CENTRAL EUROPE AUTOMOTIVE REPORT™

BULGARIA CIS CZECH REPUBLIC HUNGARY
POLAND ROMANIA RUSSIA SLOVAK REPUBLIC SLOVENIA

Since 1996

The Source For Automotive Information On Central Europe™

October 1998

On The Web at http://www.cear.com™

Volume III, Issue 9 **ISSN 1088-1123**

Regional Market Highlights

Summary

- ***Lear Takes Over Delphi Seat Plants***
- ***First Car Rolls Off GM's New Line in Gliwice***
- ***Autoliv Investing $10 Million Into Polish Factory***
- ***Polish Cities Vying for Toyota's Favor***
- ***New Car Sales Up 10% in Poland; Down 16% in Czech Republic***
- ***Felicia Production Launched in Sarajevo***
- ***Hayes Lemmerz Expanding Presence in Czech Republic***
- ***VW To Begin Building New Component Plant in Slovakia***
- ***East European Imports Purchases ARO Of America***
- ***Slovenia New Car Sales Up Almost 4%***

In This Issue

Feature Country: Slovak Republic

Delphi Loses Two Seat Plants in Poland To Lear

Delphi Automotive Poland lost its two Polish seating plants when **Lear Corporation** acquired **Delphi Automotive Systems'** seating business. On September 1, 1998, Lear completed the acquisition for approximately $250 million.

"We're losing two plants," Delphi Poland's Country Director Leshek Walisewski told the CEAR. "One plant in Warsaw — the small operation that is supplying SKD assembly of the Opel Astra — and a bigger plant in Gliwice that will be supplying Opel in Gliwice."

Having worked so hard establishing the new operations in Poland, seeing them taken over by another company was difficult for Delphi Poland. "We fully established the plant [in Gliwice]," said Walisewski. "We hired and trained people, the building was renovated in a special economic zone and the permit was already [obtained]. Everything was ready, done, and now we have to give it up."

According to Walisewski, the loss of the seating plants will not affect Delphi's other operations in Poland. In fact, the company has more plans for Poland brewing.

"Soon we'll have interesting announcements," said Walisewski.

Who Will Snare Toyota?

Polish cities are scrambling to catch **Toyota's** eye. After Gdansk, which has offered Toyota land for the construction of

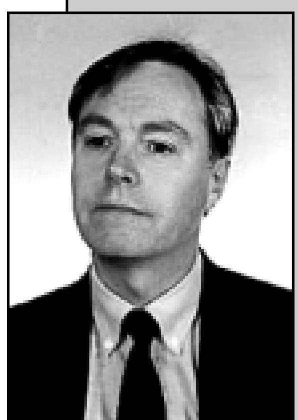
Continued on Page 2

Profile

Timken Rolling Through Central Europe

Bearing Factories in Poland and Romania

Timken has established a strong presence in Central Europe, purchasing bearing factories in Sosnowiec, Poland and Ploiesti, Romania. Timothy Barnes, Timken's Central European Sales and Marketing Director, is working hard to solidify the company's footprint in the region.



Timothy Barnes

With Timken for 23 years, Mr. Barnes is responsible for business development in Central Europe and has worked in Poland since August 1996. He spoke about Timken's operations with the CEAR and Nick Sljivic, special for the CEAR.

CEAR: Why did Timken enter the Polish market?
Barnes: Timken was already active in both the Polish and Central European markets and recognized the need to increase its presence with the developments that were going on in both the automotive and industrial markets.

Continued on Page 12

CENTRAL EUROPE AUTOMOTIVE REPORT™

October 1998

Volume III, Issue 9, ISSN 1088-1123

Ronald F. Suponcic, Jr.
Publisher

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

Editorial Assistant
Barbora Grossmannova

Research Assistant
Katarina Trginova

Design
Big Sky Creative
Caroline Bond,
cetmdes@ibm.net

Web Site Design
Big Sky Creative
Ron St Clair
cetmdes@ibm.net

Reporters
Catalin Dimofte, Bucharest
Magda Sowinska, Warsaw
Pavol Varga, Bratislava
Bostjan Okorn, Ljubljana

The **CENTRAL EUROPE AUTOMOTIVE REPORT™**, 4800 Baseline Rd., Suite E104-340, Boulder, CO 80303, USA, is published monthly, except August, by Central European Trade & Marketing, L.L.C. in Boulder, Colorado.

Business, Editorial, Subscription, Advertising, Market Research, Delivery Problem Inquiries to:

CENTRAL EUROPE AUTOMOTIVE REPORT™
Business and Circulation Office
4800 Baseline Rd., Suite E104-340
Boulder, CO 80303 USA
Tel: +1-440-843-9658 Fax: +1-206-374-5282
Email: info@cear.com

Bratislava • Bucharest • Budapest • Cleveland
Ljubljana • Prague • Warsaw

Highlights *Continued from Page 1*

a gearbox factory, it's Poznan's turn to fight for the Japanese corporation's favor. The community of Tarnowo Podgorne, which has attracted foreign investors for several years, is mentioned as a possible location for future projects. Earlier, representatives of Katowice and the Legnica Special Economic Zone announced they had been holding talks with Toyota. However, the Japanese are consistently refusing to say anything about their investments in Poland.

First Car Rolls off GM's New Plant in Poland

On August 31, 1998, the first Opel Astra — a white Astra Classic 1.6 sedan — rolled off the production line at GM's new factory in Gliwice, Poland. The factory, built in 22 months, may produce 3,000 units by the end of this year.

According to Marc Goncalves, the factory's director, work continues on just one shift for now, with a second work shift planned to start at the beginning of next year. Goncalves said that the factory in Gliwice has been exporting Astra parts and body components for several months.

When the DEM 600 million plant is fully operational, annual production will hit 70,000 cars. In the year 2000, GM hopes to begin production of another model in Gliwice which could increase annual output to 150,000 units.

Daewoo Gears Up For New Engine Production

Daewoo FSO representatives said that preparations have begun in Warsaw to start the production of new gasoline engines with 800 cc, 1000 cc, and 1200 cc capacities. The engines will be used in the Matiz model, whose SKD assembly should start in the Zeran factory in late October or early November. Serial production of the engines is slated to start in August 2000.

Daewoo FSO Cuts Parts Purchases for Polonez

According to the Polish newspaper *Rzeczpospolita*, **Daewoo-FSO** has significantly reduced its purchases from two companies supplying components for Polonez cars: **FOS Polmo** in Lodz and **FMS Polmo** in Szczecin. The daily writes that **WSK Krakow** is also having problems due to suspended orders from **Daewoo Motor Polska** in Lublin.

Daewoo FSO spokeswoman Krystyna Danilczyk says that the reduced orders for Polonez parts will be compensated for by increased orders for components for the Lanos model.

Autoliv Pumping $10 Million into Polish Airbag & Seat Belt Plant

Autoliv Inc. has started the construction of a new $10 million production plant in Olawa near Wroclaw, Poland. The new plant will produce textile cushions for airbag systems and assemble seat belt systems. A new subsidiary, **Autoliv Poland Sp.zo.o**, has been formed to run the 10,000 square meter plant.

The plant is expected to start operations next spring with more than 100 employees. When the plant reaches full capacity towards the end of the year 2000, employment should hit more than 600 employees. Thirty people are currently working at the plant during start-up operations.

The plant will increase Autoliv's current global production capacity of airbag cushions by approximately 15% and the company's production of seat belts by close to 10%. The textile cushions will be delivered to Autoliv's airbag assembly plants in Europe. The seat belt systems will be produced for **Autoliv Germany**.

The main vehicle manufacturers in Poland — **Fiat**, **Daewoo/FSO**, **Volkswagen**, **General Motors** and **Ford**, — are already Autoliv customers in other parts of the world.

Fiat Seicento Hits the Streets In Poland

Fiat Auto Poland has begun selling the Seicento S model, the most modest version of this make. Already

More ***Market Highlights*** *on Page 4*

CENTRAL
EUROPE
AUTOMOTIVE
REPORT™

EDITORIAL CALENDAR 1999

The Source For Automotive Information On Central Europe™
On The Web at http://www.cear.com**™**

Issue	Feature	Automotive Reviews	Special Reports	Close Date
Jan 99	Poland	Body/Chassis	1998 Year in Review/ 1999 Forecast	Dec 10, 1998
Feb 99	Hungary	Central Europe's Executive of the Year	Vehicle Fleets	Jan 10, 1999
Mar 99	Czech Republic	Components & Systems	Auto Aftermarket	Feb 10, 1999
Apr 99	Slovak Republic	Marketing & Advertising	na	Mar 10, 1999
May 99	Romania/Bulgaria	Electronics	Auto Consultants	Apr 10, 1999
Jun 99	Poland/Slovenia	OEM Special: Who Supplies Who	na	May 10, 1999
Jul 99	Hungary	Powertrain	Exporting to Central Europe	Jun 10, 1999
Aug 99	Not Published			
Sep 99	Czech Republic	Plastics	Auto Engineering	Aug 10, 1999
Oct 98	Slovak Republic	Logistics	Human Resources	Sep 10, 1998
Nov 98	Romania/Bulgaria	Interiors	Real Estate	Oct 10, 1998
Dec 98	Poland/Slovenia	Financing	na	Nov 10, 1998

Regular Monthly Columns

Feature Country - featured country market overview and news, plus updates from around the region
Profile Interview - interviews with regional automotive executives
Product News - information on new products, components, and vehicles in the market
Opportunity Spotlight - regional companies offering investment, joint venture, or partnership opportunities
Quality Corner - information on improving supplier quality in the region
Legal Advisor - updates on legislation and legal matters pertaining to the automotive industry
Focus On Investment - investment analysis of regional automotive related companies
Accounting & Finance - updates on accounting, tax, and customs changes pertaining to the automotive industry

To Subscribe or Place an Advertisement
Tel: +1- 440-843-9658 Fax: +1- 206-374-5282 Email: info@cear.com

Bratislava • Bucharest • Budapest • Cleveland • Ljubljana • Prague • Warsaw

available in Poland are the SX, Citymatic and Sporting models, with 9,000 orders already collected.

Polish Lubricant Producers to be Purchased by Norwegian Statoil

Norway's **Statoil** has announced that its oils and lubricants division intends to buy 51% of the shares in **Technaft** and **Technaft-Exol** from **Super Krak**, a Polish producer of gear oils. The investment will give the Norwegians a 5% share in the Polish lubricant market. The companies, which are based in Kracow, will change their names to **Statoil-Exol** and **Statoil-Technaft**. Statoil also plans to buy an oil mixing facility in southern Poland and take over the distribution network in that region.

New Car Sales In Poland Jump Over 10%

During the first seven months of 1998, 329,846 new passenger cars were registered in Poland, up 10.43% compared to sales during the same period in 1997, according to figures released by SAMAR. Sales of locally produced and assembled cars rose by 20.53%, while import sales dropped by 10.01%.

The best selling brand in Poland during the first seven months was Fiat, with 97,716 units sold and a market share of 29.62%. During the first seven months of 1997, Fiat's market share stood at almost 35%.

Daewoo was close behind Fiat with sales of 91,092 cars and a market share of 27.62%. GM/Opel was the third best selling brand with sales of 26,743 units and a market share of 8.11%.

Czech Republic

Skoda Starts Felicia Assembly in Sarajevo

In late August, **Skoda Auto** opened its Felicia assembly factory in Sarajevo, Bosnia and Herzegovina. According to company spokesman Milan Smutny, annual production at the plant should gradually rise to 5,000 to 10,000 cars, and then to 35,000 after the year 2000.

The new company — **VW Sarajevo** — is 58% owned by **VW** and 42% owned by the local company **UNIS.**

Hayes Lemmerz Expanding in the Czech Republic

Hayes Lemmerz announced in August that it will boost its cast aluminum wheel capacity by one million with the construction of a new cast aluminum wheel facility in the Czech Republic. The new plant will be built near the company's existing steel wheel plant in Ostrava, Czech Republic. The company reports that the expansion is necessary to meet strong customer demand in Western and Eastern Europe.

Construction of the new 144,000-square-foot plant will begin immediately. By 1999, the plant is expected to have the capacity for 500,000 aluminum wheels. Capacity for another 500,000 wheels will be added in the near future. The expansion will increase Hayes Lemmerz's capacity to over 16 million cast aluminum wheels worldwide.

"We see Eastern Europe as an important growing market, and, earlier this year, we attained a new long-term contract to supply aluminum wheels to Skoda in the Czech Republic," said Giancarlo Dallera, President, European Aluminum Wheels, in a company statement.

"In addition, aluminum wheel penetration is increasing at the same time and the market continues to strengthen in Western Europe. Adding this new facility in the Czech Republic is part of our continuing drive to cost effectively add capacity to meet our growing demand.''

New Car Sales Down over 16% in Czech Republic

New car sales in the Czech Republic during the first eight months of 1998 totaled 95,497 units, down 16.45% compared to sales during the same period in 1997. **Skoda** was the best-selling brand with 53,303 units sold. **Ford** ranked second with sales hitting 6,991 units, and **Volkswagen's** sales of 4,437 units ranked it third. Close behind VW was **Opel** with sales of 4,297 cars.

