

GLOBAL NEWS LINE

JAPAN

The Japanese do-it-yourself (DIY) products market has expanded over the past 30 years to its current market size of \$30 billion, with more than 3,700 stores. Although the Japanese DIY market is the third largest in the world (behind the DIY markets in the United States and Germany), it is only 14 percent as large as the U.S. DIY market. The annual growth rate of the Japanese DIY market has slowed to slightly over 4 percent in recent years, not withstanding the decrease in average purchases per person caused by the slow economy in Japan. Gardening and exterior products have been strong for several years. Recently, the remodeling market has shown promise.

TAIWAN

In line with a government policy favoring renewable energy, the state-run Taiwan Power Company (Taipower) plans to invest \$43 million to build 200 wind power turbines along the western corridor of the island over the next 10 years.

According to Taipower management, the 200 turbines will have an aggregate capacity of 300 megawatts (MW), accounting for 1 percent of the company's total installed generating capacity. The first wave of 60 turbines is scheduled for installation by 2005, for a combined capacity of 100.8 MW, at a total cost of \$12.9 million.

NEW ZEALAND

Possible power shortages in New Zealand may, in the future, be prevented through wind technology. As studies reveal that New Zealand's requirement for new electricity generation installations could be sooner than expected, some power generators are now seriously considering wind power. New Zealand's national grid operator, Tranpower, has warned that

New Zealand may face power shortages between 2005 and 2007 if no new generation installations are built. At least one private-sector forecaster is warning that power shortages could be earlier than 2005 if there is a dry year.

Electricity demand has grown by 1.8 percent annually over the last decade. Hydropower constitutes 63 percent of the country's total electricity generation, with the balance comprised of gas (22 percent), geothermal (7 percent), coal (4 percent), and other (3 percent).

Meridian Energy, a state-owned power generator and retailer, announced in October 2002 that it had plans to install two to three new wind farms. Meridian also intends to invest in a joint irrigation and hydro generation project in the Waitaki Valley on New Zealand's South Island. Besides the Meridian announcement, several other organizations have expressed interest in wind technology, especially in the Wellington region. New Zealanders are receptive to the concept of wind power but are generally reluctant to support developments in their own backyard.

SWEDEN

Swedish foundries are investing in expansion, which provides market opportunities for U.S. suppliers of casting raw materials and equipment. Swedish industry uses an average of 450,000 tons of castings annually. Some 150,000 tons are imported, mostly from Europe. The ultimate goal is to import the raw material and cast it domestically. The foundries cast in steel, iron, aluminum, magnesium, and copper.

There are some 200 foundries in Sweden. The annual revenue of the industry is just over \$800 million, and the industry employs some 7,000 people. Several of the foundries are

integrated parts of large consortiums, such as Volvo, Scania, and SKF (the vehicle industry being one of the largest customers for castings). Although the large vehicle companies have their own foundries, they also use smaller ones for subcontracting. Another growing industry sector depending on foundries is wind power.

In a letter to the Swedish Ministry of Industry, Employment and Communications, the director general for Invest in Sweden Agency (ISA), Kai Hammerich, has proposed that the Swedish government subsidize a 3G mobile phone for everyone in Sweden. The proposal is similar to a package introduced four years ago, when employees could rent tax subsidized PCs from their employers.

The 3G mobile scheme would boost IT investment and 3G services, thereby supporting Ericsson and the Swedish telecommunications sector. ISA estimates that around 650,000 phones would be placed on the market.

According to ISA, the project would mean a tax loss for the state in the neighborhood of \$390 million. The agency believes that this would be offset by increased development and sales of telephone systems that in turn would promote exports. In order to support the telecommunications sector, ISA proposes that the time for new infrastructure to be in place be extended by two to three years. License holders have already requested an extension, but the Swedish regulator, PTS, has declined the requests so far.

The Swedish press has not reacted enthusiastically to the proposal. The argument is that you cannot compare the PC reform with this proposal, because the objectives are not the same. The objective for the PC reform

was to increase computer skills among Swedes, something that resulted in high computer density, as well as high Internet and broadband penetration. In this case, the winner would be Ericsson and its suppliers, while institutions dependent on tax revenue, such as schools and child-care facilities, would be on the losing end.

BELGIUM

At all levels, e-learning has opened a potentially strong market for U.S. exporters. Many U.S. institutions and companies can benefit from the development or refinement of e-learning programs—services that Belgium needs to reduce educational costs and develop as an information-based society. With its great regard for American institutions, not to mention the increasing demand for e-learning, Belgian universities and employers could be highly receptive to many of the innovative programs offered by U.S. institutions and companies.

GERMANY

The German wind energy sector reports records year after year. Since 1999, Germany has been the world leader in terms of installed wind power facilities and generated wind energy.

Offshore projects will dominate efforts among Germany's market players in the coming years. Because locations suitable for wind energy generation are limited throughout country, there has to be a "natural" end to the present hype. It remains to be seen how the output of existing wind power facilities can be increased with the help of technological progress.

The German social-democratic/green government coalition is making tremendous efforts to increase the utilization of renewable energy. Two years after the implementation of the German Renewable Energy Sources Act, the share of energy generated by renewable sources increased from 5 percent to 7.2 percent (or 36 billion kWh) in 2001 and should reach 10 percent by 2010. Wind energy ranks second among renewable energy generation with 3.5 percent or 11.5 billion kWh, after hydro generation with 20 billion kWh. The German wind energy sector expects to record total sales of \$3.5 billion for 2002. With the exception of GE Wind Energy, U.S. firms still play a minor role in the German wind energy market. This situation could change, if expected technological developments lead U.S. wind

power industry players to increased competitiveness on global markets.

ROMANIA

The information and communications technology (ICT) sector is probably the most dynamic component of the Romanian economy, and definitely one that is receiving priority attention from the government. Over the last 10 years, the sector has experienced impressive growth, offering Romania the latest technologies in most branches of telecommunications. According to industry sources, estimations for 2002 put the total size of the telecommunications services market at about \$1.8 billion. The most significant development in the sector will be the liberalization of the market for fixed telephony, beginning on January 1, 2003. This is expected to increase competition in the whole sector, with positive effects on both the quality and the cost of services.

Although faced with strong competition coming mostly from Western European companies, U.S. firms are well represented in the Romanian ICT market, especially in the IT subsector and in wireless, cable, and mobile communications. The best prospects for U.S. exports include wireless communications equipment and services, 3G mobile communications (especially CDMA) equipment and services, and Internet services, including voice over Internet protocol. Romanian imports of PCs, network interfaces, and other communication interfaces, as well as of multimedia equipment, will continue to come mostly from U.S. suppliers. Likewise, software for advanced IT applications will continue to come primarily from the United States. ■

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