

Comprehensive Economic and Trade Agreement (CETA): Opportunities of Business Collaboration between Canada and V4 (Czech, Hungary, Poland and Slovakia) Countries

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Abstract

Comprehensive economic and trade agreement (CETA) between Canada and European union is considered an exemplary trade deal that is likely to simplify as well as open-up new avenues for business opportunities both for Canadian and European firms. Visegrad 4 (V4) countries are growing faster and have important export oriented manufacturing industry along with vibrant service industry. Canada and V4 countries have many similarities in economic structure and international business patterns. They have also complementary resources, expertise and markets that are yet to be fully explored by business firms of these two regions. Based on extensive literature review, and discussions with leading experts, this study recommends that there are ample business opportunities to collaborate and participate into the Global value chain (GVC) in Aerospace, Automobile, Biotech, Clean technology, Construction and ICT industries including gaming industry. Firms from Canada and V4 countries can also collaborate in commercial service and other service industries. Recent trade data shows that trade between EU and Canada have a growth of 9.1% after CETA came into force and likely to grow further. Despite potential business opportunities, there are still some cultural and administrative differences that need to be addressed to realize the full business potentialities between these two regions. Public sector, private sector and academia should come together to further explore business opportunities, challenges and guide business firms on how to avail those opportunities.

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This analysis was produced within the Think Visegrad Non-V4 Fellowship programme.

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1. Introduction

Globalization and increased exchanges of goods, services, capital and human resources have contributed to the efficient allocation of resources as well as choice of location for economic activities. Despite the large scale opening of the world market under the World Trade Organization (WTO), There are still lots of constraints both tariff and mostly non-tariff related that hinder free flow of goods, capital and ideas across the nations. The bilateral or multilateral free trade agreements among the nations have addressed both the tariff and non-tariff related issues to facilitate international trade and investments. The comprehensive economic and trade agreement (CETA) falls into this category of comprehensive agreement between Canada and European where both party introduced a wide range of simplifications and opening-up of their respective markets for trade and investment opportunities in each others countries. This paper discusses briefly the current trade exchanges, CETA agreement and how this new agreement will implicate in future trade and investment scenarios between Canada and V4 countries.

2. Current Trade and investment between Canada and V4 countries

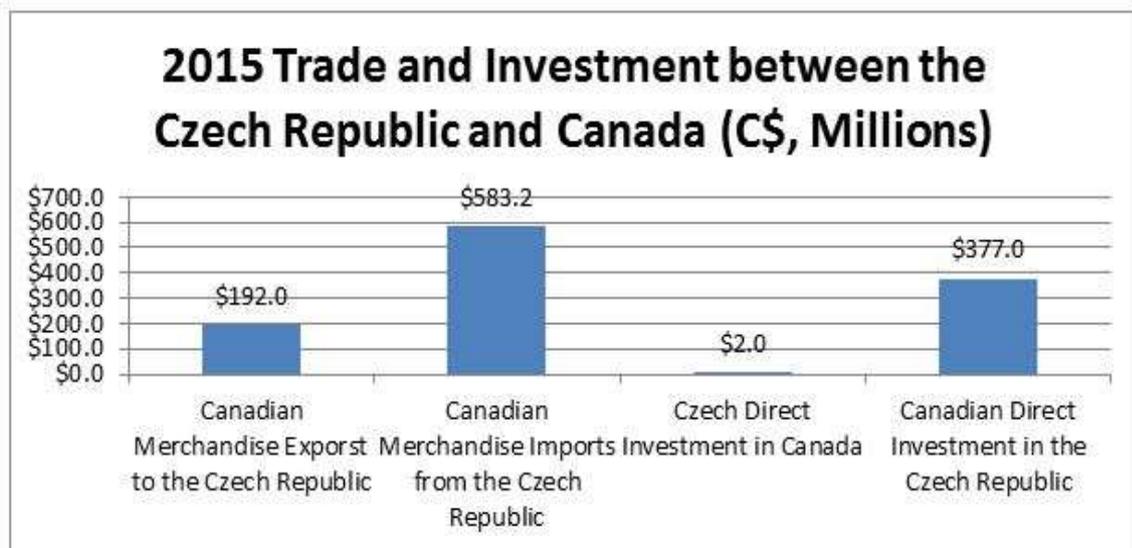
Canada has an advanced economy with high-tech industries as well as rich in natural resources. Canada and V4 countries both pursue an open and liberal international trade and investment policy. Canada is a market for 37 millions people with the GDP of 1.63 trillions Canadian dollars. The V4 countries have a market size of 64 million people with the GDP of 1.32 trillions dollars (V4 connects, 2018). Both markets could be considered as middle-sized advanced economy. Canadian annual international trade is close to one trillion and the V4 countries annual trade is close to 1.5 trillion dollars can again be considered that both regions have open international trade regimes. United States of America is the most important trading partner for Canada where approximate 76% of Canadian exports find their clients and more than 65% Canadian imports originate from the same market (Global affairs, 2018). European Union of 28 countries is the second most important trade partner followed by Asian countries. On the other hand, central European economies are heavily dependent on west European markets more specifically the German market that absorb close to 80% of their exports (Fojtíková, Staníčková, & Melecký, 2017). Within Europe, Canada has strong trade and investment relation with most of the west European countries. Canada is a net importer from EU and net investor in the EU. There is ample opportunity of increased trade and investment relation between Canada and V4 or central European countries. However, lack of awareness, geographic, administrative and cultural distances have created certain constraints that bar to explore the opportunities that are available in Canada and V4 countries for each other. The Central European countries such as Czech, Hungary, Poland, and Slovakia that forms V4 bloc have many similarities in terms of economic structure, trade pattern and importance of international trade for their respective economies (Túry, 2015). There are