Sales of LCVs during the first eight months of 1998 were down over 25% to 10,242 units.

Slovak Republic

VW Starts Construction of New Slovak Plant in September

Construction of Volkswagen's new production plant in Martin (central Slovakia) is expected to start in September 1998. The foundation stone will be dedicated on September 13.

Volkswagen plans to make car component pressings at the facility, with construction scheduled so that production will begin in the middle of 1999. During the first stage of the project, the expected staff requirement is 600 people. According to company Directory Jozef Uhrik, the exact amount of VW's investment has not yet been determined. The final contract is still being prepared.

Government Wants Another New Auto Project in Martin

The Slovak government, together with the **Slovak Automotive Industry Association**, is considering an automotive project in Martin. The proposed project for automotive pressings and tools for various car producers would exploit the capacities of the company **ZTS TEES**, which has been hit by the conversion from military machinery production. This project is part of the government's new program to develop the car industry in the Slovak Republic (*see article on page 5)*.

Romania

East European Imports Purchases ARO Of America

On August 13, **East European Imports, Inc.** (EEI) announced that it had reached a definitive agreement with **ARO of America** to purchase its assets for shares of EEI common stock.

ARO of America will initially own 40% of EEI, and its ultimate ownership will be between 20% and 40%, depending on the performance of EEI over the next five years. As part of the agreement, an

Continued on Page 18

Slovak Government Wants in On the Action — Unveils New Auto Sector Policy

Hoping to share in the boom enjoyed by its neighbors, the Slovak government has approved a strategic plan for the development of its automotive industry. Unveiled in July, the program's goals include increasing Slovakia's production of cars and components, attracting another major producer of vehicles to Slovakia, and creating 15,000 new jobs in the auto sector.

The economic importance of a robust vehicle industry was recognized early on by Slovakia's neighbors, such as Poland, the Czech Republic, and Hungary. Poland has done a remarkable job of attracting major foreign makers of autos and parts. As of the end of July, some 30 foreign automotive companies had invested approximately $4 billion into Poland, according to Jacek Zurowski, senior research officer with the **Polish Agency for Foreign Investment (PAIZ)**.

The Czech Republic, which started targeting auto investors back in 1993, boasts a list of more than 100 foreign automotive investors, and Hungary has attracted several billion dollars of automotive investments.

By contrast, Slovakia has seen only modest investment into its auto industry, mainly small component manufacturing joint ventures. Although official figures were not obtainable, rough estimates put the number of such joint ventures at about 15. And although VW Bratislava is a big a catch — having already invested some $150 million in Slovakia — more investment is needed for such a vital sector.

"Slovakia has not really been featuring on the shopping list of foreign companies looking to increase their capacity or looking to better serve their customers," said David Brown, principal advisor to **SNAZIR**, the Slovak foreign investment agency.

"And it's quite difficult to dramatically raise the profile and really try to catch up [with] the neighboring countries who've been doing this successfully for years."

The Core Program

An attitude change is needed before Slovak companies can benefit from foreign investment, says Ing. Alfred Richter, the government representative for the automotive industry. Richter is one of the key figures behind the government's new automotive policy.

"The conservative side of Slovak managers is alarming," he said in an interview with the Slovak automotive magazine *MOT*.

"We have to submit to international parties our capabilities and show them the advantages of cooperation with us and how they can profit if they invest in our companies."

According to Richter, the core of the new auto industry program is increasing vehicle and component production. The goals include:

- Continued production of cars by **VW Bratislava**, which includes a tripling of production to 120,000 units in 1998 and gradually increasing this to 240,000 units by the year 2010;
- Production of cars by another renowned foreign producer, reaching a volume of 100,000 to 150,000 units by the year 2010;
- Production of new medium-sized commercial vehicles after the year 2000, with volume gradually reaching a target production of 2,000 to 3,000 units a year;
- Production of a mini car in cooperation with a foreign partner after the year 2000 at a volume of 2,000 units per year;
- Production of buses for renovating the Slovak bus park at a volume of 500-800 units a year after the year 2000; and
- Production of automotive spare parts, components, equipment, and supplies

Hurdles To Overcome

Many hurdles, however, must be cleared before these ambitious goals are met.

"There are some problems with the quality of Slovak production for the auto industry, especially those companies just starting to produce for the auto sector," said Jan Lesinsky, the president of the **Slovak Society of Automotive Engineers** and a member of the advisory board for the new governmental program. "And there must be a revitalization of the machinery industry."

But Dr. Lesinsky is upbeat about the possibilities. "Plastics, steel, aluminum, textiles, chemicals, and glass — all of these [can be] produced in Slovakia for automotive industry applications," he said.

VW Bratislava, with its massive expansion of production, is a prime example of the production possibilities in the Slovak auto sector. VW's Slovak operation is also an excellent anchor for further development in the sector.

"I think it's highly appropriate that the government tries to capitalize on th[e] momentum being generated [by Volkswagen Bratislava]," said SNAZIR's advisor David Brown.

And foreign-owned component manufacturers such as **Sachs Trnava**, **Yazaki Debnar**, and **Lucas SEI** are proof that high quality automotive parts can be produced in Slovakia.

Potential foreign investors, however, must be lured away from the attractive and well established automotive sectors in neighboring Poland, Hungary, and the Czech Republic.

Josef Dolezal, Purchasing Manager for **Opel C&S** in Prague, said that bigger investment plans in Slovakia are prevented by "more flexible tax policies in the neighboring countries, especially in Poland and Hungary."

Other factors, according to Dolezal, that cause Western companies to hesitate to enter the Slovak industry are factories that are either too big or too small, less skilled workers, a lack of experienced managers, and an inconvenient transport structure. "There are some steps to

Continued on Page 20

Companies Use Web to Manage Supply Chain and Cut Costs

Logistics Review

Reducing supply chain costs is at the top of every logistics manager's list of things to do. Forward looking managers are tapping into the power of the Internet to manage complex supply chains and to reduce costs.

UT Automotive Uses Web to Track Savings Proposals

Last July, UT Automotive unveiled plans in Europe to reduce supply chain costs through a new program that rewards suppliers for their money-saving ideas. The Internet plays a key role in the initiative.

The program, called PERC$ (Partners in Excellence Resulting in Cost $avings) was rolled out to North American suppliers in March of this year.

"In order to improve our performance, we have to be willing to do things in a new way," said UT Automotive Europe President Volker Heuzeroth. "If we want to be competitive as a supply chain, we have to work with our tier 2 and tier 3 suppliers to cut costs out of the supply chain up through to our customers. After all, it's supply chains that compete and win, not individual suppliers."

Tony Brown, UT Automotive's vice president of Purchasing & Logistics, told suppliers that the PERC$ program also will help the company identify those suppliers UT Automotive will want to work with in the future.

"The PERC$ program is integral to our current initiative to transform our supply management process from highly decentralized, fragmented and tactical to collaborative, integrated and strategic," said Brown.

A key element of the PERC$ program is its site on the World Wide Web, which allows for automated tracing of proposals, cost savings, and PERC$ Points. The PERC$ web site (go to the UT Automotive web site — http://www.UTA.co — and follow the instructions under "Doing Business With Us") has been up and running since earlier this year.

On the site, suppliers can log on with a password — available from a central administrator in Dearborn, Michigan — and submit their proposals. Suppliers can also use the site to track their status against their 5% annual cost reduction goal.

> "The UT Automotive Web site enables suppliers to contribute cost-saving, quality, and safety ideas to the site's bulletin board as well as learn from other suppliers' postings."

The Web site enables suppliers to contribute cost-saving, quality, and safety ideas to the site's bulletin board as well as learn from other suppliers' postings. UT Automotive also uses the site for live Q&A sessions conducted by Brown and other UT Automotive leaders in a PERC$ chat room.

"The chat room opens every Wednesday from 10-11 a.m. Eastern Standard time," said Laura Mousseau, UT spokeswoman. "Suppliers can get real time responses to their questions from UT Automotive's purchasing representatives."

Other elements of the PERC$ program include:

- Key strategic suppliers will be required to participate in joint process improvement initiatives with UT Automotive's lean practices team.
- Participating suppliers will be required to submit implementable costs savings proposals to UT Automotive.
- Suppliers will receive PERC$ points for implementable savings and will share in those savings.
- Suppliers will be given higher sourcing priority based on their performance in the PERC$ program in conjunction with their operational performance on quality, delivery and innovation, which will result in maintaining or growing their business with UT Automotive.

"In order to get involved, suppliers simply need to be willing to work with UT Automotive as long term partners for the future," said Mousseau.

"The program has been extremely well received by our suppliers and the results are significant savings in cost, as well as quality, delivery and process improvements."

UT Automotive and its parent company, **United Technologies Corp**. (UTC), plan to reduce the number of UTC suppliers by 80% and lower purchase costs by $750 million by the year 2000. UT Automotive alone plans to consolidate its supply base from 10,000 to 1,000 over the next five years.

AutoChain Online to Help Manage Supply Chain; Ford & Chrysler Set Deadlines For Supplier Connection to System

In August, **Harbinger Corporation** announced the availability of its electronic supply chain management tool, AutoChain Online. Harbinger, a supplier of electronic commerce software and services, developed the system under the auspices of the Automotive Industry Action Group (AIAG).

AutoChain Online measures supplier conformance with the electronic data interchange (EDI) implementation requirements set by the big three auto makers: **Ford**, **Chrysler**, and **General Motors**. The system provides a central location for Tier 1, Tier 2, and Tier 3 suppliers to track, manage, and report on their EDI implementation status, including reporting on ANSI X12 and EDIFACT messaging capabilities with their customers.

"[With AutoChain Online] we'll be able to review each of the tier's EDI capabilities to plan and coordinate our supply chain strategies," said Michelle Schimmel, manager of supply chain

Continued on Page 18

CENTRAL EUROPE AUTOMOTIVE REPORT™

Subscription Order Form

Fax To: +1-206-374-5282 Tel: +1-440-843-9658 Email: info@cear.com
Mail To: 4800 Baseline Rd., Suite E104-340 Boulder, CO 80303 USA

SUBSCRIPTIONS AVAILABLE (select one)

❒ **STANDARD ELECTRONIC EDITION SUBSCRIPTION:**
Print copy not included. Emailed to your email address. Email version is a duplicate of print version plus extra data. In Adobe Acrobat Format. Requires an email address. 11 Issues.
PRICE ALL LOCATIONS USD$295 PER YEAR

❒ **SPECIAL ANALYST EDITION* SUBSCRIPTION:**
Includes standard electronic edition of the report. Includes additional market data which does not fit into the Standard Edition. Includes a mid-month email report of important market news. AND, it includes **AutoNewsFast™** *the weekly email news service of the CEAR™. This* ***SPECIAL ANALYST EDITION SUBSCRIPTION*** *is the highest level of information that we offer. In all, you receive 49 weekly reports, 11 issues, and 11 mid-issue reports. This Edition requires an email address.*
PRICE ALL LOCATIONS USD$495 PER YEAR

GUARANTEE
We guarantee that you will find the CEAR™ to be useful and informative. If you are not completely satisfied, you may cancel at any time and receive a refund for the unused portion of your subscription.

*** Substantial discounts available for multiple orders within the same company**

Name...
Title..
Company...
Business Activity...
Street..
City..
State..
Zip/Post Code..
Country..
Telephone..
Fax...
Email Address..

❒ **Please Send a Free Sample Issue.**

Send Orders To:
Fax: +1-206-374-5282 Tel: +1-440-843-9658
Email: info@cear.com Or Mail:
CEAR, 4800 Baseline Rd., E104-340
Boulder, CO 80303 USA

Subscribers located in the United Kingdom Send Orders to:
VP International, Red Hill House, Hope Street
Chester, CH4 8BU, United Kingdom
Tel: +44-(0)-1244-681619 Fax: +44-(0)-1244-681617 **OCT98**

Best Selling Brands in Poland (YTD July 1998) Ranking By Retail Volume

Passenger Cars

Make	Units Sold 1998	Units Sold 1997	Market Share 1998	Market Share 1997
FIAT	97,716	103,809	29.62	34.76
DAEWOO	91,092	74,447	27.62	24.92
GM - OPEL	26,743	27,049	8.11	9.06
SKODA	16,858	11,430	5.11	3.83
FORD	16,350	13,021	4.96	4.36
RENAULT	15,456	15,376	4.69	5.15
VW	11,250	9,585	3.41	3.21
TOYOTA	10,162	4,778	3.08	1.60
HONDA	8,563	5,617	2.60	1.88
SEAT	7,486	9,154	2.27	3.06
Others	28,170	24,421	8.54	8.18
Total	**329,846**	**298,687**	**100%**	**100%**

Commercial Vehicles

Make	Units Sold 1998	Units Sold 1997	Market Share 1998	Market Share 1997
DAEWOO M.	6,778	7,558	23.48	24.96
DAEWOO	3,797	7,108	13.15	23.48
CITROEN	3,703	3,060	12.83	10.11
FIAT	3,421	2,866	11.85	9.47
MERCEDES	2,233	1,654	7.73	5.46
VW	1,726	1,013	5.98	3.35
FORD	1,407	1,000	4.87	3.30
SKODA	1,383	1,806	4.79	5.96
PEUGEOT	1,183	1,107	4.10	3.66
RENAULT	746	812	2.58	2.68
Others	2,495	2,294	8.64	7.58
Total	**28,872**	**30,278**	**100%**	**100%**

*Centrum Daewoo is reporting sales to dealers. Fiat is reporting sales to final customers.

