

negotiations by 1999 and 2000; consideration of further trade liberalization initiatives, particularly in the area of information technology; and a work program on investment and on the relationship of trade and competition policies.

While much progress has been made in opening up the European market for Canadian exporters, some trade irritants remain which Canada is working to resolve bilaterally with the European Union. The Union has imposed a phytosanitary requirement on Canadian softwood lumber imports, and Canada will seek to resolve this issue by an enhanced visual inspection program set up with Canadian industry. The EU is considering a ban on all imports of fur of animals caught by leghold traps. Canada is seeking to negotiate an agreement on standards for humane trapping that would respond to those concerned with animal welfare, without onerous certification requirements. Canada also seeks modifications to the EU's cereals import regime, consistent with obligations arising from the Uruguay Round, as well as access for Canadian beef through a WTO challenge of the EU's "hormones ban." The Canadian government will continue to support industry-led efforts to seek reductions in EU tariffs on aluminium. Canada is also seeking "zero for zero" tariff rates for oilseeds and oilseed products, nonferrous metals, and wood and wood products.

Benchmarking

A comparison of Canada's performance in exports to the United Kingdom with that of the United States may serve as a useful benchmark. Given that the Canadian economy is one tenth the size of that of the U.S., one might expect Canadian exports to the U.K. to be about 10 percent those of the United States. In fact, Canada does a little better than that, as seen in Table 3. From the point of view of the composition of exports, however, there is a great difference between the two countries. In relative terms, Canadian exports to the U.K. comprise a much greater resource component and a much smaller manufactured component than do U.S. exports. Canada's manufactured exports to the U.K. are growing rapidly, but the figures in Table 3 suggest that a potential for even greater growth exists, particularly in the areas of telecommunications,

medical and pharmaceutical products, and consumer products. If Canada were to halve the disparity with the U.S. in relative market share of manufactured exports to the U.K., Canadian total exports to Britain would grow by \$600 million. Canada's Action Plan for the United Kingdom addresses that potential.

Canada's Action Plan for the United Kingdom

Overall, it is clear that although the United Kingdom is a traditional business partner, there is great dynamism in the relationship between our two countries. The British market continues to offer broad potential to Canadian exporters, and British investors continue to play a dynamic role in the development of Canada. Canadian companies continue to be strategic partners in world markets. Britain continues to be a source of technology that is transforming Canadian capabilities. Canada's Action Plan for the United Kingdom is designed to highlight some of the key sectors where this potential can be pursued, particularly by small and medium-sized enterprises (SMEs). The Action Plan represents the combined efforts of Team Canada to make Canadian companies successful in and through the United Kingdom.

Ministerial Visits. Canadian federal and provincial ministers, when in the United Kingdom, will take every opportunity to project the following messages to potential investors:

- Canada has its economic fundamentals in order, with low inflation and interest rates, stable labour costs, effective federal and provincial deficit reduction, strong real GDP growth, and export growth averaging 8 percent annually over the past decade.
- Canada remains the most compatible economic and political environment for British firms seeking alliances, partnerships, and sources of technology, and as a location for investors looking to serve the market created by the North American Free Trade Agreement (NAFTA).

As the United Kingdom is a major resource products market with strong environmentalist lobby groups, ministers will take every

