

Canada's imports from Eastern Europe have gone from \$110 million in 1972 to \$350 million in 1981. Imports from Eastern Europe are dominated by manufactured goods, representing just over 90% in each of 1978, '79, '80 and '81. A closer look at import composition would place many of the products in sensitive categories, (i.e. textiles, clothing and footwear), where potential sales are limited by quotas and sharply affected by a general economic downturn.

Countertrade has not been a major factor in Canada's overall trade with Eastern Europe due to the traditional role of commodities. Where capital equipment sales prospects have emerged more frequently in recent years, there has been a tendency for countertrade to be demanded, this tendency varying from country to country. As long as the current credit squeeze is applied to Eastern Europe, the concept of imports from the West being self-financing through countertrade will likely influence the chances for success by Canadian exporters.