Source: SAMAR, s.c.

Tips For Success In Central Europe

The Central European Aftermarket

Jeff Jones

The Central European aftermarket is speeding along with the rest of the industry. To be successful, you must sprint, not jog. "It's a very dynamic market," said one sales manager for a major aftermarket company. "It's exciting, fast moving, and everybody can make money."

What are the keys to success? Quality, credibility, and image are essential. And companies must follow the evolution of the car park and demand for spare parts. Under Communism, the number of references offered by aftermarket companies was limited. Today, thousands of references are demanded.

"Companies must be ready to be in line with the demand of the market," said the sales manager. "We already know that the percentage of Western cars will be absolutely dominant in 5 years."

With buying power rising in some markets, customers are demanding more quality. The sophistication of customers is growing and dumping shoddy products on them won't work in the long run.

One big parts distributor in Central Europe says that the key to success is disciplined distribution. "You have to make sure that not every Tom, Dick, and Harry becomes an importer," he said. "This would create too much market confusion."

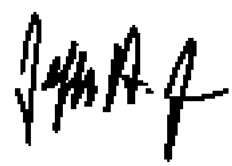
Opportunities abound for those who approach this market with a solid plan and a quality product. "If you have the right product, with the right price, marketing, and logistics, you can't fail," said another parts distributor.

***

In a recent speech at the 1998 Global Automotive Aftermarket Symposium, William J. Lovejoy, GM vice president and general manager of GM Service Parts Operations, talked about some of the technology and innovations that will impact the aftermarket business in the 21st century. According to Lovejoy, these innovations include:

- a much smaller, lighter, longer life lithium polymer battery than current designs;
- a brake-by-wire system that contributes to a 30-pound weight loss when compared with a conventional brake system;
- a liquid-cooled generator with a 150,000-mile service life;
- 100,000-mile air filters; and
- a greater use of synthetic lubricants.

Lovejoy also discussed the need for globalization, and stressed the importance of technical training in the aftermarket business■



jones@cear.com

Best Selling Models in Poland (YTD July 1998)

Passenger Cars			Light Commercial Vehicles			Medium Commercial Vehicles		
Make	**Units**	**% Change '98 v '97**	**Make**	**Units**	**% Change '98 v '97**	**Make**	**Units**	**% Change '98 v '97**
Daewoo Tico	30,672	32.74	FSO Polonez Truck	3,569	-48.57	Daewoo Lublin	6,328	6.39
Daewoo Lanos	27,267	-	Fiat Cinquecento Van	2,311	55.94	Mercedes Vito	1,796	45.90
Fiat Sienna/Palio Wknd.	24,124	4238.85	Citroen C15	1,894	-18.82	VW Transporter	1,215	77.37
PF 126	23,864	-24.46	Citroen Berlingo	1,509	233.85	Ford Transit	990	-30.77
FSO - Polonez	18,823	-42.13	Skoda Pick up	1,383	38.30	Iveco Daily	481	-3.02
Fiat Cinquecento	16,858	-53.40	Fiat Uno Van	705	21.97	FSC - Zuk	450	-72.05
Opel Astra	16,415	23.89	Peugeot Partner	607	-20.86	Mercedes Sprinter	437	3.31
Skoda Felicia	14,290	9.75	GM - Opel Combo	580	-11.31	Peugeot Boxer	407	25.62
Fiat Punto	11,391	-0.22	Ford Courier Van	376	22.88	Fiat Ducato	405	-47.81
Fiat Uno	9,966	-36.59	FSO Polonez Cargo	228	35.71	Kia Ceres	379	40.37

*Centrum Daewoo is reporting sales to dealers. Fiat is reporting sales to final customers.
Source: SAMAR, s.c.

Slovak Republic Customs Regime for Cars & Parts

Import/Export Help Desk

Ton Verbraeken, Tax Manager, KPMG, Bratislava Office

Customs Regime in the Slovak Republic

The Slovak customs regime is based mainly on the EU customs regime, including the release for free circulation regime, the inward and outward-processing regime, and the temporary import regime. It is also possible to store products in a customs warehouse before importing them into the Slovak Republic.

Slovak Custom Rates for Cars and Spare Parts

The customs duties payable are determined on the basis of the customs value of the imported cars. When determining the customs rates under the Slovak Customs Act, it is important to distinguish the country from which the car or parts originate:

- For cars and spare parts imported from WTO countries, the rates vary from 4.3% to 18.1% for personal cars and vans, 17.1% for trucks, and 3.2% to 7.1% for spare parts.
- If the cars and spare parts originate from EFTA, CEFTA, or EU member states the rates are reduced by 40% to 100%. The same applies for developing countries. The rates for spare parts are reduced by 50% to 100% (usually 100%).
- Cars imported from the Czech Republic are not subject to import duties. However, there is still an obligation to pay the import surcharge, the contributions to the EXIM Bank, and the fund for the support of foreign trade.
- Cars, vans, and trucks from other countries are subject to a customs rate that varies from 36% up to 38%. For spare parts the rates vary from 11% up to 70%.

"For cars and spare parts imported from WTO countries, the customs rates vary from 4.3% to 18.1% for personal cars and vans, 17.1% for trucks, and 3.2% to 7.1% for spare parts."

You can only apply for the preferential rates if you can prove that the cars or parts originate from one of the countries mentioned above. Otherwise, the non-preferential rates apply.

VAT Regime in the Slovak Republic

The Slovak VAT system is based on the sixth directive of the EU. Imported cars, vans, trucks, and spare parts are subject to the normal rate of 23% (the reduced rate amounts to 6%). The VAT must be paid upon importation and is based on the custom value and the amount of custom duties and import surcharge. Contributions to the EXIM Bank and the fund for the support of foreign trade are excluded. The import VAT paid can be recovered in the same month the goods are imported.

Import Surcharge

Nearly all goods, including cars, vans, trucks, and spare parts are subject to a 3% import surcharge. The amount is based on the customs value. As of 1 October 1998, the import surcharge rate will be reduced to 0%. In some situations the import is not subject to the import surcharge, such as re-export and goods under the inward-processing regime.

The Fund for the Support of Foreign Trade

On every import or export an importer or exporter has to pay a contribution to the fund for the support of foreign trade. The contribution amounts to 0.1% of the value of the imported or exported goods. The contributions can be considered as tax deductible for corporate income tax purposes (rate 40%). In some situations, one is exempt from paying this contribution (see the import surcharge paragraph above).

Exim Bank

Every importer and exporter must pay a special levy to the Slovak import-export Bank (Exim Bank) on every import or export. The levy amounts 0.05% on every import or export. This levy is also tax deductible.

Certification of imported goods

Many products — some cars and spare parts included — must be certified before being imported into the Slovak Republic. A special office performs this certification procedure. These certificates must be submitted to the Slovak customs authorities before the goods are imported into the Slovak Republic. The lists of products that should be certified change regularly■

Volkswagen Bratislava Scours Market for New Employees

Human Resource Special Report

Impossible. It's a word that **Volkswagen Bratislava's** personnel chief is accustomed to hearing as he leads the company's charge to find thousands of new employees.

VW is moving fast in Slovakia. The company is tripling car production in 1998 to 120,000 units at its plant in Devinska Nova Ves. And this figure will continue to rise.

"We would like to produce 1,000 cars per day," said Tomas Kuca, VW Bratislava's spokesman. To accommodate its expansion, the company will break ground for a new building on September 21, 1998.

The key, of course, to VW's plans for Slovakia is employees. Today's auto industry demands highly skilled workers that produce vehicles in a culture of "zero defects".

"We have activities that depend more on people than elsewhere," said Jaroslav Holecek, VW Bratislava's personnel department chief. "We're producing the most sophisticated cars in the VW Group. They are labor intensive and require skilled people."

Mr. Holecek's plate is full. He must expand VW's current work force of about 5,000 people to 7,000 by the year 2000. The 42 year-old Mr. Holecek is confident. "Over the next two years, we should be able to find 2,500 [workers]," he said in May.

Hiring workers on such a massive scale is a daunting task. According to Holecek, for 1,000 new hires, the human resource department must conduct 2,000 interviews, which means 3,000 people must take the company's skills test, which requires 6,000 applicants.

Not Possible

Back in 1992, Holecek was told by superiors to find over 1,000 new people. He invited the manager of an international employment agency to his office to talk about the job. After a three-hour discussion, the manager said he could find 10 supervisors, but for the rest, it was impossible.

Holecek proved him wrong. VW Bratislava's ranks exploded from 431 people in 1992 to the current 5,000.

VW Bratislava makes limited use of employment agencies in its quest for new workers. Instead, VW is a heavy user of newspaper advertisements to attract potential employees.

Buses Bring Them In

VW's prodigious appetite for new workers is forcing the company to cast its net well beyond Bratislava. In 1995, more than 62% of its employees were from the city of Bratislava. In 1997, this figure dropped to 36%.

VW uses a fleet of 20 buses to bring in workers from towns outside of the city to work the factory's three shifts. "It's a problem, but we want to do business so this is the solution," said Holecek.

About 30% of VW's workers use this transport system, while another 30% are accommodated at company apartments.

Vladimir Zlacky, an analyst with investment bank **ING Barings**, said that the relative immobility of the Slovak labor force might interfere with VW's plans. "Labor is not mobile in Slovakia because of the difficulty of getting housing," he said. "Of all the structural reforms the economy needs, increasing workforce mobility is one of the most crucial."

Zlacky predicted that VW would face problems in getting new workers. "They could do it, but the transaction costs [of providing the necessary housing] might be high enough to hinder production," he said.

The Problem of Turnover

Volkswagen also has trouble keeping workers on its spotless assembly line. The annual turnover rate is about 17%-18%**.** Holecek admits that this must change. "I think we must improve our capability to create a strong bond," he said.

According to Holecek, two main factors contribute to this high departure rate. "Our personnel is very young," he said. "The average age is 28, usually single. If someone offers [them] 500 SK more, they leave."

The other problem, he says, is the nature of the government social support system in Slovakia. "The market has a very social heart and doesn't force people to work," he said.

According to Holecek, a special team is working on solving the turnover problem.

Some observers point to VW's wages as part of the problem. The starting salary in Bratislava for a line worker is 10,000 SK, and the average salary, excluding managers, is 15,400 SK.

"If compared with Slovak enterprises and factories, especially outside of Bratislava, [VW's wages are] still attractive," said Jan Menkyna, Senior Consultant of Management Consulting from the recruitment firm **Management Consulting Jenewein Ltd**. "In comparison with other international companies, they don't pay above average [wages]."

Ambitious Program Rolls Forward

Despite any bumps along the way, VW's massive expansion program shows no

Continued on Page 20

Investment Case Study: Lucas SEI Overcomes Hurdles in Slovakia

Wiring Plant Now Fully Operational

Another foreign wiring systems manufacturer has found a home in Slovakia — **Lucas SEI Wiring Systems Ltd.** The company started construction of its Slovak automotive wiring systems plant in 1997 and production began this year. A review of Lucas's experience in Slovakia is instructive for other companies considering Slovakia as a potential site for component production.

First Contact

"We did a survey of a number of countries in central Europe," Lucas SEI logistics manager John Egan told the *Slovak Spectator* earlier this year. "Slovakia ended up in pole position when it came to economic performance, stability, and logistics."

From April to May 1997, Lucas SEI executives met with Slovak government officials to discuss their plans for a manufacturing plant. A site was proposed in the region of Zlate Moravce where a joint venture between the Korean company **Samsung** and Slovak company **Calex** had started and recently collapsed. Surplus workers and factory space were available. Unfortunately, upon closer inspection the site failed to meet Lucas's criteria. During further talks with officials in government circles, this same site was proposed again.

To assist them with finding alternative sites, Lucas approached **KPMG Slovakia**. KPMG's legal department helped Lucas establish the new company — **Lucas SEI Wiring Slovakia** — negotiated on its behalf, opened bank accounts, advised on and drew up contracts, provided bookkeeping and accounting services through the help of a local bookkeeping company (local law prevents auditors from providing bookkeeping services), and provided other general advisory services.

Lucas was also advised on other topics such as:

- Labor law implications
- Taxes
- Building regulations
- Permits to acquire land/buildings, construction permits etc.
- Health and safety provisions
- Setting up a Slovak company
- Exit costs in the event of a business downturn

Potential Sites Located

Five potential plant locations were identified and proposed to Lucas. Of the five, the fifth site was chosen - the city of Topol'cany in western central Slovakia. Research showed that the quality of the existing infrastructure was good enough to support a large operation.

