

ment, forestry exploitation machinery and road building equipment also represent potential opportunities.

Canadians, on the other hand, are less likely to compete successfully in engineering services given Yugoslavia's respectable domestic capabilities, with the exception of the pulp and paper sector and gas extraction technology. Canadian consumer goods and small industrial machinery are, with few exceptions, uncompetitive, given Yugoslavia's proximity to Western Europe. Traditional links with Western Europe are strong, transportation costs are low, and most of all, European competitors have shown themselves to be receptive to licensing, industrial and technical co-operation, joint ventures, and other agreement forms favoured by the Yugoslav government. They have also engaged more readily in counter-trade as a means of penetrating the Yugoslav market. Given this competition, Canadian businessmen must study these alternatives closely when approaching the Yugoslav market. Co-operation in third countries offers a special challenge to Canadian firms. After recent success, it seems that there are other select opportunities for Canadian and Yugoslav firms to work together, particularly in developing countries belonging to the non-aligned movement, where Yugoslavia has good connections. Yugoslavia's cheaper manpower, particularly in civil engineering, makes the possibility of teaming up with this country attractive.

*CANADIAN EXPORTS TO YUGOSLAVIA*  
(in millions of Canadian dollars)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
LIVE ANIMALS	0.1	—	0.1	0.1
FOOD, FEED, BEVERAGES AND TOBACCO	<u>0.8</u>	<u>0.4</u>	<u>0.3</u>	<u>0.2</u>
Dairy produce	0.3	0.1	0.2	0.1
Meat, fresh, chilled or frozen	0.4	0.1	0.1	—
CRUDE MATERIALS, INEDIBLE	<u>29.3</u>	<u>11.4</u>	<u>35.1</u>	<u>30.9</u>
Iron ore & concentrates	12.7	3.5	17.2	20.6
Zinc ore & concentrates	—	—	8.7	—
Asbestos	8.5	6.2	5.2	1.2
Pulpwood	7.2	—	2.5	—
Coal	—	—	—	7.3
Non-metallic minerals	—	—	—	1.7