
III. DOING BUSINESS IN YUGOSLAVIA

Opportunities for Canadian Business

While Yugoslavia is officially recognized as a "developing country" this definition can be misleading. The northwest regions are quite industrialized, and enjoy a relatively high standard of living while the other regions have attained varying levels of industrialization. There are some pockets of poverty in areas of peasant agriculture, especially in the Kosovo region, and the southern part of the Republic of Serbia. Yugoslavia has acquired impressive engineering capabilities, which are used very effectively in construction projects abroad. The country also has large mineral and forestry resources, with one of the biggest copper, lead and zinc industries in Europe.

Yugoslavia offers opportunities for Canadian suppliers of industrial know-how, equipment and some related services. Canada's presence in the Yugoslav market grew respectably between 1979 and 1981, with Canadian exports increasing by more than 50 percent during that period. Canadian companies have been successful at selling aircraft, (the Dash-7 and CL-215 Water Bombers), mining trucks and various specialized machinery, as well as raw materials such as asbestos, wood pulp, coal, and iron ore. Lately, Yugoslavia's shortage of hard currency and severe restrictions on imports have dimmed short-term Canadian sales prospects, as seen in the 11 percent decline in Canadian exports between 1981 and 1982, and the 31 percent decline in 1983, a situation not unlike that of a number of traditional suppliers to Yugoslavia. In 1984, however, Canadian exports recovered and grew by some 55 percent over 1983 levels to \$76 million (Can.)

The potential for Canadian exports lies primarily in the fully manufactured goods sector, especially in the design and supply of equipment for the production of energy, pulp and paper, and mineral transformation.

Opportunities also exist in the communications sector, as well as for the supply of specialized measuring equipment, software services and other highly specialized technologies where domestic expertise has not been acquired. Industrial transportation equip-