also differences and complementary resources in each other economies where collaborative business opportunities are available though very few studies have addressed this issue. In consequence, the existing trade and investment relation yet to reach to the desirable level.

2.1 Canada-Czech Trades and Investment

Czech republic is the 16th largest market in Europe and located in the middle of central Europe bridging between Western and Ester Europe (Geopolitical future, 2017). Canadian companies are increasingly doing business with Czech Republic. In 2017, Canada exported more than 193 millions dollars equivalent goods to Czech and imported close to 626 million dollars equivalent of goods from Czech Republic. Most of the trading goods are in industrial manufactured products along with beverage and spirits. The following graph shows the trade of goods and investments between these two markets for 2015.

Figure 1: Canada and Czech export-import and investment values.



Source: Statistics Canada (2018) (<http://tradecommissioner.gc.ca/czech-republic-republique-tcheque/market-facts-faits-sur-le-marche/0000869.aspx?lang=eng&pedisable=true>)

The trade between Canada and Czech Republic is increasing year-by-year. The following Table 1 shows these trends.

Table 1: Canada-Czech Republic Product Trade between 2013 to 2017.

Year	Exports	Imports
2013	\$133,825,878	\$447,277,265
2014	\$131,406,201	\$498,523,248
2015	\$194,992,797	\$583,220,979
2016	\$173,546,829	\$542,590,763
2017	\$193,744,238	\$626,110,806

Source: Statistics Canada (2018) (http://www.canadainternational.gc.ca/czech-tcheque/bilateral_relations_bilaterales/fs-rep-fd.aspx?lang=eng)

Comparing data of 2015 and 2017, we can conclude that the trade is growing between these two countries. Trade between these two countries are dominating by industrial goods. The following Table 2 shows the main goods that are exchanged between these two countries.

Table 2: Main exports and import goods between Canada and Czech

Canadian Exports to Czech	Canadian Import from Czech
Aircraft, spacecraft, and parts thereof	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...
Articles of leather; saddlery and harness; travel goods, handbags and similar containers;	Articles of iron or steel
Electrical machinery and equipment and parts; sound recorders and reproducers, television ...	Rubber and articles thereof
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...
Residues and waste from the food industries; prepared animal fodder	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...
Toys, games and sports requisites; parts and accessories thereof	Toys, games and sports requisites; parts and accessories thereof

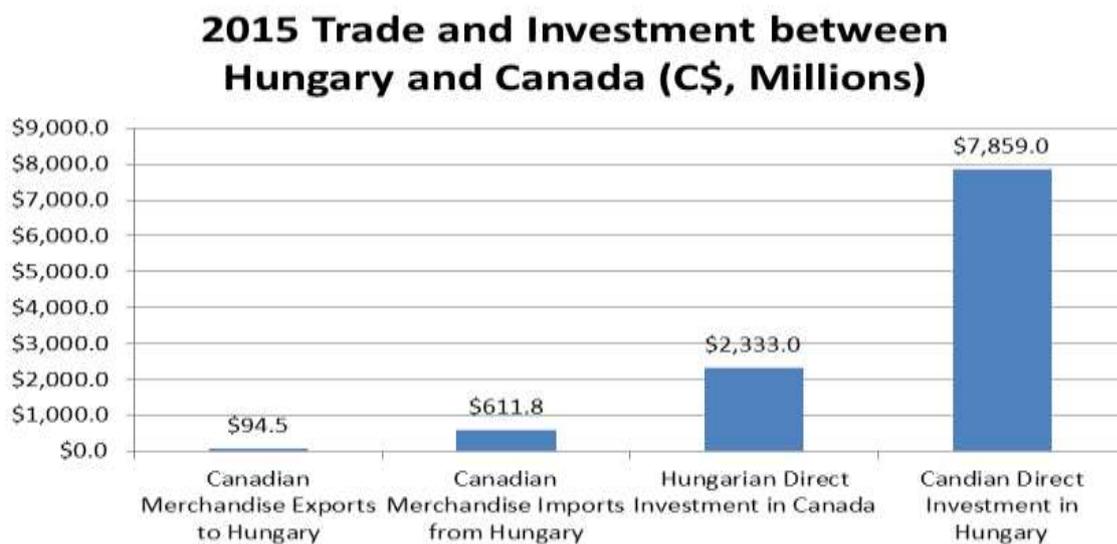
Pharmaceutical products	Glass and glassware
Plastics and articles thereof	Plastics and articles thereof
Organic chemicals	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables
Beverages, spirits and vinegar	Iron and steel
Articles of iron or steel	Beverages, spirits and vinegar
Wood and articles of wood; wood charcoal	Arms and ammunition; parts and accessories thereof
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal

