
CANADA-UNITED KINGDOM RELATIONS

Canada's relationship with the United Kingdom is, by almost every measure, the most extensive Canada has in Europe. While the tendency has been to focus on family and historical connections and a shared institutional heritage, the relationship between governments has always been broadly based and includes co-operative ventures in a variety of sectors in many parts of the world.

As suggested by the large number of both formal and informal exchanges with the U.K., our relationship remains one of Canada's most important. More than 100 Canadian departments and agencies have exchanges and co-operative activities with their British counterparts, ranging from participation in international conferences to peacekeeping operations.

Every year for the past 11 years, the Canada-U.K. Colloquium, sponsored by the two governments, has explored an area of public policy. The colloquium brings together people from the private and public sectors in Britain and Canada to exchange information, ideas and experience in areas of mutual concern, and to foster contacts and relations between the two countries. The next colloquium, on health care provision, will be held in the U.K. in November.

During the last year, there were more than 100 official visits, including meetings of ministers and deputy ministers. In London in May 1993, the two prime ministers discussed several foreign policy and trade issues. International conferences provide a setting for the two foreign ministers to meet on various issues.

During the past 25 years, Canada and Britain have begun to focus more on pursuing their interests within their respective regions. Britain's entry

into the European Community in 1973, the Canada-U.S. Free Trade Agreement in 1988, the North American Free Trade Agreement in 1992, and the growing importance to Canada of the Pacific Rim, have been milestones in this process.

Canadian business regards the United Kingdom as the gateway to establishing a presence in the European Community. By the end of 1991, Canadian firms had directly invested \$12 billion in the United Kingdom, more than tripling the 1984 year-end level. British business continues to find Canada a rewarding country for investment. British direct investment in Canada reached \$18 billion at the end of 1991.

Among European states, the U.K. is by far the largest investor in Canada. It holds 51 per cent of European investment, followed by Germany at 14 per cent. In addition, U.K. investors hold \$23 billion worth of Canadian bonds, compared to \$7 billion in 1987.

The U.K. is Canada's third largest trading partner, after the United States and Japan. It is a major market for Canadian primary products and, increasingly, for manufactured goods. Two-way trade in 1992 was valued at \$7.2 billion, up slightly from 1991.

The two governments currently have few policy disagreements. Differences on economic issues are, for the most part, in areas where policy is determined by the European Community.

Like Canada, the United Kingdom is supporting greater EC political co-operation, is seeking a successful outcome to the GATT multilateral trade negotiations, and is strengthening links with Central and Eastern Europe.