

## Backgrounder

### 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, having reached 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

Hungary, with its strong legacy of market reforms, 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 additional trade opportunities.

In contrast to overall trade figures, Canadian investment in Hungary has been exceptionally strong in recent years. With over \$150-million worth of investment in some 200 projects with an additional \$100 million in the project pipeline, Canada is among the top foreign investors in Hungary. More than 100 Canadian firms maintain offices in Budapest, with major investments in real estate, energy, manufacturing, and services.

Sectors showing the greatest complementarity between Hungarian needs and Canadian capabilities include construction, energy, environmental equipment and technologies, telecommunications, auto parts, pharmaceutical and medical supplies, and consulting services. Canadian companies are also working with Hungarian partners to develop business in the countries of the former Soviet Union.