Source: UN Comtrade (2017).

2.2 Canada-Hungary Trades and Investment

Hungary is located in a geographic strategic position from where it establishes a bridge between not only East and West Europe but also with the Balkan regions in southern Europe. The later region is poised to join the EU in its next expansion process. Canada exported 74 Million dollars of good in 2017 and Imported 756 Millions \$ equivalent goods in 2017. Bilateral trade between these two countries is in favor of Hungary. The following graph also shows this trend based on trade figures of 2015.

Figure 2: Canada and Hungary export-import and investment values



Source: Statistics Canada (2018) (<http://tradecommissioner.gc.ca/hungary-hongrie/market-facts-faits-sur-le-marche/0001111.aspx?lang=eng>)

Trade between Canada and Hungary is always in Hungary’s favor. Canada imports much more than export to this market. Both exports and imports are growing in last couple of years. The following Table 3 shows this trend between 2013 to 2017.

Top Canadian export and import from Hungary can be observed from the following table 3.

Table 3: Principal exports and imports between Canada and Hungary

Export to Hungary	Import from Hungary
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	Pharmaceutical products
Edible vegetables and certain roots and tubers	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical
Printed books, newspapers, pictures and other products of the printing industry; manuscripts, ...	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable ...
Plastics and articles thereof	Plastics and articles thereof
Residues and waste from the food industries; prepared animal fodder	Meat and edible meat offal
Products of animal origin, not elsewhere specified or included	Essential oils and resinoids; perfumery, cosmetic or toilet preparations
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	Rubber and articles thereof
Articles of iron or steel	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	Articles of apparel and clothing accessories, not knitted or crocheted
Pharmaceutical products	Organic chemicals
Rubber and articles thereof	Toys, games and sports requisites; parts and accessories thereof
Footwear, gaiters and the like; parts of such articles	Beverages, spirits and vinegar

Source: UN Comtrade (2017).

The above-mentioned table shows that there are considerable numbers of industrial products as well as pharmaceutical; food and beverage products are exchanged between these two countries.

Table 4: Canada-Hungary Product Trade between 2013 to 2017

Year	Exports	Imports
2013	\$147,218,446	\$431,259,462
2014	\$91,450,642	\$549,802,357
2015	\$94,468,498	\$611,755,107
2016	\$75,747,746	\$604,284,650
2017	\$73,552,657	\$752,524,887

Source: Statistics Canada (2018) (http://www.canadainternational.gc.ca/hungary-hongrie/bilateral_relations_bilaterales/fs_hungary-hongrie_fd.aspx?lang=eng)

