

ucts for specialized industrial or innovative consumer applications; medical equipment and supplies, particularly electro-medical equipment and instrumentation; consumer electric and electronic products, particularly attractively designed counter-top kitchen appliances; specialized agricultural machinery; wooden furniture; furs, leather goods and fashion-conscious leisure clothing and accessories; other leisure products; selected textile items, notably carpets; innovative and attractively merchandised giftware and jewellery.

In certain areas where advanced North American products have gained ready acceptance, the British market has matured. Not only is the market more demanding in terms of product characteristics but U.K. manufacturers have responded to meet the demand. Britain is well known for its highly developed manufacturing base and is seen aggressively marketing its equipment around the world.

The British government is planning to spend \$130 million annually to support such developments as robotics, fibre optics, computer-aided design and office automation. This provides an excellent opportunity for Canadian high technology companies in the telecommunications, computer and automation fields to launch themselves into the U.K. market.

Two industries that offer particular promise for the application of modern electronic technology are defence, and oil and gas.

In 1982, Canadian defence exports to the U.K. were \$33.6 million and imports were \$20 million. The products involved represent an important market for the small number of companies making up the Canadian industrial base, and serve to keep Canadian industry competitive.

Except for a few major project procurements, the majority of the Canada-U.K. defence trade is in a wide variety of items which benefit a large number of small and medium-sized Canadian companies.

Although Britain remains NATO's second largest defence spender, with an annual budget currently in excess of \$30 billion, the U.K. defence program has undergone a major reassessment. It will have less dependence on costly aircraft and surface ships, and will introduce more technologically advanced electronics-based systems to improve defence capabilities. Such a change presents opportunities for Canadian defence and related high technology electronics and aerospace industries since the majority of Canadian defence exports comprises equipment of a military support nature: electrical and electronics equipment, communications equipment, aerospace and various parts, components and sub-assemblies.

It is recognized, however, that Britain has a large defence industry and tends to restrict defence imports to world-standard, highly sophisticated equipment not available from U.K. sources. A Canadian company with such equipment faces a fairly straightforward, but demanding, marketing task.

The normal practice for companies wishing to establish themselves as suppliers is to convince the U.K. Ministry of Defence (approximately 44 per cent of whose budget is spent on equipment procurement) that their equipment represents the technical "state of the art."

When it is determined that the particular requirement could meet a future requirement, the names of probable prime bidders for the project usually become apparent. The Canadian company must then convince one or more of the U.K. "prime" bidders that it would be mutually beneficial to collaborate on the project bid.

The oil and gas industry is one of the buoyant sectors in the U.K. economy. Unlike the telecommunications and defence industries, the oil and gas industry is dominated by the private sector and access to the market is fairly open.

Several Canadian companies are selling into this market, offering highly specialized, sophisticated equipment and services. It is characteristic of this industry that many operators, while interested in new developments, are reluctant to introduce untried methods.

The above listing of manufactured products/services and high technology products/services opportunities should not be treated as exhaustive of areas where Canadian products and services might find acceptance. As with any highly sophisticated market, the diversity and differentiation of Britain's specific market segments will generally allow opportunity for any truly innovative, attractively priced and well-supported product.

1. ELECTRONICS

1.1 Telecommunications

Opportunity

Telecommunications in the U.K. is moving from a government monopoly to a privately owned and operated structure, which will be closely regulated. The passage of the 1981 Telecommunications Act and the publishing of a new Telecommunications Bill removed British Telecom's (BT) monopoly to supply equipment and services in a number of key areas. One competitor (Mercury) to BT was licensed by the 1981 Act to provide trunk voice and data communications.

The second Telecommunications Bill was passed by the British Parliament in April 1984 and extends previous changes by allowing a majority (51 per cent) of BT shares to be sold to the private sector. It also establishes an Office of Telecommunications (Offtel) to oversee the regulatory framework, in a manner similar to the Federal Communications Commission in the U.S. As a result of these changes, new standards for telecom equipment are emerging slowly, under the auspices of the British Approvals Board for Telecommunications (BABT), and they are based on old BT standards. Gradually, equipment and services previously provided exclusively by BT have been opened to competition.