CENTRAL EUROPE BUSINESS REPORT

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CENTRAL EUROPEAN BUSINESS
AND
BUSINESS PEOPLE

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™

CZECH REPUBLIC

Regaining its Former International Stature

The Czech Republic offers a stable economic and political environment, a highly skilled and inexpensive work force, inflation under 10%, low unemployment at 3%, low government debt, and GDP growth of approximately 4%. Privatization is largely completed with 80% of Czech firms already privatized. The Czech Republic is the first former European communist country to join the Organization for Economic Cooperation and Development, has an associate membership with the EU, and is a founding member of GATT. This country of 10 million people is an ideal location from which to reach the markets of Western Europe and rest of Eastern Europe, including the former Soviet Union where Czech companies have extensive trade experience.

Work force: The Czech work force is well educated, highly skilled, and reasonably priced. According to J.P. Morgan's *Emerging Markets Economic Weekly*, wage rates in the Czech Republic are 13.5% lower than in Poland and 40.5% lower than in Hungary. The average wage is approximately $260 per month. Payments for social security and health insurance are also significantly lower in the Czech Republic than in neighboring countries. Although wage rates will eventually rise, it is unlikely that Czech wages will become as inflexible as wages in Germany.

Infrastructure: The rebuilding of the Czech Republic's infrastructure creates export opportunities for U.S. companies in the areas of telecommunications equipment and services, transportation, energy production and distribution, and plant and equipment upgrades. The Czech Republic's railways, highways, inland waterways, and air have been targeted for infrastructure upgrade. A twelve-year highway construction program includes new highway links to the European transportation network, increasing truck capacity, and connecting all major Czech cities with quality roads. Railways are being modernized under a $3.5 billion program and there are plans to develop a river transport system for use by the container hauling industry. The Dutch/Swiss consortium that acquired a share in the Czech national telecommunications company **SPT Telecom** will invest approximately $131 million in modernization over the next four years. **SPT Telecom** plans to install about one and a half million new telephone lines through 1998. According to the **Czech Agency for Foreign Investment (CzechInvest)**, by the year

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CZECH REPUBLIC

PROFILE

Accel Group LLC is a Prague-based investment management and advisory firm established in 1994. The group is currently raising capital to create a fund that will provide equity capital to small and medium-sized companies in the Czech Republic. Mr. Kosman was born in Prague and left in 1968 to live in Canada and the United States. During his time in the Americas, he led a number of venture capital funded technology firms. He returned to the Czech Republic in 1990 and is now a Managing Director of Accel Group.

Karel J. Kosman

CEBR: What kinds of companies does Accel Group invest in?

Kosman: We call what we do "Development Financing" as opposed to pure venture capital. We concentrate on companies privatized by direct sales, auction, or other means. Primarily, we

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***Feature Country** Continued From page 1*

2000 there will be a 35-40% increase in subscribers' lines, with 75% of the network digitized, 70,000 data stations, 170,000 public radio-telephone stations, and 165,000 fax subscribers.

Trade: The Czech Republic conducts 50% of its trade with the European Community. Germany is its most important trading partner. Czech customs duties are in line with the EU customs framework and duties are eliminated on most goods destined for the EU. Within five years, a genuine free trade zone will be created between the Czech Republic and the EU. At that time, "there should be an acceleration of investment activity here as Western companies try to take advantage of this market's access to the EU," says Frank Ronchetti, President of Catalyst, an investment advisory firm in Prague. **Contact:** Frank Ronchetti, Catalyst, Varsavska 12, 120 00 Prague 2, Czech Republic; tel: (42) (2) 2424-7078, fax: (42) (2) 250-801. The Czech Republic is a signatory to the Central European Free Trade Agreement which lowers barriers for trade with Slovakia, Poland, Hungary, and Slovenia. Until the end of 1996, joint venture or limited liability companies in the Czech Republic that are at least 30% foreign owned are allowed a one year exemption from customs duties on raw materials or semi-processed goods imported through the foreign partner for further manufacturing in the Czech Republic.

The Czech Republic's chief imports are machinery and transportation equipment, which accounted for 35% of total imports during the first half of 1995. During the same period, automobiles, service and computer goods comprised 28% of imported goods. **The U.S. Department of Commerce** has identified opportunities for U.S. exporters in the following industries: computers and software, telecommunications, medical equipment, manufacturing technologies, energy technologies, environmental technologies, food processing and packaging, building products, security and safety equipment, insurance and financial services, aviation, and defense. Due to the strong presence of Western European firms in the Czech Republic, U.S. firms must be competitive in terms of price, delivery, and service. **Contact:** Kathleen Kriger, Assistant Commercial Attaché, American Embassy Prague, Hybernska 7a, 117 16 Praha 1, Czech Republic; tel: (42) (2) 2421-9844, fax: (42) (2) 2421-9965.

Czech consumers have a relatively low, but rising purchasing power and are extremely price sensitive. Czech firms buy equipment based on quality, price, and financing terms. As service and support is extremely important to Czech purchasers, a local sales representative or agent who can provide service and support is recommended. The investment required for a local sales representative in the Czech Republic is $25,000 to $60,000. The sales representative and office space will each cost approximately $2000 a month.

Distribution: The improvements in the Czech Republic's infrastructure has lead to enormous growth in transportation and distribution services, especially in the trucking sector. Companies who wish to develop a private, local distribution system can persuade a local partner to build and develop the system, or can help the local partner find and set up a warehousing system and assist with inventory management. Some U.S. companies warehouse inventory outside of the Czech Republic and import products as needed. This is currently done with computers and computer parts, pharmaceuticals, software, consumer goods, and clothing.

Government Procurement: The Czech government holds tenders for major procurements. A procurement law passed in 1994 guarantees Czech companies an advantage over foreign companies in bidding for state contracts. Domestic suppliers are allowed to have a 10% higher price than competing foreign companies. This law is likely to be amended in the next several years to satisfy EU requirements. To win contracts via the tender process, it is necessary for U.S. firms to partner with local contractors who can handle construction or maintenance associated with the project.

Foreign Investment: Over $5 billion of foreign direct investment has flowed into the Czech Republic. Investment by Germany accounts for 27% of this amount, with 14% coming from the U.S. Most of this money flowed into the transportation, communication, and automobile sectors, and much of it is outside of Prague in such cities as Brno, Plzen, and Ostrava. Stability is one of the greatest advantages to investing in the Czech Republic. With a highly skilled, low cost labor pool, good investment opportunities can be found in industries that require technical skill but that have a high labor content and involve processes that are not easily automated. As costs go up, however, investors may be more likely to seek opportunities in neighboring Poland.