The positive reception and good rapport generated in the first meeting with local town officials led Lucas to feel that local government had the ability to be proactive and influential on their behalf. And a ready workforce — mostly women — was available since a local shoe producer in the region had reduced its workforce.

Site Chosen, Environmental, Permit, & Visa Obstacles Overcome

A former waste site on the outskirts of Topol'cany was chosen for the new plant. The property was to be bought outright. Environmental issues surrounding the site, however, were unclear. Further negotiations with local government ensued.

All possible future potential situations that could arise from using the site were considered. Finally, a 99-year leasing contract with the option to buy the property at any time was proposed. This was agreed upon and the project went ahead as planned.

Once the location issue was settled, production was to begin in six months. Unfortunately, a permit for building construction was needed and the issuance of such permits normally takes six months. Through negotiations by Lucas's advisor — KPMG — and with the help of the local authorities, the permit was secured in one and a half months.

In September 1997, final construction on the main site was started. Prior to the start of construction, the site was cleaned by the local authorities. Lucas rented temporary premises and in November 1997 the first 100 workers were employed and trained both locally and in Poland (at another Lucas SEI site). KPMG negotiated the issuance of subsidies by the local labor office for the employment of registered unemployed workers.

In January of this year, an event occurred that caught Lucas SEI by surprise. After laws about foreigners working in Slovakia were reinterpreted, police showed up at the company's factory and stamped the passports of British employees with instructions to leave the country. The issue was resolved but the incident caused some uneasy feelings.

"It seems crazy to me that when we are trying to invest in a 100% export company for Slovakia, we would have this kind of trouble," Egan told the *Spectator.*

In May and June of 1998, the workforce swelled to 300 as production was increased. At the end of 1998, the company is expected to employ 700 workers, with the possibility of this number rising to a maximum of 1000 to 1200 workers. The company's initial investment in the Slovak operation is reportedly valued at around $9 million■

***Profile** Continued from Page 1*

CEAR: What was so attractive about the Sosnowiec plant?
Barnes: As a company overall, 70% of Timken's turnover is in roller bearings, the vast majority being tapered roller bearings. We completed a thorough review throughout Central Europe and assessed all the roller bearing plants in the region. As a result of this search, Timken bought the Sosnowiec facility in April 1996. It was the best equipped plant for the production of automotive tapered roller bearings in Central Europe.

All the equipment was from major Western and Japanese machine tool specialists which we believed with significant investment, modernization, and the introduction of quality systems in addition to training of the personnel could make world-class competitive quality product.

CEAR: The investment in Sosnowiec is not the only commitment made by Timken in Central Europe — you recently acquired a plant in Romania.
Barnes: Yes, we bought a plant at Ploiesti at the end of 1997. This is dedicated to the supply of very large bearings with an inside diameter greater than 200mm. This plant not only makes tapered roller bearings but a wide range of spherical and cylindrical roller bearings as well as slewing rings.

The main markets for these are not automotive but rolling mills, oil equipment, and paper mills. In a way, this is a diversification for Timken in Central Europe since it is not entirely a tapered roller bearing operation, nor is it automotive focused.

However, like Sosnowiec, we went for Ploiesti as it had excellent Western and Japanese equipment as well as a highly skilled work force.

CEAR: Did the reasons differ for the purchase of the Sosnowiec plant as opposed to the one in Ploiesti?
Barnes: When we make an acquisition, we have various objectives. One is to continue to develop the local markets which was a key factor in buying Sosnowiec. In addition, we want to continuously increase the value we offer to our customers throughout the world.

CEAR: Who are your major customers for the Sosnowiec plant?
Barnes: In Central Europe we supply practically all the major automotive manufacturers in addition to supplying several major automotive accounts in both Western Europe and the US.

CEAR: How many people work at Sosnowiec?
Barnes: We have 820 associates. This number has remained fairly constant since we bought the facility. We have not increased the number of people but we have changed the profile of the company with new associates, primarily bilingual young graduate engineers.

CEAR: How many managers have come from overseas?
Barnes: We have five, all in senior management positions. This includes the managing director Central Europe plus two other directors, as well as human resource and marketing administration managers.

The intention is to gradually reduce this by replacing the overseas team with local management over the next few years.

CEAR: How important has training been at your Polish plant?
Barnes: Absolutely crucial. We have invested an enormous amount in training throughout the company. Not only has this been in Sosnowiec but many staff have been over to the UK, France and the US. Training has been a very high priority. This has not just been at a senior level. Locally in Poland we have committed to training personnel at every level throughout the company.

CEAR: What have been the biggest challenges?
Barnes: There have been three major challenges: one has been trying to communicate to our new associates what we are trying to achieve. Another one has been attempting to change our associates' mentality towards being more customer and market focused.
However, the major overall challenge has been increasing productivity. If you come to Central Europe because of the low-level costs, you will soon be uncompetitive. You have got to be able to raise quality while driving down costs.

We have made significant changes to improve the quality systems which will culminate in the achievement of QS 9000 by the end of this year.

CEAR: What are your personal objectives?
Barnes: The major objective is to create a sales and marketing function able to address market needs throughout Central Europe. I want the Timken Company to be able to offer outstanding commercial and technical service to all customers throughout Central Europe.

CEAR: Where do you see the major growth markets in Central Europe?
Barnes: All of the region is growing rapidly compared with Western Europe. The southern part of Central Europe should be amongst the fastest growing areas, though it is all relative in volume terms. Romania should see significant progress, as should Bulgaria and Yugoslavia if they can sort themselves out politically and economically.

CEAR: Do you see the market in Poland slowing down?
Barnes: No, Poland is a major growth area for us in most markets. Regarding automotive, I do not see it slowing down as car production is continuing to increase at our major customers. The car park is changing fairly rapidly and this is creating opportunities in both the original equipment and aftermarket.

Overall, I see Poland continuing to develop and grow into the next century.

CEAR: How do you motivate your workers and get them to achieve peak performance?
Barnes: We have introduced a radical reward system that is tied to individual and group performance including bonuses and variable salaries for everyone, in addition to implementing a highly structured training system.

CEAR: What is an important trend in the market and how are you reacting to it?
Barnes: The automotive sector has a need for quality products and a commitment from its suppliers to continuous improvement. Our goal is to ensure the needs of the customers are understood throughout the whole of the company■

Car Sales in Poland By Body Type (YTD July 1998)

Body version		Units 1998	Market share 1998
3 doors	hatchback	73,894	22.40%
4 doors	sedan	97,577	29.58%
5 doors	hatchback	135,597	41.11%
5 doors	wagon	19,055	5.78%
2 doors	coupe/cabrio	867	0.26%
5 doors	MPV	2,301	0.70%
3/5 doors	off-road	555	0.17%

Source: SAMAR, s.c.

CENTRAL EUROPE AUTOMOTIVE REPORT™

Car Sales in Poland By Power Range (YTD July 1998)

Power range	Units 1998	Market share 1998
Petrol Engines		
Up to 50 HP	90,278	27.37%
Above 50 HP up to 75 HP	99,418	30.14%
Above 75 HP up to 100 HP	86,784	26.31%
Above 100 HP up to 120 HP	37,644	11.41%
Above 120 HP up to 150 HP	9,507	2.88%
Above 150 HP	2,808	0.85%
Diesel Engines		
Up to 70 HP	1,113	0.34%
Above 70 HP	2,294	0.70%

Source: SAMAR, s.c.

Sales Loss Leaders in Poland (YTD July 1998)

Passenger Cars Make	Units	Change '98 v. '97 Units	Light Commercial Vehicles Make	Units	Change '98 v. '97 Units	Medium Commercial Vehicles Make	Units	Change '98 v. '97 Units
Fiat Cinquecento	16,858	-19319	FSO Polonez Truck	3,569	-3371	FSC - Zuk	450	-1160
FSO - Polonez	18,823	-13703	Citroen C15	1,894	-439	Fiat Ducato	405	-371
PF 126	23,864	-7727	Renault Express	34	-242	Renault Trafic	97	-181
Daewoo Nexia	4,959	-7555	Peugeot Partner	607	-160	Toyota Hiace	121	-70
Fiat Uno	9,966	-5751	Renault Clio Societe	25	-100	Toyota Dyna	52	-57
Daewoo Espero	1,686	-4614	GM - Opel Combo	580	-74	Citroen Jumper	215	-54
Opel Corsa	6,082	-2580	VW Caddy	218	-32	Nissan Vanette	39	-20
Toyota Carina E	380	-2385	Fiat Fiorino	0	-30	Kia Topic	1	-16
Renault Megane	6,249	-2221	Ford Escort Van	41	-29	Iveco Daily	481	-15
Fiat Marea	1,036	-1732	Piaggio Porter	9	-17	Mitsubishi L300	0	-1

Source: SAMAR s.c.

Fastest Sales Climbers in Poland (YTD July 1998)

Passenger Cars Make	Units	Change '98 v. '97 Units	Light Commercial Vehicles Make	Units	Change '98 v. '97 Units	Medium Commercial Vehicles Make	Units	Change '98 v. '97 Units
Daewoo Lanos	27,267	27267	Citroen Berlingo	1,509	1057	Mercedes Vito	1,796	565
Fiat Sienna/Palio Wk.	24,124	23568	Fiat Cinquecento Van	2,311	829	VW Transporter	1,215	530
Daewoo Tico	30,672	7565	Skoda Pick up	1,383	383	Daewoo Lublin	6,328	380
Fiat Seicento	6,543	6543	Renault Kangoo Express	216	216	Renault Master	374	241
Daewoo Nubira	6,483	6483	Fiat Uno Van	705	127	Kia Preggio	239	239
Toyota Corolla	6,839	5260	Ford Courier Van	376	70	VW LT	293	215
Opel Astra	16,415	3165	FSO Polonez Cargo	228	60	Kia Ceres	379	109
Honda Civic	7,973	3083	Peugeot 306 XA	69	60	Peugeot Expert	84	84
Citroen Xsara	3,046	3046	Peugeot 106XA	16	9	Peugeot Boxer	407	83
Skoda Octavia	2,568	2568	Mitsubishi L200	2	2	Citroen Jumpy	85	79

Source: SAMAR, s.c.

Untangling the Russian Customs Valuation Knot

Alexander Bychkov, Baker & McKenzie, Moscow

Customs valuation is one of the key steps in clearing goods through customs in any country. In the Russian Federation, Russian laws and regulations define a valuation methodology similar — but not identical — to that used in many other countries.

While valuation itself is best carried out by customs agents, freight forwarders, and other logistics professionals, a general knowledge of how these laws and regulations are applied is important for any company exporting to Russia.

> "If the customs authorities decide that the customs value of imported goods declared by the importer is too low — 30% below average market price — they can calculate the amount of import customs duty themselves."

The Russian Federation law "On Customs Tariff" stipulates six methods for determining the customs value of imported goods, each of which uses a different basis for valuation:

1) value of the transaction;
2) value of transactions with identical goods;
3) value of transactions with similar goods;
4) value of subtraction;
5) value addition; or
6) reserve method.

The Contract Method

The Contract Method (Method 1, above) is the principle method of valuation and defines the customs value of imported goods according to the value of the relevant import contract. Other methods can be applied only if the Contract Method cannot. Included in the valuation under this method are any royalties or similar payments (see below).

The Contract Method calculates the value of imported goods as the goods' contractual value, plus the following costs (unless already included in the contract value): transportation to the port of entry into Russia (border, seaport, airport, etc.); transshipment of goods; insurance; all other importer's costs directly related to the transaction; license and other fees; direct or indirect income to the exporter from future resale of the goods.

Other Methods

In cases where the Contract Method is not practical, the customs authorities can apply Method Two, which defines the customs value of the imported goods based on the customs value of the same goods imported into Russia by another company under the same conditions (same country of origin, means of transportation, terms of delivery, etc.). If this approach is not practical, either, the customs authorities can try Method Three, which defines the customs value using information the customs authorities may already have on importation of goods they consider similar to the goods to be cleared.

If information on similar goods is not available, the customs authorities may apply the subtraction method, Method Four. Using Method Four, the customs authorities take the price of the same or similar goods sold on the Russian domestic market within 90 days as of being imported into Russia and extract from that the domestic price distributors' markup, the customs duty paid, and the cost of transportation inside Russia.

Method Five, the value addition method, is based on: the sum of expenses incurred by the foreign seller to produce or purchase this type of product; expenses normally incurred by the foreign seller in exporting the goods to Russia, including transportation to the Russian border, insurance, transshipment, and related costs; and the amount of profit the foreign seller could normally expect to receive for exporting such goods to Russia, including transportation to the Russian border, insurance, transshipment, and related costs; and the amount of profit the foreign seller could normally expect to receive for exporting such goods to Russia. Documentation disclosing this cost information must be provided to the Russian Customs authorities by the importer if the value addition method is used.

