

Background

Canada-EU Trade and Investment Relations

The European Union (EU) is Canada's most important trading partner after the United States. In 1994, trade between Canada and the EU totalled \$29.3 billion, or about 7 per cent of Canada's global trade. Canada has had a trade deficit with the EU since 1983, which amounted to \$6.1 billion in 1994. The European Union is Canada's second-largest source of foreign direct investment (FDI), accounting for a quarter of total FDI in Canada. These statistics do not capture the quality of our economic relations - the extent to which North America and Europe are interlinked by a web of transborder trade, investment and technology.

To help boost trade and investment with the EU, Canada has proposed a North America-European Union trade agreement. Canada is seeking to move from a transatlantic structure defined primarily by strategic imperatives to one that is increasingly defined by shared economic interests. The aim of such a trade agreement would be to develop the broadest possible commercial and trade agreement, going beyond a pact on tariffs to include rules on investment, intellectual property, standards, regulations, and trade in services.

Canada-Central Europe Trade and Investment Relations

The transition from former command economies to new free-market economies is one of the largest challenges the region is currently facing. In some countries, however, the pace of change is evolving rapidly with privatization programs creating excellent trade and investment opportunities for Canadian businesses.

Total bilateral trade with the region is substantial and growing, reaching nearly \$645 million in 1994, a 37 per cent increase over the previous year. Exports comprised almost \$210 million of this total, with key products including machinery, electrical equipment, and wheat.

Hungary

With its strong legacy of market reforms, Hungary offers a strong and positive business environment for Canadian business. Bilateral trade, however, is relatively modest but increasing. Exports rose from \$6.5 million in 1988 to \$27.3 million in 1994. The market reform program is expected to stimulate further trade opportunities.