Focus: Hungary

As entrepreneurial doors fly open across Central and Eastern Europe, Hungary in particular has caught the attention of the Canadian business community. In 1989, Canadian business visits to Hungary increased 80 per cent over the previous year and rose again in 1990 by more than 153 per cent. Canada's embassy in Budapest is receiving a volume of business enquiries second only to the Soviet Union among Central and Eastern European nations.

Hungary has traditionally been a small market for Canada. Two-way trade reached $50.9 million in 1989, with imports from Hungary of $44.4 million, mostly in end products and manufactured goods, outstripping Canada's exports of $6.5 million. Already present are some of the big Canadian names such as Northern Telecom which, through its American subsidiary and an Austrian partner, has sold a digital telephone exchange to the town of Szombathely.

Some of the best opportunities for Canadian companies to work with local partners may arise in sectors that are not traditionally Canadian. Hungary has an especially strong research-and-development sector, and its advances in medical equipment, pharmaceuticals and sophisticated computer software offer substantial opportunities for the production of commercial goods.

This presents opportunities for Canadian companies that may be in need of assistance in carrying out research and development, and in acquiring new technology at reasonable prices. By purchasing or establishing knowledge-based firms, possibly as joint ventures with Hungarian partners, Canadian companies may gain access to the lucrative West European market as well as the East. It may even be possible to buy the technology for development and commercialization in the North American market in what one expert describes as "reverse technology transfer." Already, Idée International R&D Inc., a joint venture of Medicor and the Hungarian-Soviet partnership Mikromed, has established itself in Montreal to produce medical analysis equipment.

Derek Berwin / The Image Bank

Management Expertise

Canada's exports to Poland have not been substantial. But there are major opportunities for working together as the country heads off in a new direction. Recently, breakthrough sales in data compressor devices, telecom switches and helicopters have suggested the onset of a new era.

Typical of all countries in the region, the right approach to take towards privatizing state companies is contentious in Poland. But for Henry Hodakowski, the Warsaw-based representative of Montreal's Canampol International Management Inc., "It is all overblown. For foreign companies, as for the Poles, the real issue is not ultimately ownership, but management of these firms."

That is how Hodakowski sees Canadians fitting in. For example, Canampol itself is a multi-disciplinary group of Canadian, American and Polish professionals comprising engineers, chartered accountants, lawyers and managers. The company provides management consulting and marketing services to firms looking to do business in Poland. And the firm is ideally situated to bring Canadian skills to bear on helping to solve Polish problems.

For the moment, major Canadian exports to the Czech and Slovak Federal Republic are largely asbestos, bovine skins and hides, and to a much lesser extent machinery parts and measuring instruments. But the future offers more alluring prospects. Currently in play are a bid to rebuild and expand Prague airport; a telecommunications contract; a 3-star hotel development; and a municipal wastewater project for Prague.

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The process of restructuring and modernizing the economy of the Czech and Slovak Federal Republic is creating new opportunities for Canadian firms in telecommunications, tourism, environmental protection and energy. And the fact that this process is being partly driven by Canadian thinking will certainly enhance the development of close Czechoslovak-Canadian partnerships.

Dr. Jiri V. Kotas is bringing the academic skills he acquired at Carleton University in Ottawa to bear on the very practical task of establishing a taxation and financial services infrastructure. "Our goal is to position the Czech and Slovak Federal Republic as a country where business can easily be done," said Dr. Kotas.

Along with the Western view about how to achieve prosperity, concern about the environment is an idea whose time has come in the Czech and Slovak Federal Republic. "To minimize the hard currency outlay, the government will encourage domestic production of as much environmental production technology as possible," was the assessment of a consultant's study of the situation commissioned by EAITC. "But an enormous input of Western equipment and expertise will also be required, spelling an opportunity for Canadian firms willing to be flexible about terms of payment, and working with local partners."

Indeed, that assessment could stand as a general principle for all Central and Eastern Europe. And Canadian firms are showing they are eager to work with local partners and the Canadian government to take on a host of challenges.