The Reserve Method (Method Six) can only be used if none of the other methods can be applied. This method allows the customs authorities to define the customs value of the imported goods by taking into account "international practice". The State Customs Committee defines "international practice" as a combination of criteria used in methods one through five, or pricing information from independent international price catalogues (such as *Eurotax*, *OTTO*, etc.).

The following prices **cannot** be used to calculate customs value under the reserve method: the price of the goods on the Russian market; the price of the goods exported from the country of origin to a third country; the price of similar Russian goods in Russia; an average price for a group of goods, or a price without a documentary confirmation. Also, when applying the reserve method, the customs authorities must consider the specific circumstance of delivery and the relevant contract provisions which may influence the price of the imported goods (terms and method of payment, amount of the delivery, obligations of the parties, condition of the goods, etc.).

If the customs authorities decide that the customs value of imported goods declared by the importer is too low, they can calculate the amount of import customs duty themselves using the price for the same or similar goods stated in one of the international price catalogues recognized by Russian customs. There is no precise definition for the term "too low", and its meaning is entirely up to the discretion of the individual customs officer. In practice, however, the customs authorities regard as "low" a price that is more than 30% below the average market price for the same product.

Mr. Bychkov is an attorney with Baker & McKenzie in Moscow.

Slovakia Seeks FDI With Tax Incentives

Tax, Customs, & Finance Review

Frank Walsh and Miriam Dugovicova, Arthur Andersen, Bratislava Office

The Slovak Republic is competing with other Central European countries for Foreign Direct Investment ("FDI"), which will help to restructure the Slovak economy and accelerate overall economic development. The Slovak Republic is behind other Central European countries in attracting FDI, having only seen $1.3 billion since 1993.

With the aim to attract large FDI projects, the Slovak government has recently introduced the following two tax incentives.

Tax Reduction

A tax reduction of 75% (effectively a 10% tax rate – shades of Ireland!) is available for qualifying Slovak legal entities in the year of their first tax liability. To qualify, the following conditions must be met:

- The company must invest, from foreign (non-loan) sources, in tangible fixed assets at least SK 200 million ($5.6 million) annually for 5 successive years;
- The company must increase its production by SK 100 million ($2.8 million) in the first year and by 10% in each of the following 4 years or, alternatively, by SK 1 billion ($28 million) in total in the five year period;
- The company must not transfer its property to another taxpayer during the 5 years; and
- Every year the company must pledge with the Tax Administrator to pay the reduction in tax in the event that the conditions are not met.

Failure to meet any of the above conditions exposes the company to pay the total amount of the tax relieved (including for past years) plus a penalty of 50% of the tax relieved and up to 50% interest (the latter applicable if the Ministry of Finance issues a relevant ruling).

Tax Holidays

In addition, ten-year tax holidays are also available for foreign owned Slovak joint stock companies incorporated in 1998 to perform manufacturing activities. During the holiday period, no tax is payable.

> "The conditions related to both incentives are very restrictive as the thresholds are quite high, and it will be difficult for foreign investors to qualify for them."

The conditions are as follows:

- A foreign person must establish a new joint stock company in 1998. Joint stock companies have to have a minimum paid-up share capital of SK 1 million ($857,000).
- The shares must be registered and their transfer must be restricted.
- The company must not issue any bonds during the tax holiday period.
- Prior to the beginning of the tax holiday period, the investor must increase the capital of the company by at least SK 300 million ($8.5 million) from (non-loan) foreign sources.
- Additionally, prior to the beginning of the tax holiday period, the investor must invest at least SK 1 billion in tangible fixed assets for the purpose of Slovak production.
- Tangible fixed assets can't be transferred to any other person during the holiday period.
- The investor must make average annual investments of SK 300 million ($8.5 million) over the 10-year period in tangible fixed assets.
- The company must on average increase annually its production by 5% and export more than 90% of its total annual production.
- The tax holiday net profit and the amount of tax relieved must be invested in Slovak production (this seems to require more than the profit to be invested!)
- The company must obtain a bank guarantee for the current year tax holiday.
- Tax returns have to be filed annually.

If any of the above conditions are not met, the company loses the tax relief for the current and also for the remaining years. But unlike the 75% relief, there is no claw-back of past year's relief.

Practical implications

To qualify for the first incentive requires an overall investment of SK 1 billion ($28 million), with significant penalties and claw-back for non-compliance. The second incentive requires an overall investment of SK 4.3 billion ($120 million). This is in addition to having to re-invest the annual profits of the company in Slovakia during the period of the tax holiday. Where the investor fails to meet the conditions for the tax holiday only current and future benefits are lost.

The conditions related to both incentives are very restrictive as the thresholds are quite high and it will be difficult for foreign investors to qualify for them. These contrast with the incentives in other countries. It is a pity the incentives are not more flexible since, coupled with the highly educated and adaptable workforce, the relatively low cost of labor and Slovakia's geographic position, they might provide the right fillip to bring some badly needed FDI to the country.

However, for those very large projects it may be possible to negotiate flexible tax concessions from the government, particularly if they are in high priority sectors, have high employment prospects and/or locate in regions of relatively high unemployment.

This article states the law at September 1. Elections are expected to take place on September 25 and 26■

Czech Republic Vehicle Production & Sales (1/98 to 6/98)

	Production	Domestic Sales	Export
Total Production & Sales (units)	**225,539**	**47,043**	**163,548**
Cars (M1)	+24.33%	-14.99%	+40.60%
LCVs (N1)	+26.19%	-6.18%	+23.92%
Trucks (N2, N3)	-33.67%	-34.92%	-24.32%
Buses (M2, M3)	+47.20%	+11.65%	+153.33%
Motorcycles (L) under 50 ccm	-59.05%	-45.85%	-69.76%
Motorcycles (L) over 50 ccm	-31.19%	-62.38%	-43.18%
Trailers (O3, O4)	+0.56%	-20.57%	-8.00%
Semitrailers (O3, O4)	+70.86%	+4.89%	+90.77%

Source: SAP

New Passenger Car Registrations in Europe, Compared to Poland (YTD July 1998)*

	Registration 1998		Market Share 1998		% Change 1998 v. 1997		Market Share Difference	
Make	**Europe**	**Poland**	**Europe**	**Poland**	**Europe**	**Poland**	**Poland v. Europe (%)**	**Poland - % of Europe**
All Brands	7,510,087	329,846	100.00	100.00	7.58	10.43	0.00%	4.39
VW Group	1,312,921	35,962	17.48	10.90	7.95	12.42	6.58%	2.74
Japanese	900,318	27,806	11.99	8.43	11.22	64.02	3.56%	3.09
Fiat Group	889,198	100,091	11.84	30.34	2.53	-4.46	-18.50%	11.26
PSA Group	856,354	11,843	11.40	3.59	12.50	-8.82	7.81%	1.38
GM Group	840,602	26,801	11.19	8.13	-1.84	-1.03	3.07%	3.19
Ford Group	812,261	16,368	10.82	4.96	2.03	42.90	5.85%	2.02
Renault	773,563	15,456	10.30	4.69	17.42	0.52	5.61%	2.00
BMW Group	429,546	598	5.72	0.18	1.65	-50.04	5.54%	0.14
Mercedes	304,212	351	4.05	0.11	22.36	104.07	3.94%	0.12
Korean	181,803	93,380	2.42	28.31	33.01	23.82	-25.89%	51.36
Volvo	127,178	667	1.69	0.20	3.62	37.81	1.49%	0.52

*Registration Data: Europe - status as of June 30th, 1998; Poland - status as of July 31st, 1998.

Source: SAMAR s.c.

1999 Central Europe Automotive Executive of the Year

Send Us Your Choice, The Winner Will Be Featured in Our February 1999 Issue

Cast Your Vote!
Make your pick for the CEAR™ Central Europe Automotive Executive of the Year.

Who do you think has contributed most to the development of the dynamic Central European auto industry during 1998? **We want to know. Phone, Fax, or Email your vote today!**

Choice #1: **Reason:**
Company:

Choice #2: **Reason:**
Company:

CENTRAL EUROPE AUTOMOTIVE REPORT™
Fax: +1-206-374-5282 Tel: +1-440-843-9658 Email: info@cear.com
Mail: 4800 Baseline Rd., Suite E104-340 Boulder, CO 80303 USA

CENTRAL EUROPE AUTOMOTIVE REPORT™

Classifieds & Investment Opportunities

Russian producer of acid electrolytes for storage batteries, liquid antifreeze, lubricants, distilled water, and other chemical products for automobiles seeks US supplier of packaging equipment and partner to establish a production joint venture.
Konstantin Moskalyuk
I.S.Laboratoria, Ltd
Tel: 7-3832-242341
Fax: 7-3832-242341
Russia

Kazakh creator of drafts and designs of automotive safety projects seeks partner to work jointly with on related engineering projects.
U.S. Embassy Commercial Service Re: Yerden Izteleolov
Tel: 7-3272- 63-36-03
Fax: 7-327-581-1576
E-mail: OAlmaty@doc.gov
Kazakhstan

Manufacturer of driving shafts, steering shafts, steering gears, and spare parts seeks foreign investor
Charles Highett PIAST
Tel: 48-22-827-8700
Fax: 48-22-826-7341
Poland

Manufacturer of centrifugal oil separators, heaters, water and oil coolers for cars & trucks, water pumps for vans, trucks, and ships seeks foreign investor
Charles Highett PIAST
Tel: 48-22-827-8700
Fax: 48-22-826-7341
Poland

Manufacturer of fuel supply systems for car & van engines, compressors for pneumatic braking systems for cars, buses, & farm tractors, compressor units & pneumatic fittings, & spare parts for compressors seeks foreign investor.
Charles Highett PIAST
Tel: 48-22-827-8700
Fax: 48-22-826-7341
Poland

Manufacturer of hydraulic cylinders, up to 32 bars pressure, 25-160 piston diameter, up to 4,000 mm length, seeks commercial cooperation, offers production to order
SNAZIR re:Rerosa s.r.o.
Tel: 421-7-5335-175
Fax: 421-7-5335-022
Slovak Republic

Manufacturer of exhaust flanges, light welded steel constructions, agricultural machines, and hydraulic components under Sauer Co. license seeks joint venture partner
SNAZIR re: Topolcianske Strojarne a.s.
Tel: 421-7-5335-175
Fax: 421-7-5335-022
Slovak Republic

Manufacturer of car & truck air and oil filters seeks joint venture partner for production, financial, and distribution cooperation. Monthly air filter capacity for cars of 60,000, and 6,000 for trucks
SNAZIR re: Sandrik a.s.
Tel: 421-7-5335-175
Fax: 421-7-5335-022
Slovak Republic

Manufacturer of pressed parts for cars, press units, electric carriages, and machine tools seeks commercial or production cooperation
SNAZIR re: BAZ
Tel: 421-7-5335-175
Fax: 421-7-5335-022
Slovak Republic

Czech designer, manufacturer and tester of high performance vehicle electronics for timing switches, central locking, seat heating, air conditioning controls, timing relays, and acoustic signaling seeks partner in similar business who is capable of providing new technologies and products for joint production and access to European markets.
Josef Dusil CzechInvest re: EL4
Tel: 420-2-2406-2267
Fax: 420-2-2422-1804
Czech Republic

Manufacturer of plastic parts for Opel, Mercedes, VW, & Suzuki seeks equity partner who is engaged in plastic processing business
$5 million
Csaba Kilian
re: Pemu
ITDH
Tel: 36-1-118-0051
Fax: 36-1-118-3732
Hungary

Supplier of seats for Suzuki cars & Spare parts for Ikarus seeks purchaser. Company undergoing privatization process.
Csaba Kilian
re: 02/Aut/96
ITDH
Tel: 36-1-118-0051
Fax: 36-1-118-3732
Hungary

Battery manufacturer seeks joint venture partner for processing used vehicle starter batteries
$2.1 million
Csaba Kilian re: Perion
ITDH
Tel: 36-1-118-0051
Fax: 36-1-118-3732
Hungary

Russian bus company seeks American joint venture partner to manufacture new bus models. Business plan available in English.
Victor Sergeyevich Kostromin General Director
Pavlovo Bus Co.
Tel: 7-83171-6-81-14
Fax: 7-83171-6-03-18
Russia

Russian company seeks a joint venture partner to re-build car and truck tires and recycle tires and other rubber products into pellets.
Alexander Nikolayevich Kalin General Director
Kstovo Tire Repair & Recyling Plant
Tel: 7-8312-38-12-75
Fax: 7-8312-38-12-75
Russia

Web Continued from Page 6

management, **Key Plastics**.

"Using only Internet access and a standard Web browser, any company in the automotive supply chain can now generate detailed reports on the EDI implementation status of their direct [Tier One] suppliers, as well as implementation reports on suppliers three tiers down in their supply chain."

More than 20 companies, including **Dana Corporation**, **Spicer Axle Division**, **ITT Industries**, **Johnson Controls, Inc**., and **Textron Automotive Company**, are already piloting AutoChain Online.

The system is now generally available to all suppliers in the automotive industry, and Ford and Chrysler have already announced that their suppliers will be required to connect to AutoChain Online within the following time frame: Tier 1 by January 1, 1999, Tier 2 by April 1, 1999 and Tier 3 by July 1, 1999.

