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NEWSLETTER VALIANS

Trends and opportunities in Eastern Europe

May 2018

The content of this newsletter is based on:

- *The reports and market analysis of PMR (www.pmrpublications.com), leader in market analysis and publications in Eastern Europe, and partner of VALIANS INTERNATIONAL.*
- *Contacts and experiences of our team of consultants gathered during their different projects on a daily basis. You will find below an overview of the trends and opportunities on the markets gathered from their main players.*

Industry / Construction / Environment

Poland: Funds to develop infrastructures adapted to people with reduced mobility

The Minister of Investment and Development, Jerzy Kwieciński, announced a new governmental program called "Dostępność Plus" (Accessibility Plus). The program, which will have a budget of 23 billion of zlotys (€ 5.6 billion) over the 2018-2025 period, is supposed to support disabled people and reduce the consequences of the aging of the population. The program will be financed by Norwegian funds as well as by public funds such as the PFRON (Fund for the Rehabilitation of the Disabled). Projects ensuring the disabled, elderly and pregnant women, better access to buildings and public institutions and public transportation such as railway stations, etc. will be eligible for this program. *Source: DGtrésor*



Dostępność Plus

Hungary: The sectors of construction and industrial production meet strong growth



- Sales in the construction sector increased by 43.2% y / y in January 2018, according to data released by the National Statistical Office (KSH) in mid-March. Between 2015 and the end of 2017, construction turnover increased overall by 36.9% according to Eurostat.

- The overall turnover of the industrial production sector increased by 6.9% y / y in January 2018, according to the KSH. The highest increase in industrial production concerns the sectors of the pharmaceutical industry (+ 29%), tires, plastics and non-metallic mineral products (+ 24.5%) and metal products (+ 16.1%). Between 2015 and January 2018, industrial production increased by 9.1% in Hungary. *Source: DGtrésor*



Poland: Polish government has decided to develop off-shore wind power energies.



The energy group PGE has already announced its intention to carry out a project of construction of off-shore wind farms of about 1000 MW initially and 2500 MW in 2030. The cost of the first stage of the project (1000 MW) is estimated at 12-14 billion PLN (EUR 2,85-3,3 billion). One-

third of this amount would be spent connecting off-shore parks to the national grid. The CEO of the Enea group has also just expressed his interest in off-shore wind farm projects, without, communicating the details of his forecasts. The oil group Orlen is the third group that considers to develop off-shore wind energies. It has just launched a call for tenders for the preliminary technical design which will define the conditions of possibility of realization of off-shore parks in the Baltic Sea with a power of 1200 MW. *Source: DGtrésor*

On the field

Slovakia's GDP to rise by 4 percent in 2018



The construction of the Jaguar Land Rover plant in Nitra started in September 2016 in the presence of global director of Jaguar Land Rover, Ralf Speth, and the Slovak Prime Minister Robert Fico

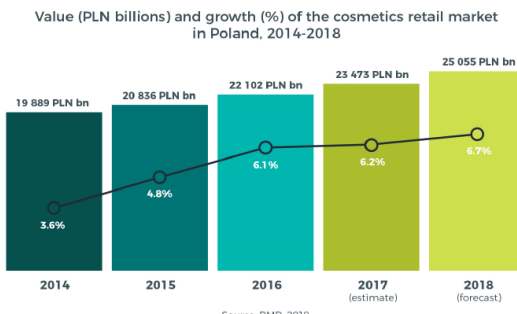
Slovakia's GDP is expected to increase by 4 percent year-on-year in 2018 and by 4.2 percent in 2019, the European Commission stated in its Spring Forecast. Private consumption is set to remain the main contributor to overall growth in Slovakia, backed by solid real wage growth and further employment gains. Consumer prices will likely grow by around 2 percent, reflecting wage increases and positive private demand. Meanwhile, a boost is expected in investment and net trade. Investment growth is set to culminate in 2018 at around 6 percent, driven mainly by major projects in the car industry, chiefly the completion of the Jaguar Land Rover plant in Nitra.

Source : The Slovak Spectator

Retail / Food / Pharma / ITC

Poland: Cosmetics retail market grew by 6.2% in 2017

Cosmetics retail in Poland is a mature market, with numerous foreign and domestic players trading through a variety of formats. A high degree of saturation is observed especially in large cities, and consolidation is slowly gaining momentum. Nevertheless, the market still has good prospects, and is poised to grow by between 4-7% per annum in the next five years, according to a new report from PMR. *Source: PMR*



Romania: Romania’s electro-IT market grew by 14-15% in 2017



Romania’s electro-IT market saw an impressive growth in 2017, of 14-15%, similar to the 2014-2015 period (12.5-14%) and significantly higher than in 2016, when the market only increased by 9%, according to an analysis by Euler Hermes. The mobile phone segment has seen the highest growth rates in recent years, of over 25%, followed by electric appliances and electronics. The electro-IT retail market is highly concentrated as three players, namely Altex, Flanco and Dante International (eMAG) hold about 60% of the total sales. The market is also a seasonal one, with a spike in sales in the last quarter of the year, when about 40% of all sales take place, due to the Black Friday events. The profit margins on this market are rather low, due to the consumers’ preference for online purchases, according to the analysis. *Source: Romania-insider*

Czech Republic: Czech textile companies weave success story

The Czech textile and clothing sector companies achieved very good results in 2017, with sales amounting to 55.3 billion crowns (2.1 billion €), the best result in 12 years according to a study conducted by the Czech National Association of Textile, Clothing and Leather Industries (ATOK). The results were fuelled mainly by the fast growing economy and by the focus on technical textiles, which are used in the automobile industry, agriculture, health care and aviation. But this good growth could suffer from the rapid rise in wages of the sector (more than 7% on average) as well as the strengthening of the crown which could slow down exports. *Source: Radio Praha*



On the field

Poland

Carrefour plans to open about 100 points of sale in 2018



Carrefour plans to open about 100 local outlets and 2 supermarkets in 2018, according to information revealed in a press conference. In 2017, the French company opened 3 new hypermarkets, 8 supermarkets and a hundred mini-markets. Carrefour Polska manages nearly 900 points of sale, including hypermarkets, supermarkets, mini-markets and online stores. The company also has a chain of 20 shopping centers and employs more than 16,000 people in the country.

Source: DgTrésor

CONTACT

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More news about trends and opportunities in Central and Eastern Europe :