One strategy for taking advantage of the investment opportunities in the Czech Republic is to purchase product from Czech suppliers. Such suppliers can provide high quality products at a low cost. A U.S. company seeking a new supply source should focus on one or two suppliers and visit the Czech Republic a minimum of three times during this process. This form of investment requires an up front commitment by the U.S. company of six months. Alternatively, a U.S. company could purchase at least 51% of a small to medium-sized Czech company and build it up into a production center for Western and Central Europe. According to Jane Sommers-Kelly, a Vice President with **Bankers Trust** in Prague, such a strategy requires an investment of $5 million to $25 million, an up front human resource commitment of 12 months, and a long-term commitment of five to ten years. For such an investment to succeed, it must be managed by people on the ground and not from abroad. **Contact:** Jane Sommers-Kelly, Bankers Trust Company, Rytirska 8, 110 00 Praha 1, Czech Republic; tel: (42) (2) 2423-7301, fax: (42) (2) 2423-2077.

The **Matsushita Electric Industrial Company** recently chose the Czech Republic over Hungary and Poland for a $66 million greenfield plant investment. Production of **Panasonic** T.V. sets will begin in 1997, primarily for export to other European countries. The plant will be located in a 140-hectare industrial zone in the city of Plzen.

The **Volkswagen Group's** investment in the Czech company **Skoda Auto** will total approximately $1 billion by 1997. Automobiles produced in the Czech Republic will be exported worldwide. According to a case study conducted by **CzechInvest**, as of November 1995, Skoda Auto has a total of 370 suppliers, of which 186 are Czech, 17 are Slovak, and 167 are foreign suppliers exporting to the Czech Republic. Volkswagen has introduced some 60 foreign component suppliers as joint venture partners with Czech firms and has encouraged greenfield investments by foreign component manufacturers.

Privatization: The first two waves of the Czech Republic's mass privatization program involved transferring ownership of 2000 state-owned companies to Czech citizens in the form of vouchers. The vouchers accounted for approximately one-third of the total book value of assets privatized. Some 70% of the vouchers were placed with investment funds that used them to purchase shares of privatized companies. This form of privatization has not resulted in a needed inflow of foreign capital and management expertise. A "third wave" of privatization is now occurring as foreign investment firms purchase stakes in privatized companies, consolidating ownership and providing needed capital and expertise. Companies such as **Stratton Investments**, founded by U.S. businessman Michael Dingman, are involved in this new wave.

Problems: Although politically and economically stable, the Czech Republic

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CZECH REPUBLIC

MILITARY PROCUREMENT IN THE CZECH REPUBLIC

Providing the Czech Republic with military material and supplies is a significant opportunity for U.S. exporters. “We’re finding defense has been a lucrative business here … The Czech Republic’s drive to get into NATO has provided impetus for activity in this sector,” says Kathleen Kriger, Assistant Commercial Attaché at the American Embassy in Prague. The Army of the Czech Republic is an active participant in the Partnership for Peace initiative and is also a participant in UN and OSCE peacekeeping missions. NATO nations such as Belgium, the Netherlands, and Denmark, because of their demographic, political, and economic position in Europe, play an important role in shaping the current strategies and build-up of the Czech armed forces. The Czechs plan to spend $4.6 billion on modernization from 1995 to 2005. The military’s current goals include development of command and control systems compatible with those of the West, introduction of new communication systems ensuring inter-operability with NATO, and increasing the quality of training and improvement of troop living conditions. Personnel numbers for the Czech Army are approximately 70,000, including approximately 28,000 ground forces. Ground forces have 957 tanks, 1,367 armored personnel carriers, and 767 pieces of artillery. Aircraft and helicopters total 433.

The Czech defense budget is set at 2.5% of GDP or approximately $1.15 billion in 1996 and 20-30% of the budget is allocated to the purchase of materiel and supplies. As the Czech GDP grows, so will the defense budget. The budget for 1997 is expected to be $1.35 billion. In 1995 the Czechs spent $153 million on acquisitions. Budget priorities are determined by the Chief of the General Staff based on unit needs. Tenders pursuant to the 1996 budget will be made throughout the year as material and supplies are needed. Current needs are small tactical unit equipment, such as global positioning receivers, radios, and night vision devices. Some of this equipment is needed immediately to support their IFOR unit in Bosnia.

By law the Czech military must purchase through civilian companies and three or more bids are required, except for sensitive strategic contracts which require only one bid. U.S. companies can bid on contracts, but deliveries must be made either through a Czech company or the Czech-based operations of the U.S. company. Czech military tenders as well as all other government tenders are published bi-weekly in the Czech paper **OBCHODNI VESTNIK** (tel: (42) (2) 282-3754). The **Prague Business Journal** runs an English language translation of these tenders (tel: (42) (2) 54-80-48).

Although potentially lucrative, the defense procurement system can be difficult to crack. Language is a barrier in the defense industry and the procurement process is prone to unpredictable changes. Organizational changes make it difficult to find the right acquisition people and defense personnel lack experience with Western commercial practices. The Defense Ministry is committed to implementing a stable, long-range system similar to the U.S. Planning, Programming, Budgeting System (PPBS), which will allow Czechs to predict and plan ahead for procurement projects. Until then, the procurement system will continue to be unpredictable and difficult to negotiate. Lack of transparency and accountability are also problems. Little information is available about the criteria used and the information considered by ad hoc commissions during the evaluation and selection process.

The U.S. government operates a Security Assistance Office (SAO) in the Czech Republic. The SAO’s purpose is to help provide the Czech Army with defense articles and services either through the U.S. Department of Defense (DOD) or through direct commercial contacts. The DOD will not provide equipment or services in competition with U.S. private firms. The SAO Prague can help U.S. firms meet key Czech government individuals and provide data and general support. The U.S. Embassy in Prague tries to ensure that the tender-offer-selection process is open and fair. Says Jeffrey Cukr, Chief of the SAO, “if the process is [transparent] we are confident U.S. products and services will win.” To be successful in the procurement process, Cukr suggests that firms subscribe to ***Economia***, maintain a presence in the Czech Republic, and have good marketing. According to Cukr, “you can't just drop off or mail some brochures and expect success . . . . U.S. Companies must have face-to-face contact with [key people here] and companies should think about hiring an in-country consultant as business grows.”