2.3 Canada-Poland Trades and Investment

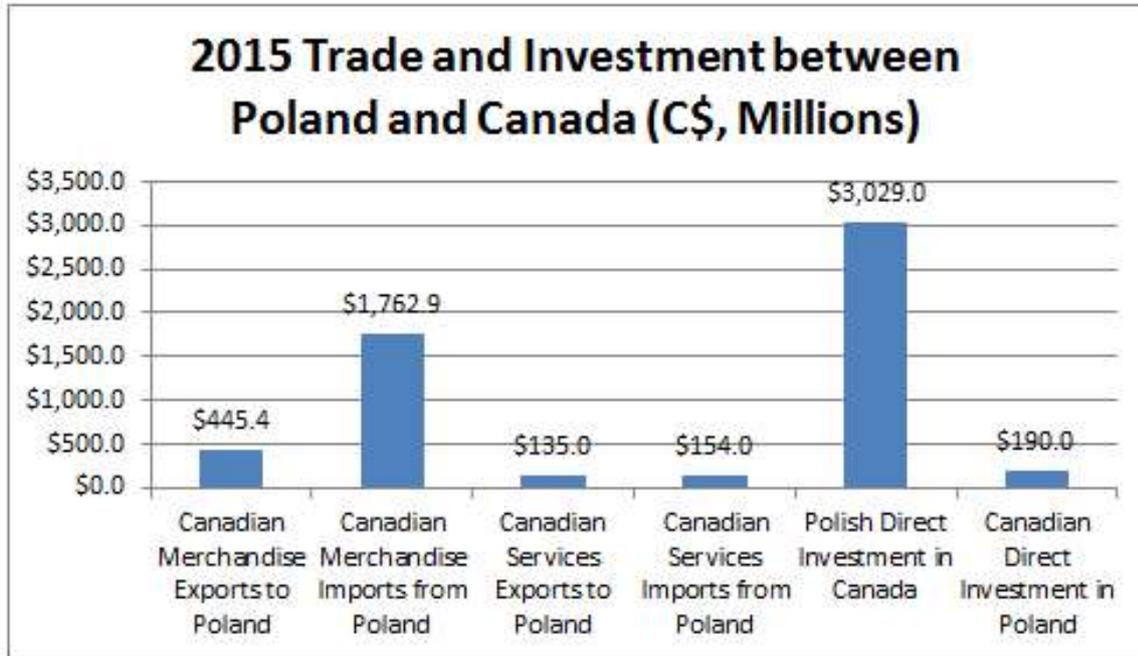
Poland is the largest market among the V4 countries. Canada has strong economic and trade relations with Poland. Many Canadian firms producing goods and services have strong presence in this country. Geographically, Poland creates a bridge between West and East as well as Baltic countries and Russian federation. The following table shows the increasing volume of trade exchanges between these two countries. It can also be observed that the bilateral trade is in favor of Poland. Trends of bilateral trade between Canada and Poland can be observed from the Table 5. It shows that the exchanges of goods between these two countries are increasing year-by-year.

Table 5: Canada and Poland Product trade between 2013-2017 (CAD \$)

Year	Exports	Imports
2013	\$456,589,071	\$1,253,857,137
2014	\$346,209,821	\$1,593,838,655
2015	\$445,691,668	\$1,763,109,312
2016	\$616,593,005	\$1,919,383,421
2017	\$695,266,846	\$1,937,591,119

Source: Statistics Canada (2018). (http://www.canadainternational.gc.ca/poland-pologne/bilateral_relations_bilaterales/canada-poland_fs-pologne_fd.aspx?lang=eng)

Figure 3: Canada and Czech export-import and investment values.



Source: Statistics Canada (<http://tradecommissioner.gc.ca/poland-pologne/market-facts-faits-sur-le-marche/0001130.aspx?lang=eng&pedisable=true>).

Trade between Canada and Poland is principally the industrial/ manufacturing goods and services. The main exchanges of goods between these markets can be observed from the following table 6.

Table 6: Principal exports and imports between Canada and Poland

Canadian exports to Poland	Canadian Imports from Poland
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	Furskins and artificial fur; manufactures thereof
Electrical machinery and equipment and parts	Ships, boats and floating structures
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...

Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...
Residues and waste from the food industries; prepared animal fodder	Aircraft, spacecraft, and parts thereof
Plastics and articles thereof	Natural or cultured pearls, precious stones, precious metals, metals clad ...
Edible fruit and nuts; peel of citrus fruit or melons	Rubber and articles thereof
Furskins and artificial fur; manufactures thereof	Articles of iron or steel
Aircraft, spacecraft, and parts thereof	Vehicles other than railway or tramway rolling stock, and parts and accessories.
Articles of iron or steel	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...
Ores, slag and ash	Cocoa and cocoa preparations
Printed books, newspapers, pictures and other products of the printing industry; manuscripts, ...	Meat and edible meat offal
Rubber and articles thereof	Soap, organic surface-active agents,
Oil seeds and oleaginous fruits;	Beverages, spirits and vinegar
Aluminium and articles thereof	Plastics and articles thereof
Nickel and articles thereof	Pharmaceutical products
Iron and steel	Glass and glassware
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	Railway or tramway locomotives, rolling stock and parts thereof;
Miscellaneous articles of base metal	Articles of apparel and clothing accessories, not knitted or crocheted

Source: UN Comtrade data (2017).

2.4 Canada-Slovakia Trades and Investment

Slovakia is the smallest markets among the V4 countries in terms of population. However, it has strong manufacturing industry and open to international trade. Canada has considerable level of trade relation with this country. Canada enjoys excellent bilateral relations with this country and have historical tie. The bilateral trade reached to \$ 709 million in 2017, with Canadian export to Slovakia accounting for \$ 105 million, and Slovak exports to Canada increasing to \$604 million. Slovakia has a strong manufacturing base and have introduced the European common currency Euro. A number of Canadian companies have recognized the rich investment potential in Slovakia, and over the past

decade, Canadian investment in Slovakia is estimated to have reached between \$700 million and \$800 million, making Canada one of the top 25 investors in the country. The following Table 7 shows the principal goods that these two countries exchange. The table shows that they exchange not only high-tech industrial manufactured goods, they also trade relatively low-to-mid tech goods such as apparels and footwears and other leather products.

