

The ties are vital. One hundred and fifty Canadian firms are established in the U.K., while 650 British firms have subsidiaries in Canada. The U.K. is Canada's third largest market for exports and a major buyer of Canadian primary products and manufactured goods. Continuing the trend begun in 1986, Canadian exports to the U.K. rose by 11 per cent in 1987, with major increases in lumber, wood pulp, precious metals, copper alloys and fish products. Canadian exports to Britain of telecommunications, office computer and scientific equipment now exceed \$200 million. In 1985, Canadian investment in the U.K. stood at \$3.9 billion.

While strong economic growth in the U.K. should support higher export volumes, Europe 1992 will present both opportunities and challenges in our continuing trade relations.

The volume of two-way trade in 1987 was \$7.2 billion and is expected to continue to increase. The U.K. had a trade surplus of \$1.4 billion with Canada in 1987.