Contacts:

Jeffrey M. Cukr, Chief, **Security Assistance Office**, American Embassy Prague, Trziste 15, 118 01 Praha 1, Czech Republic; tel: (42) (2) 2451-0847, ext. 2345, fax: (42) (2) 2451-0209, e-mail: jcukr@san.idss.ida.org.

Vit Sevcik, **Czech Ministry of Defense**, Director of Office for Defense Procurement, Namesti Suobody 471, 160 01 Praha 6-Dejvice, Czech Republic; tel: (42) (2) 20-214-701, fax: (42) (2) 312-00-52.

Jaroslav Stojan, Lt.-Col., **Czech Army Foreign Relations Office**, 11 Delostrelecka, Praha 6, Czech Republic; tel: (42) (2) 20-211989.

Economia, Subscription Section, na Florenci 19, 115 43 Prague 1, Czech Republic; tel: (42) (2) 282-3754, fax: (42) (2) 2421-4927. ■

CZECH REPUBLIC

LEGAL ADVISOR

One of the cornerstones of a stable business environment is adequate trademark protection. The Czech Republic's new Trademark Act (TMA) provides a level of protection which meets European Union standards and is consistent with the obligations of the Czech Republic under international treaties. TMA treats trademarks as an inseparable part of a business's intangible property and limits state intervention to a level common in the EU.

Pavel Svoboda

Pursuant to the TMA, a trademark must be able to be expressed graphically, must distinguish a company's products or services from other companies' products or services, and must be registered in the trademark register at the Office of Industrial Property in Prague. The trademark will be denied registration if it will mislead the general public as to the nature, quality, or geographic origin of a product or service, is identical to a trademark already registered or submitted for registration for the same or similar products or services, interferes with third-party rights protected by law, or is contrary to public order or decency.

An applicant who fails to meet these requirements may still obtain registration if: 1) the trading public has become familiar with a designation through long-term use, even though such designation may lack the ability to distinguish products or services; 2) the designation consists exclusively of brands or identifications used in trade to designate the type, quality, quantity, purpose, value of the product or services, geographic origin, or time of production of products or provision of services; or 3) the designation consists exclusively of brands or designations usual in common language or used in good faith in business practice. An applicant seeking an exception must prove that the designation has been used in trade for specific products or services for at least two years prior to the filing of the trademark application.

The trademark registration procedure begins by filing an application with the Office of Industrial Property that contains a request for the registration of the trademark, information about the applicant, a description or depiction of designations, and a list of the products or services for which the trademark is to be registered. An applicant filing a regular application has priority over any person subsequently filing an application for an identical or potentially confusing trademark for identical or similar products or services. Pursuant to the Paris Convention, a priority right ensuing from an application previously filed with a trademark office of another country may be recognized if the applicant claims the priority right in the application filed with the Office of Industrial Property and gives proof of the priority right within three months of the filing of the application.

If an application contains all the required information and no objections to registration raised by third parties are received by the Office of Industrial Property within three-months of filing, the applicant becomes the trademark owner and a certificate is issued to the applicant. The registration gives the owner an exclusive right to the trademark and no third parties may use the trademark in any manner without consent. The trademark owner also has the right to: 1) require information on the origin of products or documents accompanying products or services with identical or potentially confusing designations; 2) require that the customs office hold any goods that infringe upon the trademark owner's rights; 3) require that publishers publishing the trademark specify that it is a trademark; and 4) seek court protection against any violation of his rights.

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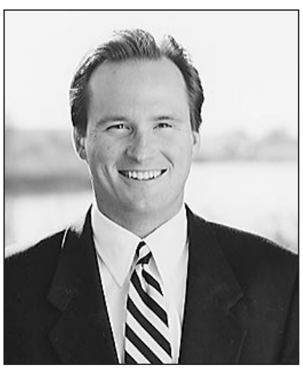
To Our Readers:



Ronald F. Suponcic, Jr.
Publisher

Jeffrey A. Jones, Esq.
Editor-in-Chief

We visit the Czech Republic this month, a country with a solid manufacturing base and an impressive pool of skilled labor. So that you know what to expect in future issues, our editorial schedule is as follows: Slovakia will be highlighted in May, and the huge market of Poland will be the focus in June. Our July issue will feature combined coverage of developments in former East Germany, Bulgaria, and Romania. In August we return to Slovenia, we revisit Hungary in September, and then back to the Czech Republic in October. Each country will be featured twice a year and future issues will contain a mix of information from each country.

Our professional legal, accounting, and investment columnists will start to focus on specific topics, exploring single issues in greater detail. Future columns will cover how to find a joint venture partner in Central Europe, how to invest in the local stock markets, minority shareholder rights, quality financial reporting, and dispute resolution methods. These columns are meant to provide you with essential information that can help you navigate the sometimes complex Central Europe marketplace. We welcome your suggestions for future topics.

Future issues will also show you how you can benefit from the funding provided by international organizations such as the World Bank and the European Bank for Reconstruction and Development. Practical information from companies involved in the movement of international freight will also be regular features.

We hope you find this issue valuable. We look forward to hearing from you. Be sure to use the comments and referral card contained in each issue, and please keep us informed about your Central European projects, events, and successes. Our goal is to provide you with the information and leads that you need to succeed in the fast-moving Central European market. ■

CZECH REPUBLIC

FOCUS ON INVESTMENT

The Czech Republic stands apart from other investment opportunities in Central and Eastern Europe. While its history includes over forty years of communism, the short period since the return to democracy in 1989 has proven that the Czech Republic intends to regain its former place as a full participant in the everyday business life of Western Europe.

Recently on a visit to the United States, Prime Minister Václav Klaus offered his assistance as a fiscal advisor to the United States. The Czech Republic, it seems, has been able to balance its government budget and has consistently showed a surplus. The former price control system was dismantled almost immediately following the change in regime and prices are regulated on only a few limited items, such as end-user prices of gas and oil. And despite the inflationary pressures of deregulation, inflation here has been kept in the 10 - 12% range. Other indications of stability are low unemployment at 3%, a growing GDP, a stable currency that is tied to the Deutschemark and Dollar and is likely to be made fully convertible in the near future, ample hard currency reserves of over $13 billion; recent upgradings of Czech long-term debt to Baa1 by Moody's and to A- by Standard & Poor's, bringing Czech debt risk in line with that of Thailand or China; and a stock exchange that trades a larger volume and value of stocks than any of its formerly communist neighbors, including Poland and Hungary.

Shift of Wealth: Since the fall of communism, much of the wealth of the former government has been placed or at least partially placed into private hands. The Czech government has shown dedication to the project of privatization of large and small industries and of real estate. The government of the Czech and Slovak Federal Republic passed its first privatization laws less than a year after the 1989 Velvet Revolution and the Czech Republic has now completed its large and small-scale privatization.

