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## EAST MEETS EAST

EASTERN AND CENTRAL EUROPE IS A GROWING MARKET FOR CHINA  
AND A GATEWAY TO THE WESTERN REGION OF THE CONTINENT

By **ANDREW MOODY**

**T**he medieval splendor of Prague seems far removed from the skyscrapers of China's modern urban metropolises of Shanghai and Shenzhen — but there is an increasingly close and important trading relationship between Central and Eastern European (CEE) countries and the world's second-largest economy.

Rows over the value of the yuan might overshadow China's trade relationship with the United States and Western Europe but trade between CEE countries and China stands at more than 10 times the level in 2001 and has grown at 32 percent a year over the past 10 years.

In the year 2010 alone, trade increased by 34.1 percent to \$41.1 billion (30.5 billion euros), according to Chinese Ministry of Commerce figures.

The importance of the relationship was evidenced as senior trade and political figures from China and CEE countries descended on the Czech National Bank building at Senovazne Square in the Czech Republic capital for the second China Investment Forum this month.

Peter Hyl, the charismatic 28-year-old executive chairman of the forum, says the Chinese and CEE economies have much in common in that they are both suppliers of goods and services to Western markets.

"China can be characterized as being a manufacturing base supplying Western economies and that is the same with large parts of central and eastern Europe. The structure of the economies is very similar," he says.

The trade relationship between China and CEE came into focus last June when Chinese Premier Wen Jiabao visited Hungary, where he announced 400 million euros of financial support for a European logistics base, including an airfield with road access, which would be a hub for Chinese goods entering Europe.

Other major Chinese investments in the region include those of Chinese battery and electric car maker BYD, which has a major battery plant in Hungary.

Great Wall Motors is to open a new factory in Bulgaria at the end of this year, from where it will assemble 50,000 cars a year.

CEE companies are also making major investments in China. Skoda, one of the Czech Republic's most iconic brands and a general partner of the forum, began manufacturing cars in Shanghai in

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