

News Release

May 18, 1995

No. 92

MACLAREN TRAVELS TO WESTERN AND CENTRAL EUROPE TO FOSTER TRADE AND INVESTMENT TIES

The Honourable Roy MacLaren, Minister for International Trade, will travel to Europe May 22 to June 1 to discuss trade and investment liberalization between North America and Europe and to foster stronger trade and investment ties with Western and Central European countries. He will be accompanied by more than 30 Canadian business representatives on the Central European leg of the trip.

Mr. MacLaren will give a major speech to the Royal Institute for International Affairs in London on proposals for a transatlantic trade pact; head the Canadian delegation to the annual meeting of ministers of member countries of the Organization for Economic Co-operation and Development (OECD) in Paris; hold talks with ministers in Warsaw, Budapest, Prague, and Bonn; meet with leading German industrialists and speak to prominent business groups in Dusseldorf and Stuttgart; and call on the new Director General of the World Trade Organization in Geneva.

"Prime Minister Chrétien's invitation to the European Union last December to consider a free trade pact with North America is gaining increasing international attention," said Mr. MacLaren. "I plan to build on this interest during my trip. Clearly, transatlantic trade and investment liberalization would be beneficial for Europe and North America and would provide an impetus for further global trade liberalization."

While in Central Europe, a number of companies accompanying the Minister are expected to announce business deals. Similarly, EDC (Export Development Corporation) is expected to sign co-operation agreements to enhance its finance and insurance programs in support of Canadian exports.

"Hungary, Poland, and the Czech Republic are among the most successful economies in the region. I am very pleased that many

Canadian companies will be vigorously pursuing opportunities for trade and investment during this mission," said Mr. MacLaren.

- 30 -

A list of companies participating in the Central European portion of the visit and a background document on Canada-EU/Central Europe trade and investment relations are attached.

For further information, media representatives may contact:

Media Relations Office
Department of Foreign Affairs and International Trade
(613) 995-1874

LIST OF PARTICIPATING COMPANIES

Atomic Energy of Canada Limited	Ottawa, Ontario
Bata Limited	Toronto, Ontario
Bell Sygma	Montreal, Quebec
Café Selena Inc.	Laval, Quebec
Canada-Czech Republic Chamber of Commerce	Toronto, Ontario
Canadian Commercial Corporation	Ottawa, Ontario
Canadian Medical Centres Ltd.	Calgary, Alberta
Central European Investment Corporation	Toronto, Ontario
Central European Resources Ltd.	Toronto, Ontario
European Bank for Reconstruction and Development	London, United Kingdom
Export Development Corporation	Ottawa, Ontario
Group Serrener Inc.	Sherbrooke, Quebec
Huang & Danczkay Properties	Toronto, Ontario
Hungarian-Canadian Chamber of Commerce	Montreal, Quebec
Imax Corporation	Toronto, Ontario
International UNP Holdings Limited	Toronto, Ontario
Isobord Enterprises Ltd.	Toronto, Ontario
Iso-Sand International Ltd.	Longueuil, Quebec
Merfin Hygienic Products Ltd.	Delta, British Columbia
Nortel Ltd.	Ottawa, Ontario
Novopharm Ltd.	Scarborough, Ontario
Ontario Hospital Association	Don Mills, Ontario
Pluralité Groupe International	Sainte-Foy, Quebec
RMC Resources Management Consultants Ltd.	Toronto, Quebec
Rougier Inc.	Montreal, Quebec
Royal Bank of Canada	Toronto, Ontario
Senco International	Ottawa, Ontario
Scotiabank	Toronto, Ontario
Sirtec Inc.	Montreal, Quebec
Smith, Lyons, Torrance, Stevenson & Mayer	Ottawa, Ontario
SNC-Lavalin International Inc.	Montreal, Quebec
Stikeman, Elliott	Montreal, Quebec
THERATRONICS International Limited	Toronto, Ontario
The Sorbara Group	Vaughan, Ontario
Trilet Enterprises Inc.	Etobicoke, Ontario
Wood Gundy Inc.	Toronto, Ontario
Zenon Environmental Inc.	Burlington, Ontario

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.

In contrast to overall trade figures, Canadian investment in Hungary has been exceptionally strong in recent years. With over \$250-million worth of investment in some 200 projects, Canada is currently among the top 10 foreign investors in Hungary. More than 100 Canadian firms maintain offices in Budapest and major investments have been made in real estate, energy, manufacturing, and services, among others.

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. The country also holds promise for Canadian companies interested in working with Hungarian partners to develop business in the countries of the former Soviet Union.

Poland

Poland is Canada's largest market in Central Europe, and the third-largest market in the combined Central and Eastern European region. Canadian exports to Poland reached \$78.9 million in 1993, followed by a decline in 1994 to \$49.2 million. This decline is partly attributable to Poland's recent associate membership in the EU, which resulted in strongly growing EU exports to the country. Imports, on the other hand, almost doubled 1993 figures, to reach \$102 million in 1994.

Canada's main exports to Poland in 1994 were machinery parts, meat, wheat and oats, electrical equipment, plastic articles and auto parts. Imports from Poland consisted mainly of rolled iron and steel, electrical equipment, sugar and copper.

With market reform programs progressing rapidly, opportunities are expanding for Canadian firms. Indeed, the first two months of 1995 show trade growth has doubled over the same period in 1994.

Priority sectors in Poland include environmental equipment and services, construction, telecommunications, agri-food, informatics and geomatics. There are also substantial opportunities for Canadian firms in the privatization programs where Canadian investment is estimated at \$150 million and growing.

Czech Republic

The Czech Republic is one of the most successful and fastest-growing economies among the former communist countries in Central Europe. Over the past two years, the country has maintained effective control of its economy resulting in a budget surplus in 1993 and a repayment of its International Monetary Fund (IMF) debt in full, and ahead of schedule.

Bilateral trade between Canada and the Czech Republic totalled \$95.7 million in 1994, with exports comprising over \$36 million of that figure. Canada's main exports to the country are machinery, electrical equipment, textile fabrics, and printed matter. Imports include machinery, glassware, cotton and woven polyester fabrics. Canada's priority sectors are the informatics and telecommunications, environment, transportation, construction and agri-food sectors.

Canadian direct investment in the Czech Republic is estimated at \$150 million. About \$500 million is pending in joint-venture and other investment activities.