

RUSSIA

Countries with relatively large populations often more attractive

With a view to long term development, countries with relatively large populations are often more attractive than those with small local markets.

... because of the larger local market

For example a new facility established in Russia could not only be used as a low cost base but also to supply a large industrialising population. Even if just the 'European' side of Russia is considered the country still represents a significant developing market. This is especially true as Russia's GDP per capita is roughly equal to Turkey - around \$3,000 GDP per head.

... but population spending power is also required

... GDP/Capita crossed the threshold in Russia

The Ukraine also has a relatively large population, but GDP per capita at under \$1,000 indicates that it will be some time until this population has spending power to drive forward a modern economy.

... but far behind in Ukraine

Poland, with GDP per capita of over \$4,000, has both a relatively large population and also a reasonable GDP per capita.

Poland has acceptable GDP/Capita and a relatively large population

Romania, with GDP per capita under \$2,000, like Bulgaria, is in the early stages of industrialisation and hence is likely to be of use only as an export platform.

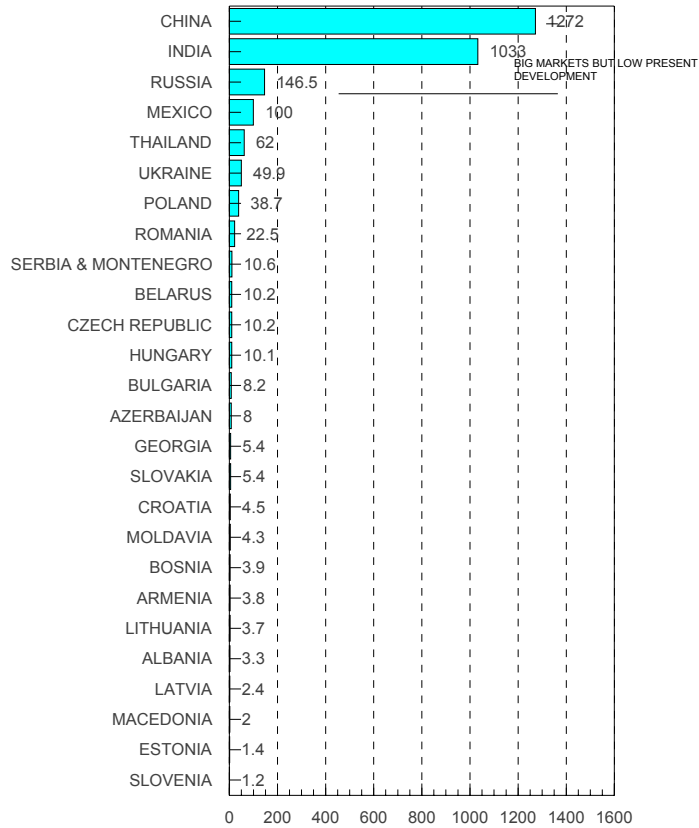
Russia, Ukraine, Poland and Romania

... relatively large populations

... other countries give Geographical advantages

... Estonia and North Western Russia for accessing the Nordic Region, for example

EASTERN EUROPE & OTHER LOW COST BASES POPULATION (M)



but

While medium sized countries, such as the Czech Republic and Hungary, form a current 'sweetspot' for lower cost base production, areas such as Serbia and Montenegro, Belarus and Bulgaria offer lower costs in relatively similar sized - if lesser developed - economies.

... China's vast internal

... quickly developing market

The string of smaller population countries, of 8 million or less, tend to be less popular FDI destinations but can offer valuable geographical locations, next to important markets - such as Estonia, being near the Nordic region.

Asia and Mexico

... creates a tremendous gravitational pull

The vast internal market of quickly industrialising China, and India to a much lesser extent, add to the attraction of the lower costs available there.