

## GERMANY

Political

**Official Name:** Federal Republic of Germany  
**Capital:** Bonn (announced intention to move to Berlin)  
**Head of State:** President Richard Weizsaeker  
**Head of Government:** Chancellor Helmut Kohl  
**Foreign Minister:** Dr. Klaus Kinkel  
**Minister for Economic Affairs:** Dr. Guenter Rexrodt

### DOMESTIC SITUATION

The dominant domestic political issue in Germany is management of the unification of West and East. The costs of unification have been far in excess of original estimates and there appears to be no end in sight. Unification, coupled with the impact of the worldwide recession, has generated fiscal problems for the Kohl government.

Despite its difficulties, Germany remains Europe's leading economic power. The independence of the German central bank (Bundesbank) and its steadfast adherence to policies to protect the value of the German mark and keep inflation at low levels have, however, been a source of tension, especially as other European currencies pegged to the mark have come under attack in international markets.

There will be elections at all levels, including federal, in Germany in 1994.

### CANADIAN INTERESTS

#### i) Trade and Economic

Germany is Canada's fourth largest trading partner. Canada exported \$2.3 billion worth of goods to Germany in 1992, while importing \$3.5 billion worth of German products. The value of total trade has remained virtually unchanged since 1990. Canadian exports of wood and wood products and pulp and paper worth about \$1 billion are potentially threatened by attacks on Canadian forestry practices by German environmental groups.

German direct investment totals \$5.2 billion (1991), making the country Canada's fourth largest foreign investor. Canadian direct investment in Germany is worth almost \$900 million.