

electronics instruments, fur garments, and aircraft engines and parts have grown substantially. Overall, however, less than one per cent of Germany's imports come from Canada.

In 1987, Canada's exports to the FRG increased by 20 per cent over 1986 to \$1.5 billion. The current exchange rate in Canada's favour should help to improve our export performance even more markedly. Recent emphasis on increased trade promotion activities in Western Europe, in general, and the FRG, in particular, should facilitate greater market penetration.

The FRG government philosophy towards trade is to apply free-market principles in the management of its economy. The government exercises the levers of macroeconomic control, but most economic initiatives are in the hands of the private sector. Consistent with this approach, the FRG has adopted a liberal economic stance which gives foreign exporters ready access to a leading world market for industrial equipment and high-grade consumer durables. At the same time, this open domestic market policy has resulted in German industry attaining a high level of efficiency directed towards the pursuit of export markets.

The FRG position as number one amongst exporting nations in the world was achieved not only on the basis of design, quality and dependability (for which German manufacturers are justifiably renowned), but also because of a reputation for delivering on time and providing efficient after-sales service. It is not surprising therefore that German buyers expect these same attributes in goods offered from abroad. Given the broad German industrial base and the wide spectrum of freely imported goods, the FRG is a buyer's market. While such a degree of competition may discourage many suppliers, a market for imported goods in excess of \$175 billion makes the effort worthwhile.

By far the best sales vehicle for the German market is the appropriate trade fair. Because of the established international reputation of German trade fairs, the impact of a company's exhibit extends well beyond the country, throughout Western Europe and, in many cases, to markets as far afield as the Pacific Rim.

During 1986-87, Canadian participants at trade fairs in Europe (of which two thirds were in the FRG) estimated sales of \$324 million for the following 12 months, with 33 per cent of these sales going to countries outside Europe.

Bilateral Investment

For all countries, especially the industrialized countries, foreign investment has become an important component