Annual GDP growth in the region is expected to hover around 4-6% except for Hungary, which has suffered a slowdown after a strong start. Inflation is gradually being brought down to single or low double digits. Unemployment did go up as a consequence of streamlining in recently privatized firms and because of business closures, but it is now declining as well.

The region offers a consumer market of over 66 million people. (Refer to Tables 1 and 2 for highlights.)

TABLE 1

Country	Overall GDP*	Inflation Rate
Czech Rep.	$ 49.0 ('96)	9% ('96)
Slovakia	$ 15.3 ('96)	7% ('96)
Hungary	$ 44.8 ('96)	24% ('96)
Poland	$ 89.7 ('96)	18% ('96)
Slovenia	$ 18.5 ('96)	10% ('96)

* In billions of United States dollars

TABLE 2

Country	Unemployment Rate	
Czech Republic	3..0%	('96)
Slovakia	12.0%	('96)
Hungary	10.5%	('96)
Poland	14.0%	('96)
Slovenia	12.5%	('96)

Like many growing economies world-wide, countries in the region carry external debt, inherited in part from communist days. However, agreements with creditors have resulted in rescheduling and concessions to alleviate the debt service load while exports have been growing. Factors that have contributed to debt accumulation include trade deficits, imports of investment and intermediate goods related to Foreign Direct Investment (FDI), International Monetary Fund (IMF) and World Bank loans, and compound interest.

Foreign currency reserves, on the other hand, have been rebuilt to relatively high levels for each country, thanks to trade surpluses, new FDI, and a growing trade in services, notably tourism.

In 1996, Canadian trade with the Czech Republic came to C$160 million. Canadian exports totalled C$ 65 million, including machinery, electrical equipment, building materials, textiles, medical equipment, and meat.

Canadian trade with the Slovak Republic reached C$ 34 million in 1996. Canadian exports reached C$ 14.3 million, and consisted primarily of iron and steel, electrical equipment, and precision instruments.

Canada's trade with Hungary, at C$ 88 million, has steadily increased. Canadian exports were C$ 40.4 million in 1996. Leading export items include pork, machinery, and electrical equipment.

Bilateral trade with Poland totalled C$ 298 million in 1996 of which Canadian exports amounted to C$ 155 million. The major export items were vehicles and parts, machinery, meat,