For the investor, this means that much of the capital which was in government hands under communism is now available to private parties. Furthermore, there are few legal barriers to investment. Consequently most investment opportunities are available to foreign investors. One notable exception is real estate, which may only be leased by foreign individuals or companies.

Having just filed its application to join the European Union, those few restrictions to foreign investments should soon be limited further.

Where to Invest: For the direct investor, the Czech Republic has been and continues to be a magnet for joint venture and acquisition opportunities. Continued attention by foreigners has often provided Czech industry with the opportunity to choose among suitors, but has also encouraged the relatively rapid sophistication of business transactions in the country. This has helped to limit some of the cultural barriers of doing business locally. During the first half of 1995, foreign direct investment was $403 million, of which 27% was in trade and services, 22% in chemicals, 21% in engineering, 15% in construction, and 7% in banking and insurance. Many start-up ventures look to the stable market conditions here as a launch pad for the region.

Stock trading and mutual fund or "investment fund" trading is well developed and it is possible to acquire shareholdings at a favorable discount. Be aware, however, that choosing a winner will require much greater efforts in investigating the opportunity than in the West. In addition, although the **Prague Stock Exchange** is entrenched as an institution here, its role is not the same as exchanges elsewhere. Most trading is done off-market and at prices which vary greatly from the quoted price. In fact, stock liquidity is concentrated in just a small handful of stocks. This leads to quite a different culture for investing in companies and funds and permits quiet acquisitions of stakes and even takeovers. Americans will find the direct and stock investment climate to be similar to that of Germany. Banks play an active role in both lending and equity throughout the economy. And because of privatization, investment funds are also well represented on most all important company boards. Recently, a local investment concern known as **Motoinvest** and a Bahamian investment concern, **Stratton Investments**, have each taken advantage of this particular market phenomenon. Stratton, for example, entered the market seemingly overnight with stakeholdings in several market sectors, and has now begun to concentrate its holdings in certain sectors, such as the paper and pulp industry.

Central European Advisory Group is a legal and business consulting firm which provides general legal counseling, specific transactional counseling, and financial and business advice to those doing business in and with the Czech and Slovak Republics. Please contact Diane Holt, Laurie J. Spengler or Candida Weston for further information. Central European Advisory Group, Betlémská 1, 110 00 Praha 1, Czech Republic; tel. and fax: (42) (2) 2423-8195 or 2423-8196; e mail: ceagcz@ceag-cz.anet.cz. ■

CZECH REPUBLIC

INDUSTRY REVIEWS: POLLUTION CONTROL & PRECISION ENGINEERING

Pollution Control Equipment

The total market size for pollution control equipment in the Czech Republic is over $600 million and imports in 1994 were $200 million. Germany, Austria, Italy, Japan, the Netherlands, and France are the active participants in this market. In 1994, U.S. exporters supplied about 7% of the Czech Republic's import demand, with the chief U.S. exports being centrifuges, filter machines for liquid or gases, and instruments and apparatus for physical and chemical analysis. Local manufacturers of pollution control equipment are also competitive and can provide sophisticated and low cost equipment. The **U.S. Foreign Commercial Service (USFCS)** has identified the following equipment as having the best immediate sales prospects: steam generating boilers; steam and gas turbines, instruments for measuring flow, level, and pressure, control and measuring instruments, tubes and pipes, heat exchange units, and valves. **Contact:** Dr. Hana Jelinkova, Commercial Specialist, Foreign Commercial Service, American Embassy Prague, Hybernska 7a, 117 16 Praha 1, Czech Republic; tel: (42) (2) 2421-9844, fax: (42) (2) 2421-9965.

The Czech government considers the current pace of pollution reduction to be adequate and sees no need for acceleration. Investment in environmental protection is currently 4% of GDP. Enforcement of environmental regulations varies, and opportunities for supplying equipment may increase as enforcement improves.

The Czech Clean Air Act requires all existing sources in operation after December 1998 to meet strict emission standards. Much of the massive purchasing activity by the large entities seeking to comply with these standards is already underway or completed. Small and medium-sized companies, however, may still represent opportunities as they upgrade their systems. Unfortunately, medium-sized entities such as residential heating plants, schools, and hospitals have limited capital available for modernization. The **Ministry of Environment**, in conjunction with the **PHARE** program, is in the process of developing a Bank Environmental Fund (BEF) to provide financing for environmental projects and promote environmental investments in the Czech Republic. One goal of the BEF is to make funds more accessible to small and medium-sized firms. Import/export credit agencies who contribute to the BEF may be allowed to require that their funds be used for procurement of home country equipment or technology. **Contact:** Dr. Hana Jelinkova, Commercial Specialist, Foreign Commercial Service, American Embassy Prague (address above).

Bohuslav Brix, a Director at the Ministry of the Environment responsible for assessing new air pollution technologies, suggests that U.S. companies interested in getting involved in this market should find a local manufacturing partner. Control equipment that is delivered from abroad often involves some type of cooperation between foreign and local manufacturers. The low cost of labor and materials in the Czech Republic makes such cooperation especially attractive. **Contact:** Bohuslav Brix, Director, Air Protection Department, Ministry of the Environment, Vrsovicka 65, 100 10 Praha 10, Czech Republic; tel: (42) (2) 67-12-28-35, fax: (42) (2) 67-31-01-66.

Competition among refineries in the Czech Republic is fierce and modernization of facilities is required to maintain competitiveness. A consortium of **Conneco**, **AGIP**, and **Shell** purchased 49% of **Unipetrol** which owns petroleum and chemical refineries and power plants in the Czech Republic. Several billion dollars will be spent modernizing facilities which should create opportunities for U.S. suppliers of pollution control equipment. One subsidiary, the **Czech Refining Group**, will be purchasing vapor recovery units, double ceilings for floating crude tanks, and emission monitoring equipment. **Contact:** Milan Vyskocil, Czech Refining Group, 43670 Litvinov, Czech Republic; tel: (42) 35-33-49-57.

Energy producing giant **Ceske Energeticke Zavody (CEZ)** produces 80% of the Czech Republic's energy. The state-owned company maintains a database of companies that it purchases equipment from as its modernizes its power plants to comply with environmental laws. U.S. firms interested in being placed on this list should contact the company directly. CEZ's modernization program is well underway and is expected to be completed by 1998. **Contact:** Miroslav Novak, Public Relations, CEZ, Jungmannova 29, 111 48 Praha 1, Czech Republic; tel: (42) (2) 2408-2394, fax: (42) (2) 2408-2440.