Johnson Controls Launches Web Site to Manage Supplier Programs

Automotive interior company **Johnson Controls** has launched a private web site on the Internet to manage seating programs and enhance communication with its key Tier-One suppliers. The web site enables the suppliers to furnish regular updates as they create materials or components for integration into interior systems under development at Johnson Controls.

Launched earlier this year, the web site is reportedly an industry "first" among suppliers to OEMs and is modeled after Advanced Product Quality Planning (APQP) systems in use by **General Motors**, **Ford**, and **Chrysler**.

Johnson Controls has approximately 750 direct suppliers and a worldwide supplier network — including Tier-two and Tier-three suppliers — comprised of more than 5,000 companies.

Tactical purchasing staff and launch team members at Johnson Controls have direct access to the web site so they can quickly check on the status of various programs, identify and solve possible problems, and generate progress reports.

"In order to meet the quality, timing and cost requirements of our customers, we rely heavily on our key suppliers," said Larry Alles, vice president of worldwide purchasing for the Automotive Systems Group of Johnson Controls.

"Our web-based support system for Advanced Product Quality Planning will enable us to track and significantly enhance supplier and Johnson Controls' program performance."

For each assigned task in Johnson Controls' Product Introduction Process (PIP), suppliers are required to enter vital information at the web site — including the status of the task, its completion date, and comments. The data is managed and reported in several formats, depending on user requirements.

"Using an interactive web site is an excellent way to conserve time, minimize open issues, and communicate among team members, including our key suppliers that help us to meet our customers' expectations," said Mike Holzhauer, director of supplier development.

The web site was launched in January 1998 in support of future seating programs in North America. Currently, it's being piloted in Europe, and eventually will be used among Johnson Controls' key suppliers worldwide■

Highlights *Continued from Page 4*

additional $4 million in equity is being raised by EEI.

In early August, the Romanian government, through the **State Ownership Fund** (SOF), announced its agreement with EEI to begin production of the ARO 24 model SUV with a **Toyota** engine. A letter of credit has been issued for an initial order of 1,000 ARO 24s equipped with the Toyota engine to be delivered to the United States by the end of this year.

"[EEI] has 170 dealers in the U.S., and eight foreign distributors that have projected sales of ARO vehicles well in excess of present plant capacity of 25,000 vehicles per year," said John Perez, EEI President and CEO.

According to EEI, the ARO factory in Romania has agreed to increase production to full capacity, beginning in the first quarter of 1999. EEI and the SOF, the present owner of the ARO factory, have begun talks concerning the future privatization of the ARO factory.

Slovenia

New Car Sales Up 3.8% in Slovenia

During the first eight months of 1998, new car sales in Slovenia totaled 47,607 units, up 3.8% compared to the same period in 1997. **Renault** was the top selling brand with 10,511 cars sold for a market share of 22.08%. **Volkswagen** captured the second position with sales of 5,861 units and a market share of 12.31%, and **Daewoo** earned the third position by selling 3,939 cars for a market share of 8.27%.

The top five selling passenger car models in Slovenia were the Renault Clio (4,402 units, 9.25% market share), Renault Megane (3,251 units, 6.83% market share), Volkswagen Polo (2,483 units, 5.22% market share), Volkswagen Golf (2,110 units, 4.43% market share), and Daewoo Lanos (2,056 units, 4.32% market share)■

Polish Vehicle Market Segmentation (YTD July 1998)

Segment	YTD Sales (Units)		Market Share (%)		% Change	Import Share in Segment		% Change
	1998	1997	1998	1997		1998	1997	
1. Segment A	77,963	91,285	23.64	30.61	-14.59	0.033	0.449	-93.66
2. Segment B	69,795	74,350	21.16	24.93	-6.13	33.828	34.966	-9.18
3. Segment C	141,450	97,171	42.88	32.59	45.57	22.790	21.761	52.46
4. Segment C/D	32,928	30,726	9.98	10.30	7.17	72.045	70.488	9.53
5. Segment D/E	3,931	1,379	1.19	0.46	185.06	95.345	92.748	193.04
6. Segment F	108	118	0.03	0.04	-8.47	100.000	100.000	0.00
7. Segment S	815	1,031	0.25	0.35	-20.95	100.000	100.000	0.00
8. Segment MPV	2,301	1,739	0.70	0.58	32.32	100.000	100.000	0.00
9. Segment 4WD	555	379	0.17	0.13	46.44	100.000	100.000	0.00
Total Passenger Cars	***329,846***	***298,178***	***100.00%***	***100.00%***	***10.62%***	***26.946%***	***33.068%***	***-10.01%***
10. Light Comm. Segment	13,958	15,644	48.34	51.67	-10.78	27.33	20.97	16.28
11. Medium Comm. Segment	14,914	14,634	51.66	48.33	1.91	19.97	20.23	0.61
Total Commercial Vehicles	***28,872***	***30,278***	***100.00***	***100.00***	***-4.64%***	***23.53%***	***20.62%***	***8.84%***

Source: SAMAR s.c.

Sales of New Cars and Commercial Vehicles in Poland

	Sales (Units)						YTD July		% Change
	1992	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1997**	**1998 v. 1997**
Passenger Cars									
Local Production	144,748	170,549	199,724	206,284	260,265	337,467	240,965	199,918	20.53%
Import	54,531	71,059	50,558	58,754	114,347	140,493	88,881	98,769	-10.01%
Total	199,279	241,608	250,282	265,038	374,612	477,960	329,846	298,687	10.43%
Light Commercial Vehicles									
Local Production				17,730	26,294	20,370	10,143	12,363	-17.96%
Import				909	3,476	5,717	3,815	3,281	16.28%
Total		9,974	12,986	18,639	29,770	26,087	13,958	15,644	-10.78%
Medium Commercial Vehicles									
Local Production				10,254	17,280	22,716	11,935	11,673	2.24%
Import				3,053	4,826	6,500	2,979	2,961	0.61%
Total	0	13,998	10,969	13,307	22,106	29,216	14,914	14,634	1.91%

*Local production includes assembly

Source: SAMAR, s.c.

Human Resources
Continued from Page 10

signs of slowing. The company's stated investment plan for 1998 is DM 173.6 million ($98 million), compared to DM 111 million in 1997. Sources within the Slovak government state that the 1998 investment amount will rise even higher to DM 230 million ($130 million).

With each big jump in the number of shiny Golfs rolling off the line in Devinska Nova Ves, VW's hunger for more workers keeps growing. Mr. Holecek's "to do" list probably reads like a novel.

Jenewein's Menkyna is optimistic that VW will reach its goals.

"I think they will be able to do it," he said. "VW has a very good personnel [system]. Good methods for [using] assessment centers and job rotation principles. This way, VW also offers stability and opportunity for personal and professional growth, which in a production company is even more important than high starting salaries." ■

Auto Sector *Continued from Page 5*

improve the situation, but it isn't completed yet," he said.

Specific Projects Planned

To overcome the Slovak auto sector's current weaknesses and meet stated goals, the government's new program calls for projects focused on:

- Creation of supportive financial funds for export, employment, restructuring, and regional development activities;
- International cooperation, such as searching for production, sales, and research partners for Slovak automotive companies;
- Ensuring that legislation supports the entrance of foreign investors and addresses taxes, customs, and other regulations regarding the auto industry;
- Research and development for the automotive industry, concentrated on technologies for high volume production, new materials, and production innovation, as well as the establishment of a research center for automotive production;
- Development of human resources for automotive production, such as establishment and coordination of high school and university training;
- Development of integrated information systems for the automotive industry; and
- Development of infrastructure for automotive production, such as transportation and telecommunication networks, and creation of new special industrial zones

Richter estimates that the investment required to achieve the program's goals is about SK 60-80 billion ($1.7-$2.3 billion) by the year 2010. Given the undercapitalized status of many Slovak companies and the lack of available bank credit, he says that 65%-85% of this amount is expected to come from foreign sources**.**

Advisor Brown is enthusiastic about the Slovak market's potential.

"Perhaps by working hand in glove with VW, going through their supplier list and getting some good market intelligence in terms of who's moving and shaking, and with a real crisp proposition, then I'm sure we can get decision makers on a plane to take a closer look [at Slovakia]," he said■

Exhibitions, Conferences, and Shows in 1998 & 1999

1998	
Oct. 1-3	**Brussels, Belgium** Int'l Electric Vehicle Symposium
Oct. 1-11	**Paris, France** Int'l Road Transport Exhibition
Oct. 1-11	**Paris, France** Int'l Paris Motor Show
Oct. 6-8	**Detroit, MI** Global Powertrain Congress
Oct. 8-12	**Ho Chi Minh City, Vietnam** Auto Vietnam 98
Oct. 12-13	**Warsaw, Poland** IBC UK Automobiles in Eastern Europe Conference
Oct. 13-15	**Amsterdam, The Netherlands** InterAuto '98
Oct. 16-25	**Sydney, Australia** Int'l Motor Show
Oct. 16-25	**Panama City, Panama** Panama Auto Expo
Oct. 23-Nov. 1	**Birmingham, UK** British Int'l Motor Show
Oct. 29-Nov. 1	**Istanbul, Turkey** Commercial Vehicles '98
Oct. 29-Nov. 8	**Sao Paulo, Brazil** Brazil Int'l Automobile Trade Show
Nov. 4-7	**Bangkok, Thailand** Asia Automotive '98
Nov. 4-8	**St. Petersburg, Russia** St. Petersburg Auto & Service Show
Nov. 5-8	**Istanbul, Turkey** Auto Show
Nov. 12-15	**Cairo, Egypt**, Cairo Motor Show
Nov. 14-22	**Suntec City, Singapore** Singapore Motor Show
Nov. 17-21	**Sofia, Bulgaria** Bulgaria Int'l Specialized Trade Show
Nov. 26-Dec. 6	**Montevideo, Uruguay** Montevideo Motor Show
Nov. 27-Dec. 6	**Essen, Germany** Essen Motor Show
Nov. 29-Dec. 4	**Jeddah, Saudi Arabia** Jeddah Motor Show
Nov. 30-Dec. 2	**Graz, Austria** SAE Total Life Cycle Conference & Exposition
Dec. 2-5	**Jakarta, Indonesia** Indonesia Auto Show
Dec.	**Detroit, MI** SAE Global Vehicle Development Conference

1999	
Jan. 9-18	**Detroit, MI** North American Int'l Auto Show
Jan. 16-24	**Brussels, Belgium** Brussels Int'l Motor Show
Feb. 4-14	**Amsterdam, The Netherlands** Int'l Motor Show
Feb. 24-25	**Warsaw, Poland** WBR AUTOCEE '99 Conference
March 11-21	**Geneva, Switzerland** Geneva Int'l Motor Show
March 26-Apr. 4	**Belgrade, Yugoslavia** Belgrade Motor Show
April 8-16	**Stockholm, Sweden** Stockholm Int'l Motor Show
April 11-17	**Zagreb, Croatia** Zagreb Motor Show
April 13-18	**Riga, Latvia** Riga Motor Show
April 19-25	**Turin, Italy** Turin Motor Show
April 28-May 6	**Seoul, Korea** Seoul Motor Show
May 22-30	**Barcelona, Spain** Barcelona Int'l Motor Show
May 27-June 1	**Poznan, Poland** Int'l Automotive Show
June 2-9	**Beijing, China** Beijing Int'l Motor Show
June 5-10	**Brno, Czech Republic** Brno Motor Show
June 18-26	**Sofia, Bulgaria** Sofia Motor Show
August 24-29	**Moscow, Russia** Moscow Motor Show
Sept. 16-20	**Frankfurt, Germany** Frankfurt Int'l Auto Show
Sept. 30-Oct. 10	**Bucharest, Romania** Bucharest Motor Show
Oct. 21-30	**London, England** London Motor Show
Oct. 22-Nov. 3	**Tokyo, Japan** Tokyo Motor Show
Nov. 9-11	**Birmingham, UK** Autotech '99
Nov. 20-28	**Athens, Greece** Athens Int'l Motor Show

Visit Trade Events under the Expert Directories at http://www.cear.com
For more information, please contact the CEAR™.
To list Contact Information for your show contact
Tel: +1-440-843-9658, Fax: +1-206-374-5282, Email: info@cear.com

CEAR™ Slovak Automotive Parts and Components Suppliers (Updated Sept. 14, 1998)

Akusit, a.s.
lead-acid batteries, die & centrifugal castings from non-ferrous metal
Jan Ferjancik
President
Tel:[421] (8)59-6921004
Fax:[421] (8)59-6921017

AVC, a.s.
drivetrain and steering components (mostly geared), cold forged parts
Dusan Haluska
Managing Director
Tel: [421] (8) 24-21005
Fax: [421] (8) 24-21574

BAZ Naskon Strojarska, a.s.
rear axles, brake drums & pins, toolings, pressings, light trailers
Jozef Krejci
Commercial Director
Tel: [421] (7) 5211358
Fax: [421] (7) 5211177

