

Canada offers UK investors access to all North America

In the past two years, Toyota, Suzuki, Hyundai, American Motors and General Motors have committed \$4.3 billion to investment in Canada. The objective has been the same in each case — not only to take advantage of a strong and expanding Canadian market but also to exploit an adjacent and accessible US market from a lower-cost Canadian base.

With the seventh largest economy in the western world, Canada also offers rich opportunities for UK companies seeking to expand their operations overseas. It is a significant market in its own right, but increasingly, as free-trade talks continue with the US, it is becoming an important base from which UK companies can reach all of North America. As such, it offers direct access to a market of close to 300 million people — a market that is one of the largest, and certainly the richest, in the world.

Last year, Canada's GNP reached \$453 billion, an increase of nearly 4.5% over 1984, making the Canadian economy the seventh largest in the western world. This year, that position will be further strengthened as the Canadian economy continues to expand: by OECD estimates, Canada will have a GNP growth rate in 1986 which will be second only to that of Japan.

product in manufacturing was \$23.1 billion, but by the end of 1985, it was more than \$27.4 billion.

Meanwhile, the level of manufacturing investment has kept pace — especially foreign investment within the last two years. Some 420 of the Fortune 500 companies now have active operations in Canada. Out of 720 British-controlled companies in the Financial Times 1000, 208 currently have subsidiaries in Canada. And of course, investment from the UK has been moving ahead in leaps and bounds. Last year, 92 new UK investments were made in Canada in the amount of some \$1.8 billion. This was part of a surge of foreign investment that totalled \$12.3 billion.

Fourth richest country

The reasons for UK investor interest in Canada are numerous and varied, but to a large extent they stem from the fact that Canada is able to combine a North American free enterprise economy with a British-style system of government and law. The result is that economically the country is energetic and dynamic and open to change, while politically it is stable and democratic and predictably consistent.

This combination has allowed Canada to enjoy both a high level of social services and a high standard of living. GNP per capita makes Canada the fourth richest country in the world and a valuable market in its own right.

Disposable income is high, and has been growing at an average rate of 9.8% per year since 1980, so that by 1984 it had reached an average of \$26 367 per worker.

Eighty-two per cent of Canadian households now own cars (a higher percentage than in Japan, France, Germany or the UK); 99% own refrigerators and radios; 98% televisions and telephones; 77% washing machines; and 24% video recorders. In addition, some 60% of Canadian families own their own homes.

Access to all North American market

But what really makes Canada appealing to UK investors is the access that it offers to the entire North American market.

Canada is one of the world's leading trading nations; in fact, among the OECD summit countries, only West Germany is more export-oriented.

More than three million Canadian jobs depend upon exports — nearly one quarter of the country's



Small circles show population reached by truck in one day, large circles — 2 days.

Canada has a thriving free-market economy that is broad-based and diverse. It is recognised as the western world's richest resource base, but that, of course, is only part of the picture. Manufacturing accounts for more than 35% of the country's domestic output — and fully 75% of its exports are manufactured goods or end products.

Furthermore, the rate of growth in manufacturing has been averaging 5.8% per year since the end of the 1982 recession. At that time, Canada's real domestic