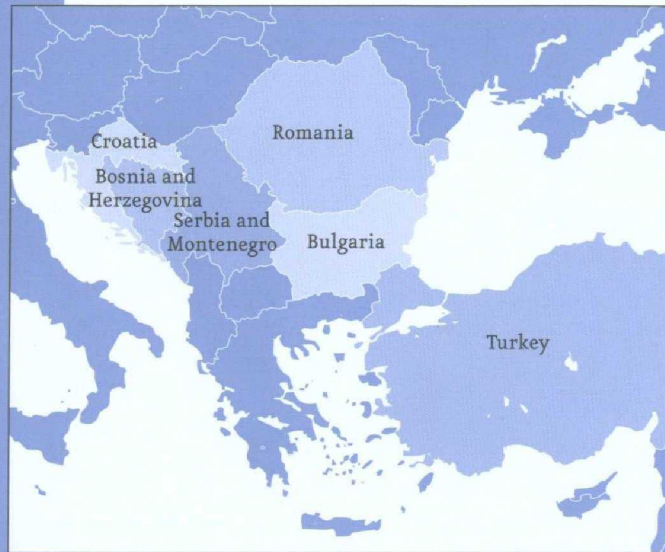


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Who should attend and why?

Canadian companies with experience in the region can make new contacts and partnerships as well as reinforce existing relationships. For many Canadian firms, Turkey and Southeastern Europe could be a new market and gateway to other markets: west to the EU and east to the Caucasus.



Throughout the region, there are opportunities in traditional sectors such as mining, agriculture and energy, but the push for EU membership and the imperative to align to its standards has raised the priority of emerging sectors such as health care and environmental services. Even prior to accession, countries are adopting EU norms and practices. Upon accession, members must fully adhere to EU business codes of conduct.

Turkey and Southeastern Europe, with 130 million people and a combined GDP of \$852 billion, are growing rapidly and present a market of immense opportunity. Much of the region is undergoing

important social and economic change as it modernizes and views EU membership as its primary goal. Bulgaria and Romania are scheduled to enter the EU on January 1, 2007. In 2005, EU membership discussions were formally started with Turkey, and Croatia received the green light for accession talks to begin.

These political developments have been accompanied by a growing number of private-sector banks (like Germany's HVB and Deutsche Bank and Italy's Unicredito) and international financing organizations (EBRD, European Investment Bank, Black Sea Development Bank) that have invested and established offices throughout the region. This growth of banking and financial services infrastructure makes Turkey even more attractive.

In general, Southeastern Europe and Turkey are areas that Canadian exporters tend to be less familiar with, but with the region experiencing unprecedented growth, there are many trade and investment opportunities worth exploring.

Turkey

Turkey has a population of over 71 million and is the world's 17th-largest economy. The country has a stable economic environment and its increasing commercial links with the EU are creating considerable foreign business and investor enthusiasm.

Turkey is expected to outpace the average growth of countries in the EU over the coming years by a wide margin. While the European Commission predicts growth for the EU in 2006 at 2.1%, Turkey's economy is expected to expand by over 6%. Inflation in the entire EU and the 12-nation euro zone will be approximately 2.5% in 2006, while inflation is expected to decline to under 5% in Turkey. This strong growth and low inflation represent tremendous commercial potential for Canadian business. Turkey continues to diversify its trade and investment with neighbouring regions. Its

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proximity to the EU, Eastern Europe, Russia and to the emerging markets and natural resources of Central Asia and the Caucasus, is creating unique business opportunities.

Prospects for commercial relations have been enhanced as a result of Turkey's Customs Union Agreement with the EU and with bilateral pre-accession talks with the EU this past October. The potential for eventual EU membership is accelerating Turkey's structural transformation into a market economy that is more open and transparent. As a result, the country's investment climate is improving.

Bilateral trade between Canada and Turkey has more than tripled in the last decade. In 2004, bilateral trade totaled \$975 million, with Canadian exports at \$365 million and imports from Turkey at \$610 million. The principal Canadian exports were coal, newsprint, wheat, wood pulp, telephone equipment, aluminum and vegetables while the main items imported from Turkey were non-crude oil, iron, steel and clothing.

With Canadian direct investment in Turkey now valued at over \$766 million, this is an ideal time for Canadian companies to explore the many opportunities Turkey has to offer. These are particularly encouraging in sectors such as energy, transportation, mining, construction, telecommunications and agriculture as well as in consulting engineering and infrastructure equipment and services.

Southeastern Europe

In recent years, the countries of Southeastern Europe have posted impressive growth rates averaging over 4% per year. The population of Southeastern Europe, at 62 million, is roughly the same as Turkey's at 69 million; similarly, total GDPs are almost equal, with Southeastern Europe at \$452 billion and Turkey at \$400 billion.

Southeastern European countries view EU accession as the most important step forward for their future economic growth. This region is a viable market on its own but should also be viewed as a springboard to wider involvement in the 450-million-strong EU market. The most important trading partners for Southeastern Europe are countries of the EU, although intra-regional trade has become increasingly important. In fact, there are numerous inter- and intra-regional free trade agreements already in place.

The other major aim of Southeastern European countries is to attract foreign direct investment (FDI). The competition among countries in the region to attract FDI is fierce, and each country offers national treatment and financial incentives.

Although there are opportunities in many industrial sectors, the best prospects are in transportation, energy, telecommunications and information technologies, environmental services and equipment, agriculture and food products and machinery. In 2004, exports from

Canada to Southeastern Europe were valued at \$477 million while imports totalled \$425 million. Canadian investment is approximately \$1.8 billion.

Get in on the action early

Turkey and Southeastern Europe provide an important bridge to the EU, the Middle East and the Community of Independent States. This is particularly true of Turkey, already a major commercial partner of Canada in the region. With the region poised for significant growth, now is a great time for Canadian companies to get in "on the ground floor."

Agri-food mission to Turkey

The Canadian-Turkish Business Council (CTBC), with the assistance of the Canadian Embassy in Turkey, International Trade Canada and Agriculture and Agri-food Canada, is planning an agri-food mission to Turkey from November 6-10, 2006. See *CanadExport's* upcoming March 1 issue for a feature on opportunities in Turkey's agri-food market.

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