

move capital into and out of the U.K. has enabled U.K. entrepreneurs to broaden their investment options. Canada is identified as a good place to do business. Some British companies now active in Canada are Hawker Siddeley, Marks & Spencer, Cadbury Schweppes, Shell Oil, Rothmans, Boots, National Westminster Bank, Royal Insurance and Reed Stenhouse.

Total Canadian direct investment in the United Kingdom at the end of 1979 and 1980 amounted to \$2,082 and \$2,405 million respectively, representing 9.3 per cent of Canadian direct investment abroad. Canadian investors have been drawn to London's importance as a world financial marketplace, and the need to establish a presence in this centre. Additionally, the massive offshore oil and gas industry has attracted Canadian participants. The electronics sector, and other high technology advances taking place in the U.K. have offered new opportunities for joint ventures and Canadian subsidiary operations in the U.K. market.

British consumers are becoming accustomed to such Canadian names as Northern Telecom, Mitel, George Weston Ltd., Massey Ferguson, Thompson Newspapers, Bow Valley Industries Ltd., and Ranger Oil. In addition, financial institutions such as Sun Life, Canada Life, Crown Life and many of Canada's banks and trust companies are well established in the U.K.

3. Double Taxation Treaty

A Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital Gains was signed by Canada and the United Kingdom in 1978.

The text of the Convention was patterned on the Double Taxation Convention prepared by the Organization for Economic Co-operation and Development.

In the case of dividends, branch profits and interest paid to non-residents, a general rate of withholding tax of 15 per cent would apply and in the case of royalties, a general rate of 10 per cent. The Convention also provided for a limited number of exceptions in the case of dividends, interest and royalties.

In 1980, a Protocol amending the 1978 Tax Treaty was signed dealing with the taxation of offshore resource activities.

TRADE DEVELOPMENT INSTRUMENTS

1. Trade Promotion

Canada maintains a Commercial Division in the London High Commission (the "Post") and in the Consulate General in Glasgow. In addition, several of the provinces maintain Agents General and other trade/commercial officers in London (Alberta, British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan). The High Commission assists all Canadian exporters and encourages investment in all regions of Canada. The provincial offices primarily assist exporters from their own provinces. The latter also

act as a focal point for their province on investment/industrial development/joint venture/technology transfer/licensing enquiries from British companies.

Various forms of financial support are available from both federal and provincial sources. In particular, the federal Program for Export Market Development (PEMD) is a facility for Canadian exporters to explore markets with some financial assistance. *(A brief overview of PEMD is provided in Appendix F, as is a table in Appendix D depicting approved PEMD projects for the U.K., by industry sector, since the 1980-81 fiscal year. More information about PEMD, or of complementary provincial programs, can be obtained by contacting those regional or provincial offices listed in Appendix H of this export market report.)*

2. Trade Fairs and Missions

Attendance at British/European trade fairs is an important way of promoting products and services. In the U.K., most trade fairs enjoy international attendance and give Canadian exporters the opportunity to investigate other country market opportunities. The Department of External Affairs (DEA) provides support to Canadian companies (under its Promotional Projects Program and also under PEMD) to participate in international trade fairs. Its objective (assistance is co-ordinated by the Western Europe I Trade Development Division of DEA) is to assist Canadian companies make direct sales at the fair sites, to establish agents or representatives and to initiate contacts with potential clients throughout the world. *(Brief information about the Promotional Projects Program is found in Appendix G.)*

On the other hand, exporters are encouraged to look at a broader picture and participate in other "vertical" (i.e. product-specific) trade fairs in the U.K. and on the European Continent. Assistance can be available under PEMD.

Some typical trade fairs in the U.K., in which consideration is given for participation by Canadian exporters, are: