

continue to mean lower-risk markets to potential Canadian exporters and investors, particularly SMEs. This has been further enhanced with the establishment of the World Trade Organization (WTO) in January 1995.

The consolidation of the single market and the upcoming expansion of the EU also present great challenges to Canada: tougher competition; non-tariff barriers; and competition for foreign investment. On the other hand, the single market will promote growth and stimulate demand for imports, creating greater opportunities for Canadian business.

Market Opportunities

Programs

Western Europe offers major market opportunities for Canadian exporters and service providers. Through extensive activities, including fairs and missions, investment promotions, the Technology Inflow Program (TIP), science and technology exchanges, the New Exporters to Overseas (NEXOS) Program, mission-initiated activities, and the Tourism Promotion Program, it is expected that more companies will recognize this potential.

Fairs and Missions: Europe is home not only to national trade fairs, but also Pan-European and international trade fairs, among the largest and most comprehensive fairs in the world.

Investment, Science and Technology Programs: Over the years, investment activities have intensified. Leading Western European companies have come to realize that although exports still provide a basis for market penetration, investment, and more recently, strategic alliances, are increasingly required to build and protect foreign-market shares and competitive advantage.

The Western Europe investment and science and technology programs' strategies are designed to promote Canada as an outstanding investment destination; foster strategic alliances between Canadian and Western European companies in selected high-technology, value-added sectors such as wastewater, geomatics, software, hazardous waste, etc.; promote technology acquisitions and transfers between Canadian and Western European companies; and foster R&D projects between Canadian and Western European entities.

NEXOS Program: The NEXOS Program was previously available only to new exporters to Western Europe. In 1995, this educational program, aimed at SMEs, was opened up to all overseas markets, but eligibility criteria will be strengthened, and the share of costs borne by participants will be increased.

Tourism Promotion Program: With the creation of the new Canadian Tourism Commission in 1994, tourism promotional funds increased for Western Europe to approximately \$9 million in 1995. The marketing strategy in Europe will focus on primary markets (United Kingdom, France and Germany), secondary markets (Switzerland, Italy and the Netherlands) and developing markets (Austria, Belgium and Spain).

Central Europe

Introduction

The territory of Central Europe includes the Czech Republic, Poland, Slovakia, Romania, Moldova, Hungary, Slovenia, Croatia, Albania, Bulgaria, Bosnia-Herzegovina, the former Yugoslav Republic of Macedonia and Yugoslavia/Serbia, and Montenegro. The region has a population of approximately 120 million people. Canadian exports were \$208 million in 1994 compared to \$214 million in 1993. First-quarter results for 1995 indicate that Canadian export growth is above 1993 levels. Priority countries in the region are Poland (38 million people), the Czech Republic (10 million) and Hungary (10 million).

Main Challenges

The main challenges facing Canadian businesses in Central Europe include:

- the transition from former command economies to new market economies, some more advanced than others, with rapidly evolving privatization programs;
- progress in resolving bilateral financing for some countries in the region (Canadian lines of credit have become available to many countries);
- dealing with non-convertible currencies;
- the revival of relationships between regional economies and the EU (Czech Republic, Poland, Hungary, Slovakia, Romania and Bulgaria now have association agreements with the EU);