The **U.S. Trade and Development Agency** has been involved in several energy-related projects in the Czech Republic and can provide assistance for U.S. companies trying to enter this market. **Contact:** Geoff Jackson, Director for Europe, U.S. Trade and Development Agency, Room 309, SA-16, Washington, D.C. 20523-1602; tel: (703) 875-4357, fax: (703) 875-4009.

The **European Bank for Reconstruction and Development's** monthly publication *Procurement Opportunities* lists projects financed by EBRD and the tender opportunities created by those projects. Many projects involve some element of environmental clean-up or assessment. **Contact:** European Bank for Reconstruction and Development, One Exchange Square, London EC2A 2EH, United Kingdom; tel: (44) 171-338-6000, fax: (44) 171-338-6100.

<u>Precision Engineering</u>

The Czech Republic has a history of engineering excellence and its skilled labor force has expertise in vital process technologies such as tool making, precision machining, micro-assembly, plastic injection molding, and die casting. Precision engineering companies are exporting their products worldwide as well as supplying product to foreign-owned firms in the Czech Republic. According to a **CzechInvest** commissioned study done by **Ernst & Young**, toolmaking capabilities exist in the automotive, aerospace, consumer goods, electronics, and capital goods sectors. The Czech Republic is the lead producer of machine tools in Central Europe and exports of these tools are increasing. The CzechInvest study also found that 64% of employees in Czech precision engineering companies were rated as skilled or highly skilled, with over 15% of employees in engineering being design engineers.

Jihostroj a.s. is a privatized company that manufactures instruments and components for the aviation and vehicle industry. Its aviation division produces fuel regulation instruments for piston, turbo-jet, and prop-jet aircraft engines, and instruments for propeller control, aircraft hydraulics, and airframes. The hydraulic division produces power steering units for trucks and tractors, and hydraulic systems for agriculture, earth moving, and high lift machinery. Specific products produced by this division include gear hydrogenerators and hydroengines, steering boosters, oil tanks, hydraulic cylinders, lifting jacks, and control elements. The company also produces surgical orthopedic instruments, machine tools, and gauges in small lots to order. Engineering technologies are available for machining, forming, heat and galvanic treatment, assembly and testing, and tool and mold manufacture. Current sales are approximately $19 million, with exports accounting for 20% of this amount. Jihostroj exports to Germany, Italy, Austria, Hungary, U.K., and France. Special spinning pumps used for the transport of plastic are exported to the U.S. No supplies are purchased from U.S. companies, but the company is interested in developing contacts with U.S. suppliers of steel materials and castings. **Contact:** Jan Tuma, Commercial Director, Budejovicka 148, CZ-382 32 Velesin, Czech Republic; tel: (42) 336-71-83, fax: (42) 336-714-18.

PAL Praha a.s. is a manufacturer of small electrical motors used for automobile wiper systems, heating, cooling, and air conditioning systems, and mechanical beds. Commutators and collectors used in electric rotating machines and starters are also produced. The company can manufacture a wide range of machined and pressed parts and plastic moldings, and produces tools for processing metals and plastics. The company is ISO 9004 certified and has received an "A" rating from Volkswagen. Germany is PAL's largest export market and small quantities are sold to France and England. Opportunities may exist for U.S. suppliers of plastic material used in commutators and wiper systems. PAL is looking for alternative uses of its products. Its electrical motors can be used in machines and systems for changing positions. Since its labor costs are low, special modifications can be made to its products. **Contact:** Josef Jedlicka, Chief of Marketing, Mladoboleslavska 15, 197 05 Praha 9-Kbely, Czech Republic; tel: (42) (2) 850-1133, fax: (42) (2) 850-2550.

Motorpal Czech Republic, manufactures diesel fuel injection systems and components, including pumps, nozzles, nozzle holders, filters, and testing and servicing equipment. Their products are used for cars, buses, trucks, and industrial and marine engines. The company is ISO 9001 certified and exports product to Germany, Italy, Poland, Russia, and Greece. A small amount of supplies, mainly specialty steels and rubber, are imported. **Contact:** Jan Chalupa, Commercial Director, Strojirenska 7, 587 22 Jihlava, Czech Republic; tel: (42) (66) 29683, fax: (42) (66) 731-0034.

AERO Holding is a partly privatized company whose eight subsidiaries are involved in aviation related activities including the manufacture of jet trainers, aircraft propulsion units, flight simulators, aircraft components and equipment. Manufacturing co-operation programs are currently underway with U.S. companies such as **Northrup-Grumman**, **Boeing**, **G.E. Aircraft Engines**, and **Hamilton Standard**. Aero Holding's facilities have excess capacity and other manufacturing capabilities include machining of parts, forming and production of sheet metal, component surface treatment, plastic and composite constructions, milling parts, welding, riveting, heat treatment of steels, precision casting, and galvanic processing of parts. High technology engineering products can be produced by request.

The company is interested in joint ventures and commercial agreements with companies outside the aviation industry, such as in the auto industry. It is looking to expand into the markets of Asia, Africa, South America, and Australia. Aero Holding has long experience dealing with Russia. In the last 30 years it has delivered to Russia 1000 small transport aircraft and 2500 jet trainers. The company is looking for partners who can help finance new projects with Russia, such as the export of spare parts and the licensing of aircraft. **Contact:** Frantisek Petrasek, General Director and Deputy Chairman of the Board, AERO Holding, Beranovych 130, 199 04 Praha 9-Letnany, Czech Republic; tel: (42) (2) 6631-0727, fax: (42) (2) 886-581. ■

To report news of acquisitions, joint ventures, licensing lease deals, sales contracts, new offices, or job changes write to Industry Review, CEBR at 4800 Baseline Rd. Suite E104-340, Boulder, CO 80303 USA, or E-Mail to cetmllc@ibm.net.

Feature Country *Continued From Page 3*

is not an easy market to crack. Getting timely and accurate financial information on Czech companies is difficult, stock exchange transparency is poor, corruption in state and city bureaucracies impedes market access, and excessive approvals and registrations are required for foreign direct investment. One of the biggest complaints of Western companies is the inability to find qualified local support staff. Management skills are poor, employee turnover is high, and workers are relatively immobile.