Table 7: Canada-Slovakia main exports and imports goods

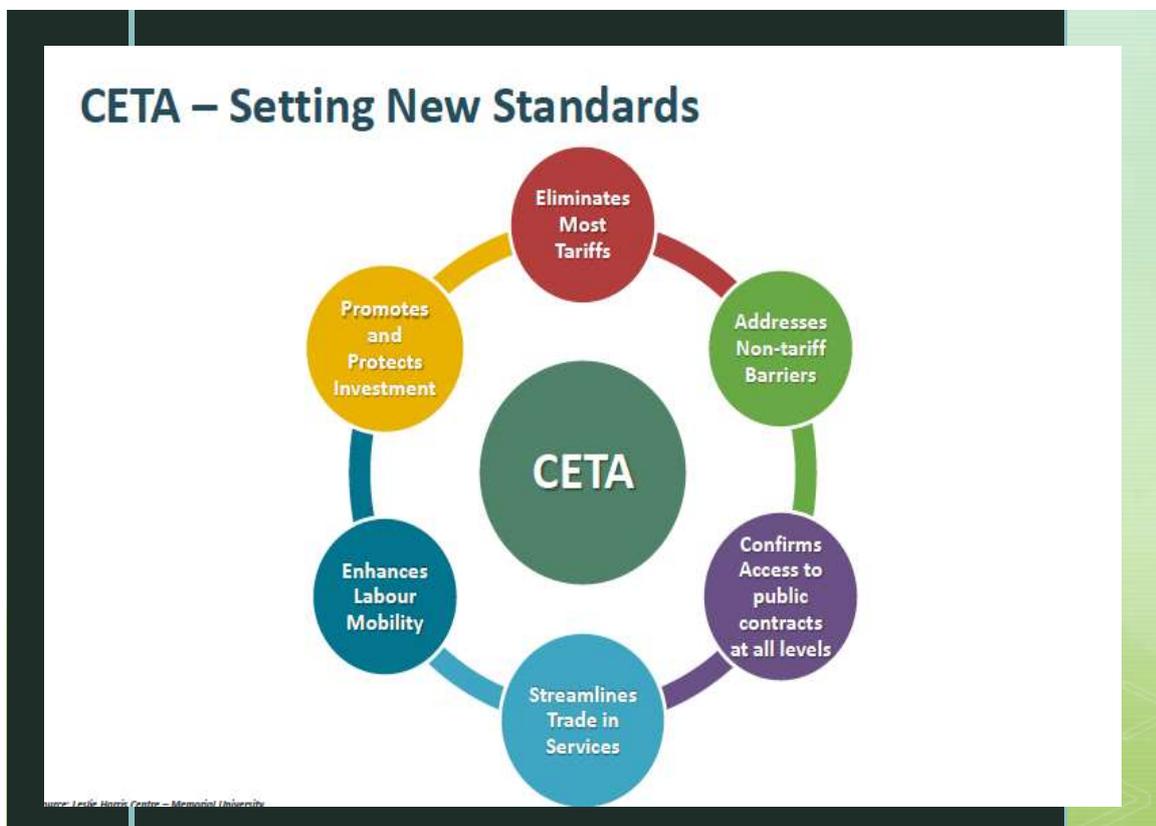
Canada exports to Slovakia	Canada Imports from Slovakia
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...
Residues and waste from the food industries; prepared animal fodder	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...
Commodities not elsewhere specified	Rubber and articles thereof
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	Footwear, gaiters and the like; parts of such articles
Pharmaceutical products	Aluminium and articles thereof
Edible vegetables and certain roots and tubers	Articles of iron or steel
Organic chemicals	Glass and glassware
Plastics and articles thereof	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...
Articles of stone, plaster, cement, asbestos, mica or similar materials	Toys, games and sports requisites; parts and accessories thereof
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	Articles of apparel and clothing accessories, not knitted or crocheted
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	Plastics and articles thereof
Raw hides and skins (other than furskins) and leather	Organic chemicals
Articles of iron or steel	Beverages, spirits and vinegar

Source: UN Comtrade (2017).

3. Comprehensive Economic and Trade Agreement (CETA) and Canada-V4 Trade Relation

Both Canada and European Union follow liberal trade policy and promote accelerated exchanges of goods, services, investments, ideas and so one among the countries. Despite the liberal economic policies, there were still lots of barriers both tariff and non-tariff related that hindered the real trade potentiality between Canada and EU (Global Affairs, Canada and European Commission, 2007). On the top of that there are lacks of awareness, administrative and cultural distances between Canada and V4 countries that constraints the accelerated trade and investments to the desired level. The trade data of both regions show that they are very open to international trade and have complementary resources and expertise that could help to further diversity their respective trade destinations and create new business opportunities and contribute to overall socio-economic development. CETA enters to this challenging scenario to foster trade and investment relationship and simply the business processes between Canadian and V4 country firms, both large and small, industrial and agro-food industry as well as service sectors. The principal sectors that CETA promise to bring changes and facilitate accelerated smooth trading relationship are given in the following figure:

Figure 4: Principal components of CETA.



