

U.K. (i.e., Autopartac) and to visit the U.K. to explore market opportunities.

In October 1981, six Canadian manufacturers exhibited at Autopartac in London. In March 1983 eight Canadian companies participated in the latest Autopartac show. Results were encouraging and future participation under PEMD is planned.

In the original equipment market (OEM), where market prospects in the U.K. are not encouraging in the short and medium term, Canadian activity to date has been focused on the annual SITEV (Geneva) trade show. This provides Canadian OEMs with the opportunity to meet with other vehicle manufacturers, including those from the U.K.

In 1978, 1980, 1982 and 1984 small groups of U.K. buyers visited the Canadian International Automotive Show in Montréal (a biennial event) under the incoming buyers program. British Leyland has also sent groups of senior buyers on exploratory visits to Canada on two occasions within the past three years.

One area of potential for increased Canada-Britain trade development is in the realm of joint ventures. The British parts industry, with its access to EEC member countries, has many companies which would make excellent partners with certain Canadian companies.

Market Considerations

Imports from Canada are not subject to quantitative restrictions or import licensing but are liable to import duty under the Common Customs Tariff. Canadian exporters are therefore at a disadvantage vis-à-vis their main competitors from the EEC whose products are accorded duty-free entry. There is no one single duty and the rate, which is dependent on the particular item, varies from 6 per cent to 9.5 per cent. Import duties are assessed on the c.i.f. (or landed) value. Additionally, vehicle components and systems which are safety or emission-related must comply with the complex ECE/EEC type approval regulations (representing a significant non-tariff barrier for certain specific items) although in some instances British alternative standards are acceptable.

New legislation, which became effective in August 1983, outlaws the exclusive franchising arrangements on spare parts operated in the past by U.K. car manufacturers and importers with their dealers. This will free the dealers to get spares from other sources and thus open up a potentially large market for independent component manufacturers and distributors. The end of these exclusive arrangements will result in a slow changeover to other suppliers because dealers have over the years become accustomed to vehicle manufacturers' systems, part numbers, etc.

2.3 Offshore Oil and Gas Equipment and Services

Overview

The U.K. offshore oil and gas industry is subject to substantial developments. Activity in 1983 was characterized by record levels of exploration drilling, and several new fields were brought into production.

In 1983, total U.K. oil production amounted to 115 million tonnes, almost entirely from offshore. The U.K. now ranks as the sixth largest oil producer in the world.

The annual value of orders placed for goods and services by operating companies in this sector is about \$6 billion, of which some 70 per cent is from U.K. suppliers. Expenditure on North Sea developments between 1984 and 1995 is estimated at \$100 billion, with half of this total represented by capital spending on new fields, including equipment, materials, fabrication and services. The market is free of restrictions and is open to any supplier subject to the usual commercial considerations of price, quality, back-up service, etc.

U.K. competition is less severe in the offshore exploration and test drilling phases, accounting for less than 30 per cent of business placed for this work.

The Offshore Supplies Office (OSO) was set up in January 1973 and was charged with the task of ensuring that British industry had a full and fair opportunity to compete in supplying goods and services for the U.K. Continental Shelf. It was not meant to secure preferential treatment for U.K. industry, but rather the office's role was to help British industry identify the needs of offshore oil company operators, and to assist operators to identify British suppliers of the equipment and services they required.

New ventures to increase U.K. involvement in supplying the offshore oil and gas market were to be encouraged and the OSO provided advice on joint ventures and licensing arrangements. The U.K. industry was also encouraged to supply overseas outlets.

The OSO does not indulge in any direct procurement activity for goods or services. Indirectly, the U.K. industry's share of the total value of orders placed by oil and gas operators for development work on the U.K. Continental Shelf increased to an average of 72 per cent over the last few years. The average absolute value of all orders placed in the last four-year period was £2.56 billion per annum and does not take into account any orders for less than £100,000.

The U.K. Offshore Operators Association Ltd. (UKOOA) was formed in 1973 from an informal organization set up in 1964 (shortly after the allocation of the U.K.'s first round of offshore licences) and known as the U.K. North Sea Operators Committee. UKOOA provides a means of communication with government and others on technical and admini-