

in order to contain costs and meet local content rules under CEFTA and other trade agreements.

Hungary has two main types of component companies: local Hungarian firms, often small or family businesses, and foreign firms, which include greenfield investments, and subsidiaries or joint ventures set up by acquiring a former state firm in the privatization process.

IKARUS Hungarian Bus Manufacturing Co. is the largest bus producer in the region, and is the seventh largest in the world. IKARUS, which can produce 13,000 buses annually, has exported buses to 57 countries. IKARUS buses currently operate in a number of North American cities, including Ottawa, and the company has a subsidiary in the US. *Opportunities and Constraints*

Production in the car components industry (excluding Audi, Opel, Ford and Suzuki) grew by 9% in 1994. It is expected to grow by up to 10% in the next three years, offering investors the potential for high profits.

Numerous American and Western European OEM component suppliers have formed partnerships with local firms or invested in greenfield ventures to capitalize on the tremendous growth in the Hungarian automotive sector. Canadian firms interested in entering European or Eastern European supply relationships should consider Hungary as an excellent, low-cost entry point.

### *Objectives*

- to increase Canadian awareness of the market growth potential in vehicle components in Hungary; and
- to promote Hungary as an avenue for entry into neighbouring markets.

## **BIOTECHNOLOGY, MEDICAL AND HEALTH CARE PRODUCTS**

### *Overview*

The region has witnessed the transformation of its entire health care system, triggered in large part by the lack of sufficient means to meet the health needs of the population, or, as in the Czech Republic, by the shift from direct funding of health care out of the state budget to a national compulsory state health insurance plan.

With respect to Hungary, it is worth noting that despite reforms, the general state of health of the population has deteriorated. Life expectancy in Hungary continues to decline even though the relative size of its health budget, at 6.5% of GDP in 1995, is about the same as that of the UK.

The Czech Republic, which has a relatively small per capita health budget by European standards, will continue to favour domestic purchases over imports, although Czech medical professionals are interested in keeping up to date on the latest developments in medical equipment from other