The Czech banking system also needs repair. Bank portfolios are awash with bad loans and it was recently announced that **EAGB**, one of the 10 largest Czech banks with assets totaling $700 million and serving 150,000 clients, may enter forced administration. This is the fifth Czech bank to experience serious financial problems. Foreign partners are needed for the banks, but the government fears that foreign firms will clean up loan portfolios and trigger massive unemployment. The main Czech banks also control large sectors of the Czech economy which is unhealthy for a developing economy where transparency and disclosure have not fully matured. Bank domination of the large investment funds is problematic since it creates a rigid ownership structure. Allocation of credit by Czech Banks is not always done according to rational, market-based criteria.

Unemployment is likely to rise as industrial restructuring and consolidation gathers momentum and insolvent companies are forced into bankruptcy. If the economy is unable to absorb the newly unemployed, political stability may suffer.

An inadequate system of redress makes enforcing contracts in the Czech Republic difficult. Getting payment for the provision of goods and services can be a multi-year ordeal. Judges are overburdened and underpaid and the legal process is subject to corruption.

Assistance for U.S. Companies:

CzechInvest. The executive arm of government responsible for the attraction of foreign direct investment to the

CZECH REPUBLIC in 1996

Jan. 1	**Holiday**
Apr. 24-26	**Prague (PR) Int'l Trade Fair for Refridge., Air Conditioning, & Techn. Equip.**
Apr. 30-	**Brno (BO) Int'l Fair of Agricult. & Forestry Mach. & Tech.**
May 4	
May 8	**Holiday**
May 13-16	**PR Int'l Exhib. of Security Equip., Systems, & Service**
May 20-24	**BO Int'l Fair of Energy Saving Equip.**
May 21-23	**BO Central European Power Eng'g Exhib.**
May 29-31	**PR Int'l Exhib. for Surface Treatment & Technologies for Thermal Processing**
June 8-13	**BO Int'l Fair of Trucks, Transp., Car Supplies & Workshop Equip.**
June 11-13	**PR Int'l Road & Bridge Fair**
	PR Int'l Fair of Transp. & Eng'g Structure & Infrastructure
June 25-28	**BO Int'l Fair of Welding Equip. & Automatic Welding Elements**
June 25-29	**BO Int'l Building Fair**
July 5	**Holiday**
July 6	**Holiday**
Sept. 16-21	**BO Int'l Eng'g Fair (Metallurgical Equip; Nuclear; Air Tech.; Metal Treat.)**
Sept. 25-27	**Pardubice Int'l District Heating Exhib. of Technology & Products**
Oct. 1-5	**BO Int'l Fair of Mach., Tools, Equip. & Mat. for Woodworking Industry**
Oct. 1-5	**BO Int'l Fair of Envt'l Protection Equip.**
Oct. 8-11	**PR Int'l Exhib. of Chem. Materials, Chem. Eng'g & Biotechnology**
Oct. 21-23	**Ostrava Exhib. of Building Construction**
Oct. 22-26	**BO Int'l Fair of Information Technology**
Oct. 28	**Holiday**
Nov. 6-9	**Int'l Trade Fair of Medical Technology & Pharmacy**
Dec. 25	**Holiday**
Dec. 26	**Holiday**

For additional information, contact the U.S. Foreign Commerical Service, American Embassy Prague, Hybernska 7a, 117 16 Praha 1, Czech Republic; tel: (42) (2) 2421-9844, fax: (42) (2) 2421-9965.

Czech Republic. Currently compiling a list of qualified Czech companies seeking strategic joint venture partners in the sectors of precision engineering, electronics, chemicals, food processing, and wood processing industries. Plans are underway to open a representative office in Chicago. **Contact:** Marcela Horakova, Marketing Director, Politickych veznu 20, 112 49 Praha 1, Czech Republic; tel: (42) (2) 2406-3022, fax: (42) (2) 2422-1804.

U.S. Commercial Service. Through the Gold Key program, the U.S. Commercial Service will arrange appointments with potential trading partners. It can also help locate agents and distributors for U.S. products & prepare detailed market reports and studies. **Contact:** Kathleen Kriger, Assistant Commercial Attaché, American Embassy Prague, Hybernska 7a, 117 16 Praha 1, Czech Republic; tel: (42) (2) 2421-9844, fax: (42) (2) 2421-9965.

American Chamber of Commerce in the Czech Republic. Encourages trade, investment, and economic development between U.S. and the Czech Republic. Promotes interests of members through network of professional services. **Contact:** Helena Stolka, Executive Director, Karlovo namesti 24, 110 00 Prague 1, Czech Republic; tel: (42) (2) 299-887, fax: (42) (2) 291-481.

International Executive Service Corps. Business Development Services program assists small and medium-sized Czech companies seeking to establish long-term partnerships with U.S. companies. Although service is for Czech companies and IESC cannot solicit U.S. companies, U.S. companies can contact IESC and be put in contact with Czech companies seeking U.S. partners. **Contact:** Henry Samuel, Executive Director, Zitna 8, 120 00 Praha 2, Czech Republic; tel: (42) (2) 2499-3170, fax: (42) (2) 2499-3176, e-mail: iesc-bds@traveller.cz.

Tips from the Insiders:

- Plan on delays for starting business; bureaucracy is difficult to negotiate.
- Retain a U.S.-based law firm.
- Strike a balance between adapting to the local culture and sticking to what you know is important for business success in West.
- When dealing with Czech employees, discuss first, then issue plan of action. Americans are renowned in the Czech Republic for taking quick action before thinking through situation.
- Although wages are relatively low, unemployment is also low and you may have to pay top dollar to hire away good people.
- Must have a local presence. Day-to-day building of trust is essential for success. ■

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CZECH REPUBLIC

FINANCE & ACCOUNTING

Under the current corporate tax regime in the Czech Republic, a Czech holding company for East European investments is not very attractive. To date, most investors have used the Netherlands or Cyprus as the ideal East European holding company locations. The establishment of such a special purpose holding company can often produce significant tax savings. For example, under Czech law, dividends paid to foreign companies are subject to a withholding tax of 25%. The withholding tax can be reduced when the payments are made to a foreign company in a country with which the Czech Republic has concluded a double tax treaty. Under a relevant treaty the withholding tax on the payments of dividends to a foreign parent company is typically reduced to 5-10% and in some circumstances to 0%.

