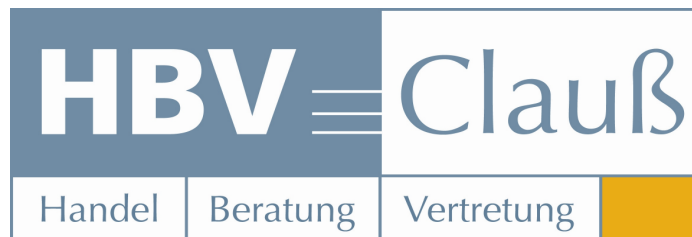


SME investment decisions in Eastern Europe from the German enterprise point of view

Preparation and organization on
Poland, Czech Republic,
Slovenia and Ukraine examples



SME investment decisions in Eastern Europe from the German enterprise point of view

1. Investment purposes in Eastern Europe

- 1.1. Find new markets (determine aim countries)
 - what kind of products could be sold in what countries
- 1.2. Cost structure in aim countries
 - industrial costs
 - salary
 - other costs
- 1.3. Distance from the client
 - if production should be placed in determined country
 - if production should be placed in distance
- 1.4. Realisation common aims with partners

SME investment decisions in Eastern Europe from the German enterprises point of view

2. Eastern Europe investment decision

2.1. Market research in few aimed countries

- product demand and possibilities to sell it
- infrastructure

2.2. Cost analysis

- investment costs (land purchase, construction expenses etc.)
 - costs on organization
 - expenses on staff education
 - material costs
 - transportation costs
- etc.

2.3. Aim country determination

- if 1.3 or 1.4 valid, then country is determined

SME investment decisions in Eastern Europe from the German enterprises point of view

what assistance is provided by the own country
what assistance is provided by the target countries

2.4. Defining the target region

Proximity to the client

Infrastructure (rail, road and air link)

Land prices

development (water, electricity, gas, telecommunications)

2.5. Investment forms

Venure investments

Direct own investments

2.6. The concept of funding

The own means

Means of the own country

Target country funds

EU funds

SME investment decisions in Eastern Europe from the German enterprises point of view

3. Investment realization

3.1. Search for investment in own country

- a lot of investment opportunities (current EU programs for the «Development projects», www.bfai.de)
- Promotion of the market development through Saxony Bank for Reconstruction (in Saxony) and through the Chamber of Commerce and Industry (Assistance Program to Medium Enterprise «Improving business opportunities» to participate in fairs, training and market analysis)
- Investments of Federal Ministry of Economy, Ministry of Foreign Affairs

3.2. Statement of investment opportunities in target countries

- In some target countries there «Investment Agency», which can be ascertained investment opportunities
- Investment opportunities in special economic zones with tax incentives

SME investment decisions in Eastern Europe from the German enterprises point of view

It should be noted that assistance could be provided only after the approval of institutions (credit institution for reconstruction, Saksonsky Bank for Reconstruction, CCI)

3.3. Rent or purchase of industrial areas

- Rent is recently risen to the level
- Buy more profitable, but not in all countries, in Poland, the Czech Republic and Slovakia – without problems
- In special economic zones buying the most profitable
- institutions on education and job creation
- Exemption from taxes on immovable property
- Developingt of land on attractive prices
- Free of charge support at registration

SME investment decisions in Eastern Europe from the German enterprises point of view

3.4. Activities on the construction or renovation

- construction firms have good location, the price of German firms currently, especially in Poland, profitable
- quality of construction firms must be adapted to their own needs

3.5. Selection and qualification of staff

- to select or to train in time qualified staff (in areas with developed industry this may be problematic)
- staff must be aware of the need for qualification and understand the customers' requirements
- to review the requirements of the autoindustry as a guarantee of employment
- to develop technology
- questions and mentality problems

SME investment decisions in Eastern Europe from the German enterprises point of view

- 3.6. Manufacturing of equipment facilities and production beginning
- staff training in their own country and engagement in the start-up businesses
 - to introduce staff from the first day with the requirements and if necessary to take the unpopular decision
4. Resume
- An important prerequisite for all countries were cooperating with foreign chambers of industry or representatives of the German economy
 - To attract an authorized person from the country (knows minimum two languages) with the prospects

SME investment decisions in Eastern Europe from the German enterprises point of view

- Enterprise management in the first phase should assume the German employee, who knows the specifics of German enterprises and who will be able to realize it
- To cooperate with state enterprises