

GLOBAL NEWS LINE

FRANCE

The overall housing and construction market in France has experienced an upturn in the last two years. Total market value increased by 7 percent in 1999. An increase of 5 percent is expected in 2000. In 1999, the French market for building products was estimated to be \$79.5 billion.

Private housing construction, a key indicator of demand for building products, increased by 312,000 units in 1999, compared to 1998. In 1999, single-family homes accounted for more than 50 percent of private housing construction, with 192,000 homes built. The average cost of a single-family home was \$80,000 in 1999 with an average size of 105 square meters and 5 rooms.

Renovation and home repairs were sectors which enjoyed a significant renewal in 1999, largely as a result of fiscal incentives (reduction in the Value-Added Tax on certain renovation and repair services, from 20.6 percent to 5.5 percent) and a growing desire on the part of homeowners for better quality and more comfort in their housing. Maintenance services for residences and "Do-It-Yourself" (DIY) products benefited from these factors. In addition, increased emphasis on environmental and health concerns and innovation in the building industry have also become important factors impacting on the building products market.

U.S. suppliers looking to enter the building products market in France should be aware of and become familiar with the many and diverse standards and regulations required for construction products in France. Many European Union (EU) standards for construction products remain in the developmental stage. Where an EU standard does not currently exist, French standards apply.

RUSSIA

The Russian government has approved a \$2.6 billion program "Electronic Russia 2002-2010", which is intended to boost e-commerce and Internet use in the country. The architects of the program project that by the end of the program in 2010, the IT sector in Russia will account for 2 percent of the economy (compared with the current level of 0.61 percent) and IT exports should reach \$1 billion to \$2 billion per year. The program addresses four areas: regulatory and legal environment, Internet infrastructure, e-government and e-education. It aims to increase the efficiency of the economy both in the public and private sectors, to make wider use of information technologies in government departments and transfer much of the state's work online. It also aims to improve the quality of higher education in IT and develop new independent media on the basis Internet resources. E-education, the delivery of distance learning programs via the Internet, is a priority for the Russian government. The E-Russia program has been well received by the business community and presents considerable opportunities to U.S. technology companies in the Russian market.

KOREA

On August 31, 2001, the Korean Ministry of Commerce and Industry (MOCIE) announced its implementation plan to restructure the gas sector and privatize the Korea Gas Corporation (KOGAS), state-owned gas utility. MOCIE plans to spin off its gas import and wholesale units of KOGAS into three affiliated companies by the end of 2001. Two of these three import/wholesale units will be sold to private investors by the end of 2002. The government will retain one of three gas import and wholesale

units as a subsidiary of KOGAS for several years and this subsidiary may eventually be sold to private investors. By March 2002, the government plans to announce its detailed plan for the KOGAS privatization and will complete KOGAS privatization by the end of 2002. The details of the qualification for bid participation should be finalized by March 2002, and the two gas import units will be sold to private investors through a competitive bidding process by the end of 2002. KOGAS, will retain control over the LNG terminals and the transmission pipelines and this company will be separate from the three gas importing companies. After the privatization, KOGAS will only manage and run existing transmission pipelines and may also invest in expanding the transmission network. MOCIE also plans to establish an independent regulatory body known as the "Gas Commission and Exchange" to ensure fair access to KOGAS pipelines and LNG terminals by the end of 2002.

On September 10, 2001, the Korean Ministry of Information and Communication (MIC) unveiled the nation's plans to launch a new communications/broadcasting satellite, called "EASTSAT," possibly in 2003, to provide high-speed data communications and digital broadcasting services in the Asia-Pacific region. The plan calls for drawing up a satellite systems design, selecting investors, signing a contract with a satellite manufacturer and selecting a satellite launch service company. Under the first phase of the plan, Korea Telecom (KT) will sign a memorandum of understanding with High Gain Antenna Co., a local satellite equipment manufacturer. The satellite will broadcast television programs and deliver ultra-high speed Internet access and multimedia services to

customers in the Asian-Pacific region. The EASTSAT is expected to offer direct-to-home (DTH) satellite broadcasting services, high-speed Internet connections and multimedia data telecommunications. Its transponders and communications lines will also be available to interested users on a lease basis. The project is said to be valued at \$194.25 million.