Source: Leslie Centre (2015), Memorial University of Newfoundland.

3.1 CETA and Industrial Goods Trade

CETA proposed comprehensive tariff elimination across all sectors and will include more than 98% tariff line. Once the agreement is fully implemented, 99% tariff line will be eliminated. The CETA was designed in a way that reflect the real world sourcing strategy of both Canadian and EU companies and encourages these companies to develop their production base in these regions. CETA also encourages to develop automated border procedures to smoothen the exchanges of goods across the Canadian and EU borders. Some examples of tariff related changes that will open-up markets for industrial, service as well as agro-food products are given in the following Table 8.

Table 8: Opening of The Markets After CETA

	Tariff Before CETA	Tariff After CETA
Bread, Pastries, biscuits	Up to 15%	0%
Chocolate, Confectionary	Up to 10%	0%
Wine & Spirits	Barriers to exporting EU products to Canada	Major Barriers removed
Cheese	Quota 13500	32000 Tons
MANUFACTURING		
Clothing & Textiles	Up to 16%	0
Vehicles, Parts	Up to 9.5%	0
Machinery, electrical equipment	Up to 9.5%	0
Medical devices, optical instruments	Up to 8%	0
Chemicals	6.50%	0

Source: European Commission (2017).

Most important contribution to opening up of the market will come not form the tariff reduction but from simplification of non-tariff r elated barriers. CETA targets to eliminate and/or reform non-tariff related barriers in order to facilitate the transactions of goods and service across the each other’s borders.

CETA seeks to reduce the trade distorting impact of non-tariff barriers by Facilitating recognition of equivalency in technical regulations to reduce manufacturing costs for exports. It has also proposed establishing a protocol on conformity assessment that will allow Canadian companies to have their products tested and certified for the EU market in Canada. CETA will be Encouraging Canadian and EU standard-setting bodies to cooperate on joint initiatives; and Creating mechanisms where trade irritants can be discussed with the goal of speedy resolution. CETA includes a commitment to encourage cooperation in technical regulations, standards, conformity assessment, market surveillance, enforcement activities, and related areas with a view to facilitate trade between Canada and the EU.

3.2 CETA and Service Industry

CETA is the most far-reaching agreement ever concluded by EU in the area of services. It will create opportunities for service suppliers – maritime services (dredging, moving empty containers), postal services, telecoms, market access – on the federal and provincial level. Mutual recognition of professional qualifications will facilitate collaborations in high-tech service provisions. It will facilitate to easier transfer of company staff and other professionals

3.3 CETA and Public procurement

CETA opens up market for public procurement where Canadian and EU companies can enter in each other markets. This will be a huge opportunity and will create competition and drive efficiency and productivity. Both Canada and EU are planning to modernize their respective infrastructure and develop new ones where companies from both regions will be able to participate and collaborate in complementary resources.

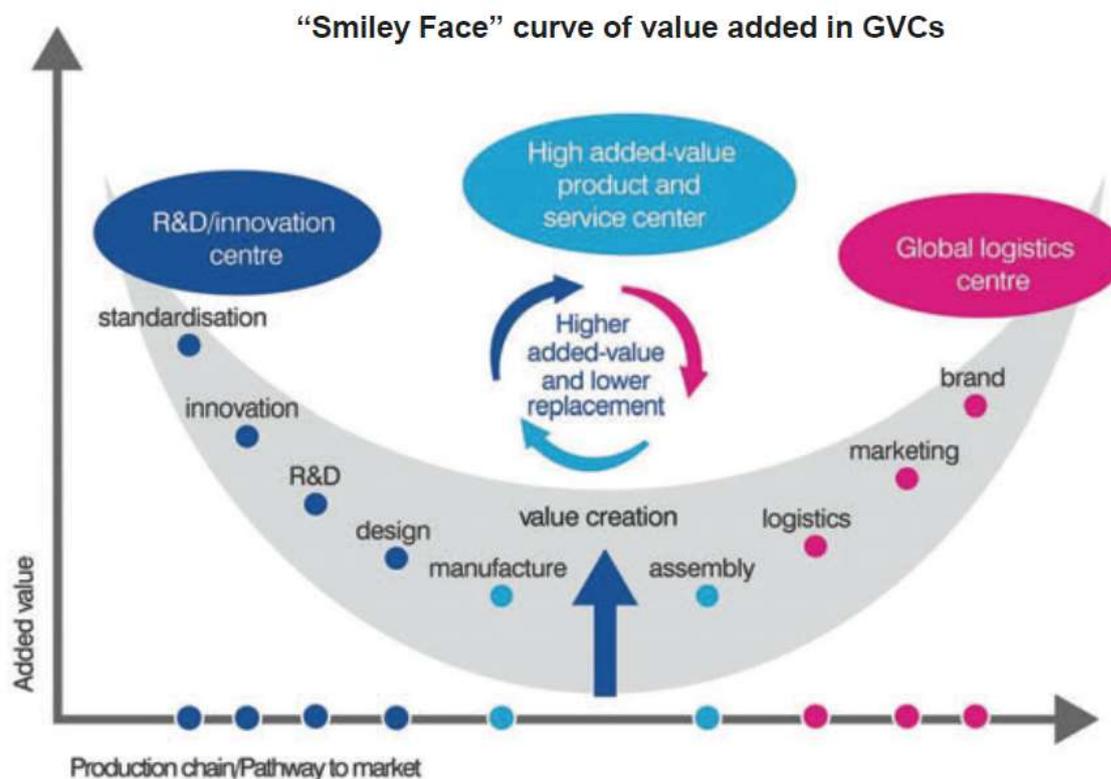
4. CETA and Business collaborations between Canada and V4 Countries

