

There are good market opportunities for finished products such as pharmaceuticals; medical equipment and supplies; telecommunications and related equipment; industrial machinery; transportation equipment; industrial instrumentation; office equipment; and a variety of consumer products, including sports and recreational goods. Other sectors of opportunity include defence; civilian security; environmental technologies; consumer software; and business services.

Iberian Peninsula (Spain and Portugal):

Spain is the world's tenth-largest importer and tenth-largest industrial power, with a GDP of \$640 billion in 1994. It represents Canada's twenty-sixth-largest export market (\$377 million in 1994). Spain is composed of a series of regional markets joined to the two major hubs of Madrid and Barcelona. Canadian commercial activities centre on the export of raw materials, such as mining commodities; pulp and paper; mineral fuels; wood; and fishery products. To improve Canada's share of the Spanish market, Canadian companies must be active in carving out a specialty niche, bearing in mind the competition from other EU members. Major opportunities exist in the following sectors: environmental products and services; transportation; telecommunications; mechanical and electrical equipment; mineral fuels and oils; construction; and business services.

Since becoming a member of the EU in 1986, the composition of Portugal's international trade has shifted dramatically. Prior to 1986, approximately 75 percent of Portugal's imports came from outside the European Union. In 1994, 72 percent of imports came from within the European Union. As well, 75 percent of Portugal's exports are now destined for the European Union. Two-way trade amounted to \$273 million in 1994, with Canada's exports totalling \$97 million. Portugal's economy has recently undergone a radical transformation leading to a surge in wealth, as demonstrated by an increase of \$US10 000 in per-capita GDP, from the 1985 level of \$US2000. This new wealth offers opportunities for Canadians to diversify their exports from resource-based commodities toward value-added goods. Canadian environmental technologies, multimedia and information technologies, as well as wood-frame housing techniques, represent excellent niche opportunities in the Portuguese market.

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Central European Markets

Germany: Germany is the largest economy in Western Europe with a population of 81.4 million and a GDP of \$2.5 trillion. It ranked as the fourth most important export destination of Canadian goods in 1994 (\$2.25 billion). Major Canadian exports to Germany are pulp and paper machinery, mechanical appliances, ore slag and ash, articles of wood, electrical machinery equipment, and aircraft. Most of the export growth during 1990-94 is attributed to the sale of end products with high value-added content.

Germany is also Canada's fourth-largest source of foreign direct investment, and ranks seventh as a destination for Canadian investment abroad. More than 100 Canadian companies are actively pursuing investment opportunities in eastern Germany. A DM\$1-billion commercial real estate development by a Toronto-based company is the largest project announced to date by a foreign investor. Canadian companies that are pursuing business opportunities in Germany's Eastern Länder are taking advantage of the need for modern construction technologies (to replace a depleted housing stock) and for environmental clean-up.

Canada is one of the top 10 destinations for German travellers. This makes tourism the fourth-largest earner in Canada-Germany trade in goods and services.

The market offers a highly sophisticated financial and communications infrastructure. Transportation facilities are excellent, and professional services are widely available. German companies favour long-term strategies and market share over short-term profits. They look for partners and suppliers who are committed to stay in the market. Consumers are not reluctant to buy from foreign suppliers, but there is a strong preference to buy from companies established in Germany, particularly in the service industry.