John T. Womack

An international holding company can provide benefits for investors in both treaty and non-treaty countries. For example, a foreign investor in a country with which the Czech Republic does not have a treaty, such as Switzerland, might establish an international holding company in a country with which Switzerland and the Czech Republic have a double tax treaty (e.g. the Netherlands). The Czech company would pay dividends to the Dutch holding company with a 0% withholding pursuant to the Czech/Dutch treaty. Under certain conditions, the dividend may be exempt from income tax in the Netherlands. Consequently, the Dutch company would pay the full amount as a dividend to the ultimate Swiss parent without any withholding pursuant to the Swiss/Dutch treaty. The withholding tax on dividends paid from the Czech Republic is reduced from the 25% rate (applicable if dividends were paid directly to the Swiss parent to 0%).

With regard to investors in treaty countries, an international holding company might provide similar benefits. For example, a French investor might choose to establish a Dutch holding company for its Czech investment to reduce withholding tax on dividends. The Czech subsidiary would pay dividends to the Dutch holding company at the treaty reduced rate of 0% and, under the EU directive, there is no withholding on the payment of a dividend from a Dutch company to its French parent. The withholding tax is thereby reduced from the 10% rate (applicable under the Czech/French treaty to 0%).

Another major advantage of using an international holding company to own investments in the Czech Republic and other East European countries, is the opportunity to accumulate profits in a favorable foreign location. For example, dividends might be paid to an international holding company in a low taxing jurisdiction with which the Czech Republic has concluded a double tax treaty (e.g. Cyprus). The dividends would be taxed at the low rates offered by the favorable foreign location (in the case of Cyprus 4.25%) rather than at the normal rates of the foreign investor (typically 35-40% in Western Europe, the U.S., and Canada). The accumulation of profits in an international holding company may, however, give rise to taxation in the country of the ultimate parent in those countries which have controlled foreign company provisions (i.e. U.S., UK, Germany, Japan).

The Czech Republic is in a position to become the ideal international holding company location for Central and Eastern European investments. The best locations combine a wide network of favorable double taxation treaties with a corporate tax regime which, while imposing a normal rate of tax on corporate profits, incorporates a participation exemption for dividends received from foreign countries. With the exception of Hungary's "off-shore" companies, no former Eastern Bloc country has adopted such a corporate tax regime. The Czech Republic has the opportunity to be a leader in this area and to become the real tax "gateway" to Eastern Europe.

The Czech Republic is well on its way to having an extensive network of double taxation treaties. The new Foreign Exchange Act has mitigated the effect of exchange controls, and corporate tax rates have continued to fall from 41% in 1995 to 39% for 1996. The Czech Republic also offers a relatively stable economic regime where, although changes are frequent, sweeping fundamental changes in the field of taxation appear to be a thing of the past. Therefore, the introduction of a "participation exemption" that would exempt taxation on dividends from foreign subsidiaries and gains on the sale of foreign subsidiaries combined with the induction of the Czech Republic into the EU, which would allow a Czech company to pay dividends to its EU-based parent without any withholding tax, could transform the Czech Republic into the ideal country through which to structure East European investments.

John Womack, a specialist in international tax, is a senior manager at Deloitte & Touche's Prague office, a full service office providing audit, accounting, tax, and management consulting services to local national enterprises and multinational corporations in the Czech Republic. Deloitte & Touche, Tynska 12/633, 110 00 Praha 1, Czech Republic; tel: (42) (2) 232-9780, fax: (42) (2) 2481-1456. ■

CZECH REPUBLIC

Interview with Charles Huebner of the Hungarian American Enterprise Fund

The Hungarian American Enterprise Fund (HAEF) encourages private sector development in Hungary by providing debt and equity financing to small and medium-sized private enterprises. Charles Huebner is the Executive Vice President and Managing Director of the HAEF.

CEBR: How does the Fund operate?

Huebner: Our core business is equity investments. We operate like a venture capital firm and get heavily involved in the actual management and supervision of the companies we invest in. These are typically $3 million investments where we have to restructure the company's management, recalibrate the work force quantitatively and qualitatively, and introduce management controls, cost systems, and marketing orientation.

Charles A. Huebner

CEBR: What's in the Fund's portfolio?

Huebner: Our first investment was in the Petofi Printing and Packaging Company which is now a world class printing company. Petofi produces labels, cardboard, foil, soft packaging, books, magazines, and other materials. They handle all of G.E. Tungsram's light bulb business and are operating just like any other successful West European firm. One of our most successful investments is a loan to Cooptim, Limited which borrowed $340,000 to expand its production of machinery that feeds wire into welding machines. Today it's doing a phenomenal job of selling machinery to such companies as Ford and G.M. We just traded up our investment in an ATM network operation called Bank 24 into a holding company that will cover the Czech Republic and Poland. This trade-up increased the value of our initial investment by 52%. Semilab is another exciting company that makes a unique spectrometer for inspecting silicon wafers while they go through the production cycle. I think there are only two other companies in this business in the world.

CEBR: Are there opportunities for U.S. investors to get involved in your projects?

Huebner: Yes. There are opportunities for people who are willing to invest for a 5-10 year period. We are planning to create a new private equity fund which will allow us to leverage HAEF's U.S. government-sourced monies and respond to the current needs of entrepreneurs in Hungary. Investors can co-invest with us through that fund. They can also invest with us through joint venture agreements. An interested company should work out a good business plan and then we'll do due diligence and determine if we want to co-invest. Mid-sized companies can take advantage of our local market presence, expertise, and contacts.

CEBR: How is investing in Hungary different from the U.S.?

Huebner: You don't have access to the information that you have in the States, such as Dun & Bradstreet and marketing data, but all of this is dramatically changing. Probably in a year or two the information will be as good as you get in the West. I think in terms of having a market like the U.S. or London where investors can just waltz in and out is five years away. Investments here are for the long term.

CEBR: What rate of return do you have over the last five years?

Huebner: For the fund as a whole, we're presently in single digits. Our target is to produce over the term of the investment an internal rate of return of 25-30%. Based on the deals we've done, we've demonstrated that we can make 10-240% in terms of individual transactions. You've got to understand that we were not sent here to sit on the fence. We were sent here to invest during the transition period and help the transition. Our charge was to invest and help now.

CEBR: Where are the opportunities in Hungary for U.S. investors?

Huebner: The big investment opportunities here are to capitalize on the brain power of the Hungarians, especially in the sectors of pharmaceuticals, telecommunications, light manufacturing, and software. Ericcson, one of the biggest companies in the wireless telecom market, has special software groups in 23 different countries that work on the latest and most advanced telecom software. For two straight years in a row the Hungarian software group has been voted most cost effective. I think the whole telecommunications discipline, all the way from stringing wire to providing the myriad black boxes that that system needs, has real potential, especially for the medium-sized companies that can supply the big companies with high quality, reasonably priced, on-time products. Hungary has plans to lay roughly 8-10 million kilometers of fiber optic wire over the next 3-4 years. There's going to be heavy investment in that area. Agriculture and food processing also present interesting opportunities. Companies who are prepared or have experience with the challenge of international business would be wise to look at Hungary.