Real impact of CETA on business collaborations between Canada and V4 countries are yet to come. Despite the relatively low level of current business collaborations, simplification of trade regimes, access to public procurement and infrastructure development, and complementary resources have created a business environment where there are many potentialities of collaborations between these two regions.

4.1 CETA and Global Value Chain

Potentiality of increased trade and investment between Canada and V4 countries can't be predicted by the trade and investment data of past years. CETA will change dramatically the business scenarios between these two regions. On the top of tariff and non-tariff related facilitation under CETA agreement, strategic change will take place in the form of changing mentality of entrepreneurs to explore each others markets for not only goods and services but the location for their manufacturing location based on the concept of Global value chain (GVC). Technological development and opening of international market promoted the GVC where manufacturers slice-up their value chain and disperse their activities to suppliers in a competitive way regardless of geographical borders. According to this strategy, firms decide what is their core competency where they will focus on, and what are the activities they can outsource to the third parties who can make them more competitively. Thus the production chain starts from developing idea of the product or service, research and development (R&D), pass through manufacturing process and then use logistics and marketing to send the product to the market. This process can be observed in the following smiling curve.

Figure 5: Smiling curve of value added in GVC



Source: The smiling curve of Stan Shih by the McGill University, Canada and conference board of Canada

The GVC idea and globalization of production have brought enormous opportunity to manufacturers from both Canada and V4 countries to collaborate with complementing resources and expertise. This collaboration in production of low-mid-or-high-tech industries might not be visible in the traditional export-import data but the exchanges might take place through third parties. Canadian companies having long experience of working in collaboration of American multinationals and pre-dominance of SMEs in both exporting and manufacturing might be able to collaborate and share their expertise with manufacturing companies both large and small from the V4 countries. There are several high-tech manufacturing such as aerospace-aircraft manufacturing, railway transports, clean technology and automobile industry where there are enormous potentiality to collaborate. However, we need more in-depth studies using HS Harmonized System (HS) for classifying goods of six-digit code system. We need first to analyze the expertise and experience of producing specific components of respective firms from both regions and then to study the complementary resources that they require to further develop their respective capabilities and can capture higher portion of the value chain. This in-depth study on industrial collaboration requires a framework where collaboration among the public-private and academia can flourish.

The manufacturing firms choose their location for production based on three dyadic relationships; 1) Production-Supply dyad, 2) Production-Production and process development dyad, and 3) Production-market dyad (Ketokivi, Turkulainen, Seppälä, Rouvinen, & Ali-Yrkkö, 2017). The V4 countries create bridge between Western Europe with Eastern, Southern European countries and can be extended to Russia and middle-eastern countries. Thus this region is a formidable location to develop itself as the hub for the regional production network (RPN). The GVC, proximity to both suppliers and consumers and competitive production facilities make the V4 countries attractive for Canadian manufacturing companies to establish their presence in this market in collaboration with local firms. Canadian service firms can contribute to this process by offering their expertise in service both professional as well as commercial services.

