

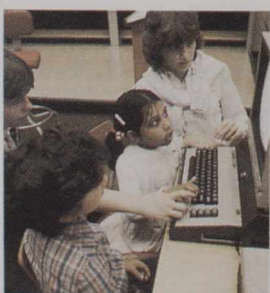
Britain has long history of

With all the attention being given to attracting new investment from the UK to Canada, it might seem that UK investment in Canada is relatively new. This, of course, is not the case.

The following articles look at two companies that have long been established in Canada — one in the high-tech field of telecommunications, the other in the more pedestrian field of footwear.

AEI: filling market niches in telecommunications

More than 60 years ago, Kenneth Yates started AEI Telecommunications (Canada) Ltd — the wholly-owned subsidiary of a UK-based telecommunications equipment supply company — in Winnipeg, Manitoba.



The Canadian company was set up in 1924, after AEI won a contract to supply switching equipment to the Manitoba Telephone System (MTS).

'At that time,' says Yates, who is still active in the company in an advisory role, 'there was only one source of supply for switching equipment in Canada, and the Manitoba government — which owns MTS — wanted to encourage competition.'

Initially, the company prospered, but then the Depression hit western Canada and industrial activity all but ground to a halt. 'Even so,' Yates says, 'our parent company kept its faith in us, and we hung on by our fingernails. Now, of course, Canada has proven to be an excellent investment for us.'

At the end of the second world war, Canada experienced a tremendous boom in nearly all markets, as the pent-up demand for a wide variety of goods and services exploded. AEI was well-positioned to take advantage of the expanding economy, and for the next 20 years, it flourished.

Today, about 95% of its products are shipped to customers outside Manitoba. Most go elsewhere in Canada, but 15% are sold in the US, Japan and other overseas markets.

'We came here because our people thought that Canada was a country that was going somewhere,' says Yates. 'That hasn't changed. It's still a good place to do business, and it has a very good future.'

'Labour costs are reasonable, and productivity is high. Conditions for AEI are still good.'

Searching for new products

In 1967, AEI was taken over by General Electric, and for about ten years, Yates says, R&D 'went flat'. However, in 1976, the company developed the Anipak System, which local telephone exchanges use to forward the telephone number to be billed when a long-distance call is made.

'Since 1977, we've installed more than 700 Anipak Systems in Canada, the US, Jordan and Colombia,' Yates says.

AEI, with annual sales of about \$10 million, is now searching for new products, and is developing marketing plans designed to position it to take full advantage of the potential of emerging markets.

Leading these efforts is Robert Ashman, who has recently arrived in Winnipeg from the UK. One new product he will soon be introducing is Telepak, a microprocessor-controlled solid-state switching system.

'Our products are aimed at filling market niches,' Ashman says.

AEI's ventures are being helped by federal and Manitoba government initiatives designed to boost activity in various industrial sectors.

In the electronics sector, for example, a joint federal-provincial programme has created the Electronics Industry Association of Manitoba, an organisation that will influence the development of the electronics industry throughout the province. For AEI, the Association is useful, since it is helping to provide direction for the company's research and development programme.

But this kind of support is just one of the advantages the company feels it gets from being in Manitoba.