Complex, s. r.o.
commercial and mediating activity, truck sales/ export, product imports
Vladimir Balco
Director
Tel: [421] (9) 5-6225535
Fax: [421] (9) 5-6225532

Contitech - VEGUM, s.r.o.
rubber parts for cars and CVs, rubber components
Pavol Janega
Commercial Director
Tel: [421] (8) 62-99388
Fax: [421] (8) 62-99146

Gemer, V.D.I.
filter cartridges, assembly stands, road signs, car jacks
Miroslav Danko
Director
Tel: [421] (9) 41-95112
Fax: [421] (9) 41-95190

JL, s. r.o.
surface finishing of vehicles and surface repairing, consulting
Robert Szasz
Commercial Director
Tel: [421] (7) 2409742
Fax: [421] (7) 2409740

KLF-ZVL, a.s.
ball, cylindrical, and needle roller bearings & accessories, forgings
Anton Jezik
Managing Director
Tel:[421] (8) 26-4212611
Fax:[421] (8)26-4212818

Kuster Automobilova Technika s.r.o.
flexible mech. cables, wire conduits, clutch, brake & accel. cables
Jan Kostur
Executive
Tel:[421] (8) 8-4188194
Fax:[421] (8) 8-4188263

Liaz Velky Krtis, s. r.o.
three-wheeled commercial vehicles, components (e.g. ball joints)
Maria Novakova
Director
Tel:[421] (8) 54-482239
Fax:[421] (8) 54-482254

MATADOR, a.s.
tires, conveyer belts, rubber tubes, retreading, technical rubber
Jozef Vozak
President
Tel:[421] (8) 25-41520
Fax:[421] (8) 25-631896

MIBA Slovakia, s.r.o.
shaped parts of ferrous powders, bronze filters from powder metallurgy
Vladimir Toman
Executive
Tel:[421] (8) 45-864730
Fax:[421] (8) 45-864732

Mireal, s.r.o.
suspension devices with pin diameter 40 mm and 50 mm
Jaroslav Banoci
President
Tel: [421] (9) 46-23659
Fax: [421] (9) 46-24331

Motokom, s.r.o.
door hinges, iron fittings, and other car and truck components
Linda Sramekova
General Manager
Tel: [421] (7) 824061
Fax: [421] (7) 838701

Novop, a.s.
CV superstructures, buses, overhauls of Karosa buses & Liaz vehicles
Dan Dut Stastny
Managing Director
Tel:[421] (8) 63-431312
Fax:[421] (8)63-4321922

Presskam, s.r.o.
tinplatet pressings, welded vehicle parts
Viliam Liedl
Managing Director
Tel: [421] (7) 769590
Fax: [421] (7) 769605

Robert Bosch, s.r.o.
accessories (including audio), diagnostic equipment
Mrs. Olgyayova
Tel: [421] (7) 5873200
Fax: [421] (7) 5873666

Sachs Slovakia, s.r.o.
clutches, rebuilt clutches, torque converters,
Peter Doll
Director
Tel:[421] (8) 05-536312
Fax:[421] (8) 05-536313

Sandrik Stos, a.s.
oil-air filters for trucks & tractors, air precleaners, jerry cans
Ervin Muller
Director
Tel: [421] (9) 43-93710
Fax: [421] (9) 43-93710

Sandrik Zavod SNP Stroyov Odstepny
oil and air filters, jerry cans
Jan Garaj
Managing Director
Tel:[421] (8) 58-494430
Fax:[421] (8) 58-494637

Sluzba V.D.I.
car electronics, circuit boards, injected plastic parts, tools & molds
Jan Fulop
Chairman
Tel: [421] (8) 7-524245
Fax: [421] (8) 7-526508

Sova, a.s.
technical consulting (CAD systems), hardware & software
Mrs. Fabriova
Tel: [421] (7) 231557
Fax: [421] (7) 239505

Zavody Tazkeho Strojarenstva Plus, a.s.
hydraulic elements (cylinders, valves, distributors), superstructure,
Jozef Barancok
Managing Director
Tel: [421] 827-21017
Fax: [421] 827-22691

Powertrain Design Project Uses Complex Computer Design Technology to Cut Development Time and Costs

New Product Review

In late August, **Daimler Benz**, **Dassault Systemes**, and **IBM** announced that they are working together on a sophisticated new cooperation project for powertrain design. The goal is an integrated engineering, manufacturing and tooling digital definition of the physical behavior of the three-cylinder diesel engine for the Daimler Benz Smart car.

The objective of this project is to transform traditional 3D surface-based powertrain processes into highly concurrent engineering design-to-manufacturing methodologies based on 3D solids. Reducing the overall development cycle time, minimizing manufacturing costs while improving quality, and bringing to the market an innovative and competitive engine are some of the driving forces behind the pilot project.

"Using CATIA, all departments at Daimler Benz involved in the powertrain process talk the same language from concept to production and industrialization," said Juergen Scharpf, Daimler Benz leader of the joint powertrain project.

"We have very quickly and very easily integrated CATIA into our work methodologies. We found ourselves making design changes 40% faster with CATIA solutions while continually improving and updating materials and processes based on a single 3D model. We reduced cycle time by a factor of two."

Said Herr Lamberti, Vice-President CAx and EDM Systems at Daimler Benz: "Before we were limited in our natural creativity process due to the number of CAD systems installed in this part of the process chain. CATIA's flexibility offers us new space for innovation."

Using CATIA hybrid modeling techniques, engineers very quickly design complex powertrain parts either in surface or solid-based mode while keeping associativity between design, casting, and tooling. To accelerate part design and study various design alternatives, users work concurrently on different subassemblies within an associative multiple model structure.

The CATIA part editor provides a structured, graphical record of design operations thus facilitating daily communication between teams.

Before any design is forwarded to analysis specialists, designers are able to perform early optimization to very quickly and easily check the validity of their proposal.

In this project, design engineers integrate product know-how and all related downstream applications specifications at a very early stage. This results in significant reduction of the number of iterations and errors caused by ineffective communication.

Associativity and propagation of changes from the design phase to the manufacturing definition of powertrain parts casting and forging is of paramount importance given the number of variations possible for an engine.

"With CATIA, we provide an innovative process integrating product, manufacturing processes and resources in a consistent way," said Frank Lerchenmueller, Vice-President of IBM Worldwide Engineering Technology Solutions Unit■

Top Selling Passenger Car Brands in the Czech Republic (1/98 to 8/98)

Company	Sales (units)
Skoda	53,303
Ford	6,991
Volkswagen	4,437
Opel/GM	4,297
Renault	3,308
Fiat	3,044
Seat	2,076
Daewoo	2,012
Peugeot	1,941
Mazda	1,912
Toyota	1,824
Honda	1,716

FUTURE ISSUES

North American Bus Industries in Hungary's Fast Lane

Romanian Supplier Focus

Automotive Interiors Review

Poland Sales and Production Statistics

Real Estate Special Report

Poland Tax & Customs Update

More Supplier Lists

On The Web at http//:www.cear.com™

THIS IS A SPECIAL NEWS BULLETIN FROM:

AutoNewsFast™

Special Central Europe Automotive Industry Email News Bulletin Service Included With The CEAR™ Analyst Edition

Begin Bulletin

The AutoNewsFast™ Special Automotive Industry Email News Bulletin Service sends you weekly email bulletins that keep you on top of what's happening in the Central Europe Automotive Industry. And now, AutoNewsFast™ is included with the CEAR™ Analyst Edition.

Automotive Market Highlights and News Stories as they come in, information from CENTRAL EUROPE AUTOMOTIVE REPORT™ columns before they are published, reliable auto industry news, automotive sales and production figures, tips, information from or about automotive conferences, previews of upcoming stories in the CEAR™, and inter-view excerpts. Informative and Fast. AutoNewsFast™ on your computer every Monday morning. Need a Competitive Edge in Central Europe? Don't Be Left Behind. AutoNewsFast™ keeps you ahead of the competition! Don't miss another week of news. Fax this Order Form today, and mail your personal, business, or bank check or wire tomorrow.

****End Bulletin****

CEAR™ Analyst Edition & AutoNewsFast™ Order Form

Name: ______________________ **Title:** ______________________
Company: ______________________ **Business Activity:** ______________________
Street Address: ______________________ **City:** ______________________
State: ______________________ **Zip/Post Code:** ______________________
Country: ______________________ **Email Address:** ______________________
Telephone: ______________________ **Fax:** ______________________

One Year Subscription

☐ Send Me a One Year Subscription to **AutoNewsFast™ and the CEAR™ Analyst Edition.** That's 49 weekly reports, 11 issues, and 11 mid-issue reports for **USD$495**

Payment Options and Information: ☐ **Wire** ☐ **Check** ☐ **Credit Card**

Payment due in US Dollars or equivalent Canadian Dollars, British Pounds, German Marks, French Francs, Austrian Schillings, or Japanese Yen. We accept Personal, Company, or Bank Checks drawn on US, Canadian, UK, German, French, Austrian, or Japanese Banks payable to "Central European Trade & Marketing, L.L.C." or wire funds to USBank, 1600 28th St., Boulder, CO 80306 USA, Bank Routing #102000021, for Central European Trade & Marketing, L.L.C. Account #194311741285. Subscriber, Customer, or Agency is responsible for any wire fee.

Fax, Mail or Email Your Order and Mail Your Check To:
CENTRAL EUROPE AUTOMOTIVE REPORT™ for AutoNewsFast™
4800 Baseline Rd. Suite E104-340, Boulder, Colorado 80303 USA
Tel: +1-440-843-9658 Fax: +1-206-374-5282 Email: info@cear.com

Struggling Daewoo Avia Restructures to Boost Sales

Company Spotlight

Hoping to improve its poor sales performance, commercial vehicle maker **Daewoo Avia** is restructuring its operations in the Czech Republic. The company has installed new management, is considering spinning off some business units, and has put in place new business structures to lower costs, raise quality, and revive sales.

In a statement released in late August, the company blames the "recession of the Czech economy" for its poor sales. Last year, Daewoo Avia lost $7.4 million on a turnover of $168.7 million. During the first half of 1998, the company's sales revenues were down over 27% to CZK 1,542 million. "[For 1998], our effort is aimed at balanced profit and loss," said company spokesman Jiri Kyncl.

New Managers to Lead Focus on Core Expertise

Two new top managers are in place at Daewoo. Mr. June Se Yum officially became the Board of Directors Chairman and new General Director after the company's General Meeting on July 15, 1998. Mr. Yum was the former Chairman of the Supervisory Board of Daewoo Avia, a post he held since 1995.

Mr. Young Soo Kim has been appointed Managing Director responsible for Sales, Finance, and Administration. Mr. Kim worked at Daewoo USA for 12 years, holding various top positions in finance and sales.

The new managers will lead the company's efforts to concentrate on the firm's core business of developing, manufacturing, and selling trucks. The firm's five major objectives for 1998 include increasing sales volume, improving quality, reducing costs, improving efficiency, and developing new business activities. The company plans to fully implement the overall restructuring program within a one year period.

Daewoo is attempting to strengthen its sales efforts through the creation of a new position — Export Director — and by hiring more sales people. "We are in a strong recruitment process," said Kyncl. "It will take time."

On the quality front, the company has introduced quality meetings at the Director of Quality level that are held twice a week with purchasing, production, and sales people. And in addition there is a special weekly "Top Quality Meeting" chaired by the General Director.

To reduce costs, more stringent cost controls have been put into place. "Management issued very strict approval standards for every expense, and even very small sums are controlled on a much higher level than usual," said Kyncl. "We don't expect this [to be in place] for ever, but it will bring some order."

Daewoo is also exploring ways to reduce material costs. "[This involves] lots of negotiation and a lot of pushing our suppliers to reconsider their prices, costs, and so on."

Non-Core Businesses to be Made Independent Units

To improve operating efficiency, Daewoo plans to create independent business operations out of assets not directly related to the company's core business.

"Like other Czech companies, we [own] things like recreational facilities for employees, apartment houses, and hotels, [and] we'd like to make these independent business units which will be 100% owned by the mother company," said Kyncl. "We strongly believe they can be absolutely independent in their business. This will make our main body leaner."

Daewoo also plans to make better use of its existing capacity by supplying both Daewoo and non-Daewoo companies.

"We are reconsidering how to utilize [our] tool making, stamping, or pressing shops better," said Kyncl. "Our stamping shop, for example, is preparing some sheet metal panels for **Daewoo Motor Poland** in Lublin."

According to Kyncl, no decision has been made as to whether those business units would be cost or profit centers or independent business units. "Some careful business planning [is necessary]."

Some Layoffs Possible

Daewoo Avia's current workforce fluctuates between 2,100 to 2,200 people. According the Kyncl, the company hopes to avoid big layoffs.

"In general, we would like to keep the number of people [the same] because this level, say 2,100, is really critical for keeping [up] production," he said. "Maybe when we increase production we'll need more direct workers in the production."

Although Kyncl noted that the company will need more people in sales, exports, and marketing, other areas may see some layoffs.

