of insulation products in the Philippines. Price is the major purchase consideration of end users.

U.S. companies with insulation products that have special applications or features have good prospects in the Philippine market. A U.S. company can sell to the country by appointing a Philippine distributor or through existing agents in Asia.

COSTA RICA

The overall market for school, home, and office products in Costa Rica has grown tremendously over the last decade. This is due to a variety of factors, such as the huge influx of Nicaraguan immigrants during the last five years, the legally mandated 6 percent of GDP budgeted for the Ministry of Public Education and implementation of a public kindergarten program, the lowering of import duties and opening of markets, and strong support by the government to develop technology-based education and commerce.

Although Costa Rica has few major manufacturing indutries, it does have an extensive and dynamic small-business sector. Paper and paper products manufacturing is one major industry that does exist in Costa Rica, including school, home, and office products, as well as pulished and printed products. Imports in 15 categories of such products increased 33.4 percent in two years, from $178 million in 1999 to $237.5 million in 2001. These imports are expected to grow at an annual rate of 5 to 10 percent over the next two years.

The United States is the largest supplier of school, home, and office products, with an import market share of 54.1 percent. Computers and accessories will continue to have the strongest growth due to government support of technology. Local retail chains have doubled their locations in the last three years. In addition, a bilateral free trade agreement currently under discussion between Costa Rica and the United States could have a tremendous price impact on all U.S goods, greatly enhancing their attractiveness to Costa Rican consumers.

COLOMBIA

With the exception of a few government distilleries, the food and beverage processing and packaging industry is in private hands. Significant investment from multinationals and local economic groups injects dynamism into this sector, which is an important component of the national economy. The sector generates approximately 10 percent of GDP and is one of Colombia's lowest risk sectors.

The processing and packaging equipment market has good prospects. The sector to recession reacted rapidly by reducing profit margins, focusing on exports, and attracting foreign investors and partners to strengthen its operations. As a result, the operations of several international companies in Colombia have been consolidated.

During 2001, the overall market grew by 17.6 percent over the previous year, and it grew about 20 percent during 2002. The United States maintains its traditional leadership as the sector's supplier, but its market share dropped by 8.6 percent in 2001. The industry may have to refocus on demand, as well as a closer relationship with local distributors, end users, and their needs. In 2003, the best prospects will be in the breweries and dairy processing and packaging equipment.

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