

# I. MARKET OVERVIEW

## OBJECTIVE

Canada's Export Development Plan for the Federal Republic of Germany is designed to assist Canadian businesses to expand their bilateral economic relations. This document is one of a series of country-specific plans with a two to three-year life that puts into practice a central element of the *Canadian Export Strategy for the 1980s*. Approved by the Cabinet Committee on Economic Development, the strategy emphasizes greater focus and co-ordination in Canada's export marketing efforts.

With the objective of promoting greater trade and investment links with Germany, this export development plan:

- *creates a strategic framework* to guide the federal government in providing support to Canadian businesses and industries to increase trade development with the F.R.G.;
- *outlines a marketing plan* to seize trade opportunities and to minimize the impediments facing Canadian exports to Germany;
- *provides a working document* to be used as the basis for co-ordinating the marketing efforts of the federal government with the provincial governments and with the private sector.

The major Canadian trade objectives in Germany are:

- to increase exports of Canadian goods and services so as to enlarge Canada's share of Germany's large, sophisticated market;
- to create a suitable environment for Canadian products in Germany and to attune Canadian suppliers to the German market;
- to pursue opportunities for investment, joint ventures in third countries and other forms of commercial co-operation.

The federal government's efforts will concentrate on the following:

- assistance to exporters to take advantage of the "free" market in the F.R.G. and make their products competitive on the basis of design, quality and performance;
- liaison with German and EEC officials on behalf of Canadian industry to overcome or reduce protective tariffs and other impediments that are in effect or planned;
- support and guidance for the marketing efforts of Canadian firms in pursuing trade opportunities in the F.R.G.

## THE CANADIAN/GERMAN ENVIRONMENT

The links between Canada and the F.R.G. have grown significantly in recent years as both countries became increasingly aware of their compatible inter-

ests. Germany has become Canada's fourth largest trading partner and is a major source of loan and equity capital. Through membership in the North Atlantic Alliance, both countries seek to defend and promote shared values. The F.R.G. is Canada's most important defence partner outside North America. Not surprisingly, therefore, consultations have increased on a wide range of political issues of mutual concern such as arms control and on questions related to the enhancement of our economic relationship.

Trade between Canada and the F.R.G. has grown sevenfold since 1965. The potential for additional commercial and economic links is excellent. In the late 1970s, the value of the Canadian dollar decreased in relation to the German mark, fuelling a growth in Canada's exports and opening new markets for finished products. At the same time, the potential for increased corporate investment was recognized, and that has led to a series of initiatives for industrial co-operation. After the oil price increases of the 1970s, Germany has shown a strong interest in Canada as a reliable source of its future energy import requirements.

The sense of partnership was officially enhanced in July 1978 when Prime Minister Trudeau and former Chancellor Schmidt pledged to intensify bilateral economic contacts in order to stimulate trade and other economic exchanges. That process has been followed by an active program of exchange visits by government ministers and officials, a variety of trade and industrial co-operation missions, and two sessions of state-to-state economic consultations. Included in these activities were visits by the President of the German Chamber of Industry and Commerce, the President of the Federation of German Industries, the German Economics Minister, a high level mission of businessmen from the Federation of German Industries, and several smaller industrial groups. In April 1979, an interdepartmental group of senior Canadian officials travelled to Bonn to discuss methods of increasing two-way economic activity, and that was followed by a second round of official economic consultations in December 1980. That process of developing closer ties was further reinforced in July 1981 when the two heads of state took part in official talks prior to the Ottawa Summit and each nominated a personal representative to actively pursue the potential offered by industrial co-operation opportunities. In October, after consultations with the Canadian private sector, Mr. Osbaldeston, formerly the Undersecretary of State for External Affairs, visited Germany for that purpose. His visit confirmed the will of both countries to seize the opportunities to increase trade and economic co-operation and recognized the need to capitalize on the existing momentum.

Following the election of Chancellor Kohl in March 1983, the commitment accepted by his predecessor in 1981 was reconfirmed by Mr. Kohl and reiterated during the Governor-General's state visit to the F.R.G. in May 1983.