VIETNAM

At present, the Vietnamese paper industry can produce about 360,000 tons of paper per year. Of this, the Vietnam Paper Corporation, Vinapimex, a state-owned company with 20 subsidiaries and 11 factories, is the single largest producer, which turns out around 170,000 tons of paper per year. Other, smaller, local mills produce the rest of Vietnam's total. The current capacity of local paper production facilities can meet only about 55 to 60 percent of the country's demand and thus Vietnam has to import an average of 200,000 to 250,000 tons of paper annually.

In addition to the import of paper, Vietnam must import significant volumes of pulp. For instance, Vinapimex can produce only 140,000 tons of pulp, and has to import 70,000 to 80,000 tons of pulp annually.

According to industry forecasts, the local market demand for paper from now to 2010 will increase by 10.4 percent each year; the country will need about 550,000 tons in 2001; 870,000 tons of paper by 2005 and up to 1.25 million tons by 2010. To respond to this rapidly surging demand, the local paper industry has come up with an ambitious plan for developing Vietnam's paper industry, which sets the targets for the industry to locally produce 615,000 tons by 2005 and 1.05 million tons by 2010. To attain these targets, the industry will need

about \$1.14 billion in new investment in 15 pulp and paper production projects with innovative technology.

Despite the dominance of European technical standards in the Vietnamese paper industry, due to their long presence in the market, U.S. technologies and expertise, in general, are highly respected in Vietnam. Furthermore, experience has shown that Vietnam usually strongly supports diversification in the use of technologies, equipment and expertise as well as supply sources. These projects may be good opportunities for U.S. companies to explore and offer their technologies, equipment and services.

COSTA RICA

In the early 1990s, Costa Rica experienced a surge in imports of used vehicles as the result of a tax law that favored older vehicles. This sharp increase fueled a corresponding need for auto parts. Though the volume of imports of both new and used automobiles declined during the period 1995–1997, the market for imported auto parts remained strong during that same period. Reflecting a slowing Costa Rican economy, total imports of parts increased only one percent from 1998 to 1999, to about \$128.2 million and imports of parts decreased to \$121 million in 2000, representing a decrease of 5.6 percent from 1999.

The consensus within the local automotive parts industry is that during the period 2001–2003, the sector will grow at an annual rate of 3 to 5 percent. Used automobile imports from Korea during 1998–2000, increased sharply because of lower duty rates for vehicles of such origin. Once again this surge has also produced an increase in auto parts imports from Korea, which has reduced the U.S. share of market. U.S. market share for automotive parts

for 2000 was 35.7 percent. Sources indicate that the U.S. share of the import market is expected to only improve slightly from 2001–2003.

Local production is limited to small electrical and metal parts, batteries, electrical copper cable, hydraulic seals, filters (air/gasoline), steel leaf springs, aluminum and steel wheels, windshields, carpets, hoses, mufflers, bus bodies and tires. Major U.S. competitors in this sector are Japan, South Korea, Brazil, Germany and Taiwan.

Sales catalogs and brochures should be translated into Spanish. Products must be price-competitive. Terms of payment for purchases above \$4,000 are generally transacted through irrevocable letters of credit. A bank letter of credit (L/C) is the most common and secure method of payment in international trade. Under the terms of the letter of credit, the importer may not take delivery of the goods until the exporter receives payment. Letter of credit operations are strongly recommended for Costa Rica, especially if the business relationship between the U.S. exporter and the local importer is still developing. Only after a long-term business relationship has been established between the exporter and the importer should a U.S. company consider granting open account payment terms. Transactions of \$4,000 or less are often handled through advance payment via bank transfer or sight drafts. ■

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