4.2 Business collaborations in V4 Countries

Many Canadian companies in manufacturing such as aerospace, electrical machinery and equipment, Optical and medical instruments, bio-medical/ pharmaceutical, automotive and clean technologies have already established their presence in V4 countries through foreign direct investment and/or many other strategic alliances. Several Canadian companies in aerospace industry have developed their production facility in Poland and 90% of those productions are exported back to Canada. Clean technology companies are increasing their presence in this market. EU directives on improving environment friendly economic activities have positively influenced the need of clean technology in V4 countries. Automobile is another important sector where there are increasing collaboration

between Canadian and V4 countries. With enforcement of CETA agreement, more and more Canadian automobile companies will find it interesting to collaborate with automobile sector in V4 countries. Through in-depth analysis of automobile components, firms from both regions will be further increasing their collaboration. Canadian companies in Information and communication technology (ICT) have expertise in several domains including ICT infrastructure development, Software and gaming industry (Canadian ICT profile, 2016). With the availability and relatively lower wages of world class engineers and technicians in the V4 countries will further attract Canadian companies to establish collaboration with firms from V4 countries. In bio-tech and pharmaceutical industry, there are ample opportunity of collaboration. Canada has a strong presence in this industry and can collaborate with firms from V4 countries. Several Canadian firms such as Valiant and Apotex are already present in Poland. According to some authors, Hungarian bio-tech industry is in short of capital investment and connectivity with the world leaders in this sector (Deloitte, 2014). Moreover, born global biotech firms need expertise from international market (Bughin, Janoskuti, Havas, 2016). Canadian companies can fulfill their gap. Apart from high-tech industries, there are also opportunities of collaboration in low-to-mid tech industries. The textile and garments, shoe industry as well as furniture industry can be interesting. Firms from V4 countries can import Canadian natural resources either transformed or semi-transformed and produce final products and re-export finished products to Canada or other countries. Reduced trade barriers and tariff elimination, simplified customs procedures and more compatible technical requirements have also facilitating SMEs to collaborate with firms from other countries and integrate themselves into the global value chain. Both Canada and V4 countries have predominantly SMEs in most economic sectors (Ivanová, & Masárová, 2018).

4.3 Infrastructures and Public Procurement

One of the important sectors that the CETA opened up lots of opportunities of collaboration is in public procurement and infrastructure development. Several Canadian companies such as Bombardier, and SNC Inc., are world pioneer in these sectors and they have already presence in the V4 markets and likely to increase in the coming years. EU funding for infrastructure development as well as overall importance of public policy makers in the V4 countries for infrastructure development have created huge opportunities for Bombardier and SNC kind of companies. SMEs from local market need to understand how they can collaborate with these large companies by focusing on specific niche segments. On the hand, Canada are modernizing and developing new infrastructures where companies from V4 countries as well as from EU in general will find lots of opportunity to invest and collaborate with Canadian companies. Canadian expertise and capital in mining sector can be another sector where business opportunities are available.

4.4 Trade opportunity in Service sector

CETA has also opened up the service sector for each other's firms to enter the opposite markets. Both Canadian and firms from V4 countries have opportunities to offer both commercial and professional services. Opening-up the sector and simplifying the requirements on quality and technical standards as well as mutually acceptance of professional designations will further increase the collaborations and opportunity to offer services in each others' market. Most of the v4 countries have focused on developing shared service centers. Canadian companies such as CGI have long experience and expertise in developing shared service centers. They have already presence in Poland and likely to expand to other central European countries. Financial and environmental services are the other sectors where collaboration is being flourished.

5. Conclusion

CETA brings enormous opportunity both for Canadian and EU firms in exploring new avenues for businesses through accessing in each others markets as well as to develop different kinds of strategic alliances not only for their respective markets but also for third country markets. CATA came into force in September (2017) and primary trade data shows upward trends (9.1% growth) of trade exchanges between Canada and EU including V4 countries. Trade between Canada-Czech have shown 25.4% growth, Canada-Hungary 11.6% growth, Canada-Poland 5.5% growth and Canada-Slovakia 7.5% growth (Government of Canada, 2018). Canada and V4 countries have many similarities in terms of their economic activities, and international trade patterns. Both have pre-dominance of SMEs both in high-tech and mid to low-tech sectors. Through in-depth analysis, firms need to understand where to compete and where to collaborate and through this process they can develop long term business collaborations. The export-import data does not show the real business potentiality that exists between firms from Canada and V4. There should have intense collaboration between policy makers, entrepreneurs and academics in order to first reveal where the opportunities are lying and how to reap advantage from them. High-tech manufacturing such as aerospace industry, machineries manufacturing, medical devices, transports, automotive, ICT, clean technology, shared service centers, education, research & development, bio-tech and professional service industries are some of the sectors where firms from both regions should explore their collaboration opportunities. If past experience gives any indication, the CETA can increase up-to 55% of exports to Canada in 5 years. To fully explore the potential opportunities, both parties need to know each other's markets and cultures, and invest in exploring new avenues for collaborations. Participating to trade shows, understanding each other's business cultures and organizing workshops for entrepreneurs and managers and promoting research activities targeting these two markets can help to overcome some of the challenges that business owners face currently when it comes to exploring new trade opportunities.

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