Hungarian-American Enterprise Fund, East-West Business Center, 6th Floor, Rakoczi ut 1-3, H-1088 Budapest, Hungary; tel: (36) (1) 266-7175, fax: (36) (1) 266-7086. ■

Profile *Continued From Page 1*

look for companies that have been around for two to three years that need financial and strategic restructuring. About 30% of our assets will also be invested in distressed companies that show good turnaround potential, and about 10% will be invested in classic start-ups.

CEBR: What size investment fund are you building?

Kosman: We're looking to raise $50 million and we currently have promises for one-third of that amount. For individuals, the minimum investment amount is $1 million. But what we're really looking for are substantial investors who can put in $5 or $10 million for the term of the fund, which will be about eight years. If someone would prefer to co-invest with us, we might work with them if they have some special expertise that would complement our own. We're especially looking for one or two cornerstone investors who have experience running or investing in a fund similar to ours.

CEBR: How is investing in the Czech Republic different from other countries?

Kosman: The Czech Republic is a difficult market to invest in. This is partly due to its history. Before World War II, it was a real industrial power and was among the world's top ten economies. Forty years of communism has taken its toll on the country, but the Czechs are confident they will regain their former economic standing. They resent being treated as a developing country and are concerned about their destiny being controlled by foreigners. They don't want to be a branch economy or mere assemblers and that's what makes them reluctant and difficult to deal with. In the Czech Republic, you must gain the confidence of local entrepreneurs and managers and you cannot do it with occasional visits and phone calls. You need a specialist on the ground.

CEBR: Where do you look for investment opportunities in the Czech Republic?

Kosman: We look for opportunities in an area we call "Czech Tech". These are companies which primarily export products that have some special perceived value because they are from the Czech Republic. An example is automotive tools, such as forms for molding dashboards, plastic parts, or metal pieces. The Czechs are excellent tool makers and such tools are renowned for their high quality yet moderate price. We're also looking for companies who will be the future "Czech Tech" stars. One possible sector is in multimedia. Czechs are very creative, have unique audio-visual skills, and are excellent computer programmers. There are some interesting opportunities in this sector. We also look for companies that can fill the large holes that economic restructuring has created in the Czech Republic's infrastructure, such as distribution.

CEBR: Is the Accel Group an active manager in the companies it invests in?

Kosman: A company that we invest in must have a good entrepreneurial/ management team. We can't afford to be drawn into the day-to-day management of the company. We work intensely with the management team for two to three months creating a long-term strategy, with special emphasis on financial controls and marketing. After that, we rely on the team to implement that strategy. We look in our target companies for the potential to appreciate in value by at least 40% per year.

CEBR: Do you do any investment brokering?

Kosman: If somebody comes to us and says they would like to buy a company in the Czech Republic or acquire a controlling stake, we would be happy to work with them if the target company is in our area of expertise and is a small to medium-sized company. Because of our transaction experience and connections with financial institutions here, we can assist with due diligence and help with structuring and financing the transaction.

CEBR: How can U.S. companies take advantage of the opportunities in the Czech Republic?

Kosman: I think some interesting joint ventures can be formed between U.S. companies looking to expand and/or round-off their product line and Czech companies who have the skill to manufacture those products. Such an alliance would be ideal since the modern marketplace demands someone who can supply a broad spectrum of goods. Furthermore, the Czechs are very skilled in selling to the Russian market and many companies have retained their offices there. A U.S. company joined with a Czech company could utilize these contacts and offer a full product line in that market. A U.S. company that builds ultralight aircraft came here to find a Czech partner capable of producing high quality aluminum parts. The Czech partner was able to produce these parts at such a low cost that it still made sense to transport the finished product overseas. Another U.S. company in the special refrigerator unit business came here intending just to manufacture units in the Czech Republic. After the Czechs looked at the unit's design and improved it, the company was so impressed that it decided to move their entire European research and development center here.

Accel Group, Rohacova 77, 130 00 Praha 3, Czech Republic; tel: (42) (2) 276-941, fax: (42) (2) 6121-6308. ■

INTERNATIONAL COLLECTIONS

Legal Advisor *Continued From Page 5*

The TMA also reflects obligations under a number of international treaties and conventions to which the Czech Republic is a party. Such agreements include the WTO Agreement on Commercial Aspects of Intellectual Property Rights, the Paris Convention on the Protection of Intellectual Property, the Madrid Treaty on International Registration of Brands or Commercial Marks, the Treaty of Nice on International Classification of Products and Services for Trademark Registration Purposes, the European Agreement on Association entered into between the European Community and the Czech Republic obligating, among other things, the Czech Republic to accede to the Madrid Treaty Protocol which will enable protection of "European Trademarks" in the Czech Republic.

When evaluating the protection of trademarks in the Czech Republic, potential investors should also be aware that business trade names and business identifications are protected under the Czech Commercial Code. The Czech Republic also provides protection of appellations of origin by protecting products and services characteristic of a specific unique region. Before making any decisions regarding protection of trademarks or similar property in the Czech Republic, one should always consult a qualified advisor or attorney.

Pavel Svoboda is an attorney affiliated with Squire, Sanders & Dempsey in Prague, and is also a lecturer at Charles University in Prague and the Université des Sciences Sociales in France. Squire, Sanders & Dempsey, Václavské nám. 57, 110 00 Praha 1, Czech Republic; tel: (42) (2) 21-66-22-62, fax: (42) (2) 21-66-22-22. ■

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2. Technology for production of electric "Toroid" transformers	$1,000,000	Henry Samuel	(42)(2) 2499-3170
3. Production of gas leak detectors	$ 500,000	Henry Samuel	(42)(2) 2499-3170
4. Mach. tool inserts for diamond grinding & cutting wheels	$1,000,000	Henry Samuel	(42)(2) 2499-3170
5. State-of-the-art design for pump manufacture	$1,500,000	Henry Samuel	(42)(2) 2499-3170
6. License agreement for contract manuf. of machine tools	$2,000,000	Henry Samuel	(42)(2) 2499-3170

For more information contact Henry Samuel, International Executive Service Corp., Zitna 8, zadni budova, 120 00 Praha 2, Czech Republic; tel: (42) (2) 2499-3170, fax: (42) (2) 2499-3176, e-mail: iesc-bds@traveller-cz

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