"We would like to maybe reduce some indirect people and utilize outsourcing in some cases, [for example], in repairs. If there are too many people in some areas where we'd like to outsource, then these people will leave, or [find] other jobs in the company. In general, we would like to keep the number of people [at 2,100]."

Daewoo Avia's restructuring efforts are necessary not only for long-term viability but also for the introduction of the new AD 100 model in late 1999. According to Daewoo, the AD 100 project is going according to schedule with intensive prototype testing and facility preparation. A new CZK 500 million ($15 million) paint shop for the AD 100 and existing models will be officially opened in early October■

CEAR™ Extra Data For Electronic Edition

New Car Registrations Growth in Europe (YTD July)*

	Country	1998	1997	% Change
1	Germany	1,939,768	1,856,707	4.47%
2	Italy	1,380,100	1,296,802	6.42%
3	U.K.	1,136,892	1,054,715	7.79%
4	France	865,119	784,518	10.27%
5	Spain	590,708	511,054	15.59%
6	Netherlands	312,032	289,439	7.81%
7	Poland	329,846	298,687	10.43%
8	Belgium	263,765	233,253	13.08%
9	Austria	164,029	159,795	2.65%
10	Switzerland	158,288	155,859	1.56%
11	Sweden	127,875	114,447	11.73%
12	Portugal	127,175	112,056	13.49%
13	Ireland	103,767	89,034	16.55%
14	Greece	99,104	87,249	13.59%
15	Denmark	88,887	92,435	-3.84%
16	Finland	68,575	59,293	15.65%
17	Norway	62,725	65,399	-4.09%
18	Luxembourg	21,280	19,092	11.46%

*Registration data: Europe - status as of June 30th, 1998; Poland - status as of July 31st, 1998.
Source: SAMAR, s.c.

AUTOCEE99

The Premier Central European Automotive Event of the Year

PRIORITY NOTICE

Innovative Strategies To Win Market Share In The Fast-Growing

Central European Automotive Industry

24th & 25th February 1999 ● WARSAW

Dear Automotive Executive,

AUTOCEE99 is a unique industry forum that has been specially convened to assist in developing your strategy for Central & Eastern Europe. You will hear from and meet, in one place at one time, a complete cross-section of senior executives from the leading vehicle and component manufacturers, financiers, government officials, lawyers and consultants involved in all aspects of the region.

As Leszek Waliszewski, Head of Delphi Automotive Systems Poland and a valued member of the speaker panel, states:
"A quality speaker faculty…for AUTOCEE99 – the conference promises to be extremely valuable"

In addition to the formal plenary and breakout sessions, there will be unprecedented networking opportunities, including two cocktail receptions and champagne roundtable discussion groups, which will allow you time to make the acquaintance of the official delegations from all the countries of the region. Also do not miss the presentation ceremony for CEAR's prestigious Central European Automotive Executive of the Year award.

Another popular presenter, Wojciech Drzewiecki, founder of Samar, puts it this way:
"AUTOCEE99" is a great opportunity to keep abreast of industry developments

Join these and many more influential motor industry executives in Warsaw in February for two days of invaluable discussion.

Yours sincerely,

Stephen Butler
Head of Automotive Practice
Worldwide Business Research Ltd

Supported By These National Automotive Associations :

PIM (Poland)

SAP (the Czech Republic)

ZAP (Slovakia)

MJOS (Hungary)

APIA (Romania)

KSPDZMV (Slovenia)

SMMT (UK)

Hear in-depth presentations from such key industry figures as:
Janusz Kaczurba, Undersecretary of State, ***Ministry of Economy of Poland***
Vratislav Kulhanek, Chairman, ***Skoda Automobilova***
Scott Mackie, Managing Director, ***General Motors Poland***
Massimo Gentilini, General Director, ***Fiat Auto Poland***
Janusz Wozniak, Deputy President, ***Daewoo-FSO***
Jiri Tomek, General Plants Manager, ***Johnson Controls***
*Istvan Lepsenyi, General Director****, Knorr Bremse***
Milan Beko, Chairman, ***Zastava Group***
Jan Havelka, CEO, ***CzechInvest*** *and many more*

Day 1	**Wednesday 24th February 1999**	
8:45-8:55	Chairman's Opening Address	
8:55-9:15	The Significance Of The Automotive Industry To The Economies Of Poland And Her CEFTA Neighbours: How Can The Polish Government Encourage New And Existing Investors - ***Janusz Kaczurba*, Undersecretary of State, MINISTRY OF ECONOMY OF POLAND** (confirmed)	
9:15-9:45	Strategies To Maintain Leadership In A Rapidly Increasing Market: Developing New Models, Expanding Dealerships And Introducing Fiat Bank Polska - ***Massimo Gentilini*, General Director, FIAT AUTO POLAND** (confirmed)	
9:45-10:15	How GM Views The Markets Of Poland And The Region In The Light Of Increasing Production And An Expanded Product Range - ***Scott Mackie*, President, GENERAL MOTORS POLAND / OPEL POLSKA** (confirmed)	
10:15-10:45	Daewoo's Continued Expansion In Poland And The Whole Of Eastern Europe And How It Strengthens Its Position In Terms Of Production And Sales - ***Janusz Wozniak*, Deputy President, DAEWOO-FSO** (confirmed)	
11:00-11:30	Morning Coffee	
11:30-12:10	Reappraising The Strategic Importance Of Central & Eastern Europe As A Region In The Light Of The South East Asian Crisis - **Senior Executive, Leading Strategic Management Consultancy**	
12:15-12:55	Skoda Auto And The Global Expansion Of A Central European Marque. Its Role In The Volkswagen Group's Global Strategy - ***Vratislav Kulhanek*, Chairman, SKODA AUTOMOBILOVA** (confirmed)	
12:55-14:05	Lunch For Delegates And Speakers	
14:05-14:30	The Awards Ceremony For The Central European Automotive Executive Of The Year 1998 - Hosted By ***Jeffrey Jones*, Editor-In-Chief, CENTRAL EUROPEAN AUTOMOTIVE REPORT**	
14:35-15:10	Developing And Implementing A Strategy To Fully Integrate Local Manufacturing Sites Into Your Wider European Operations - ***Leszek Waliszewski*, President, DELPHI AUTOMOTIVE SYSTEMS POLAND** (confirmed)	Determining The Impact Of Zastava's Restructuring Programme On Future Sourcing Requirements - ***Milan Beko*, Chairman, Zastava Group** (confirmed)
15:15-15:50	Serving Global Clients In Central Europe, Whilst Creating Export Opportunities To Western Europe - ***Dennis Radojcich*, General Director, VISTEON AUTOMOTIVE SYSTEMS POLAND** (confirmed)	How To Successfully Develop Export Capabilities Of Central European Marques To Serve Highly Competitive Western Markets - ***Sorin Olteanu*, Managing Director, ARO S.A.** (pending final confirmation)
15:50-16:20	Afternoon Coffee	
16:20-16:55	Effectively Serving The Customer Through A Comprehensive Aftermarket - ***Francois Augnet*, General Manager, Aftermarket, LUCAS AUTOBRZDY** (confirmed)	Fuelling The Growth In Vehicle Sales: The Increasing Sophistication Of Consumer Finance In Central Europe - ***Christian Weidemann*, Vice President, OPEL BANK POLSKA** (confirmed)
17:00-17:35	Tier Zero: A New Link In The Automotive Supply Chain - ***Nebe Tanburrow*, President, MACKIE AUTOMOTIVE SYSTEMS** (confirmed)	Extending The Range Of Financial Services To Dealers And The Customer: The Advantages Of Expanding From Leasing To A Full Bank Licence - ***Dirk Pinkvos*, President, SkoFIN** (confirmed)
17:45-18:45	CHAMPAGNE ROUND TABLES	
18:50-19:50	AUTOCEE99 GALA COCKTAIL RECEPTION	

Day 2	Thursday 25th February 1999	
8:50-9:00	Chairman's Opening Address	
9:00-9:35	Ukraine As The Next Major Automotive Market: Discussing AvtoZAZ-Daewoo's Future Supply Requirements - ***Jung Ho Choi*, President, DAEWOO UKRAINE** (confirmed)	
9:35-10:10	Successfully Identifying Potential Partners In The Russian Automotive Industry - ***Serge de Pahlen*, Vice President, FIAT INTERNATIONAL** (pending final confirmation)	
10:10-10:40	Morning Coffee	
10:40-11:15	Engaging The Supplier Base In The Process Of The VW Group Expansion Throughout Central And Eastern Europe - ***Michael Ulbricht*, Senior Manager, Eastern Europe, VOLKSWAGEN GROUP** (pending final confirmation)	Taking Advantage Of The Incentive Packages Offered By The Czech Republic: What Opportunities Exist And How You Can Best Exploit Them - ***Jan Havelka*, Chief Executive Officer, CzechInvest** (confirmed)
11:20-11:55	Exploiting The Vast Pool Of Research And Development Capability In Central Europe - ***Istvan Lepsenyi*, Managing Director, KNORR BREMSE KFT** (confirmed)	Are Vehicle Sales Peaking In Poland? Analysing Which Segments Continue To Show Sustained Growth - ***Wojciech Drzewiecki*, Managing Director, SAMAR S.C**. (confirmed)
12:00-12:35	Assessing The Impact Of Consolidation In The Global Automotive Industry On The Region's Supplier Base - ***Gabor Zentai*, General Director, TEMIC HUNGARY** (confirmed)	How Can You Best Finance Your Automotive Investments In The Region? The Practical Realities - **Country Manager, Leading International Bank**
12:35-13:45	Lunch For Delegates And Speakers	
13:45-14:20	Optimising Your Dealer Network To Increase Market Share - ***Dominique Maciet*, President, RENAULT POLSKA** (confirmed)	Successful Implementation Of World Class Manufacturing And Management Techniques Into Local Operations In Central Europe - **Senior Executive, Leading Management Consultancy**
14:25-15:00	Exploiting Opportunities For Joint Ventures Between Regional And International Manufacturers To Maximise Competitive Advantage - ***Edward Nowak*, President, SOBIESLAW ZASADA CENTRUM** (confirmed)	Johnson Controls' Experience At Mlada Boleslav: How The Supplier Derives Benefit Working On-Site With The OEM - ***Jiri Tomek*, General Plants Manager, Eastern Europe, JOHNSON CONTROLS SOUCASTKY** (confirmed)
15:00-15:30	Afternoon Coffee	
15:30-16:05	Volvo Truck's Two-Pronged Approach To Central Europe: Developing The Supplier Base And Building Market Share - ***Ulf Nordqvist*, Marketing Director, VOLVO TRUCK CORPORATION** (pending final confirmation)	Evaluating The Strategic Commercial Reasons For VW Bratislava's Expansion Plans - ***Karl-Peter Wilhelm*, Technical Managing Director, VOLKSWAGEN BRATISLAVA** (pending final confirmation)
16:10-16:45	Describing Karosa's Major Modernisation Plan And How This Cement's The Marque's Position In The Light Of The Renault-Iveco Merger - ***Rudolf Cerny*, Managing Director, KAROSA** (pending final confirmation)	Question & Answer Session For The Panel, Comprising The Management Consultancy, Johnson Controls And Volkswagen Bratislava

ADVANCE BOOKING FORM

(please photocopy for additional delegates)

The Sheraton Warsaw
24th & 25th February 1999

YES, I would like to reserve a place at AUTOCEE99

Please complete and **fax** Chiara Muzzi on +44 171 691 3001. Alternatively please **mail** to **AUTOCEE99**, WBR Ltd, Chancery House, 53-64 Chancery Lane, London WC2A 1QX, **email** us on: autocee@wbr.co.uk or **call** us on +44 171 691 3000.

FIRST NAME (Mr/Ms)____________________________ **SURNAME**____________________________

JOB TITLE & DEPARTMENT____

HEAD OF DEPARTMENT____

COMPANY ____

ADDRESS____

____

CITY____________________________ **POSTCODE**____________________________

COUNTRY____________________________ **EMAIL**____________________________

TELEPHONE____________________________ **FAX**____________________________

PAYMENT DETAILS

YES! I wish to register for **AUTOCEE99**, at a cost of $1799.

Please note that you can cancel your registration without penalty up to one month prior to the conference. If you cancel between January 27th - February 10th, you will receive a 50% refund. Thereafter, no refund is possible.

☐ I enclose a cheque payable to WBR Ltd

or ☐ Please charge my AMEX/VISA/MASTERCARD/EUROCARD (please delete as applicable)

Card no.____________________________ Expiry Date____________________

Holder's Name ____________________________ Signature____________________

or ☐ I will be sending a bank transfer to Worldwide Business Research Ltd's bank: Midland Bank – International Branch, PO Box 181, 27-32 Poultry, London EC2P 2BX. A/C No: 38858752, Sort Code: 40-05-15.

Please fax confirmation of the bank transfer to Chiara Muzzi on +44 171 691 3001, quoting delegate's name and booking code 1032NET as your reference on both fax and bank transfer.