

Opportunities Still Plentiful

There is great dynamism to the relationship between the United Kingdom and Canada, and the U.K. market continues to offer broad potential to Canadian exporters. The Government of Canada is preparing to release an Action Plan for the United Kingdom, which will highlight some of the key sectors offering substantial opportunities to Canadian firms, particularly small and medium-sized enterprises. Among these opportunities are:

Aerospace and Defence

The U.K. is a major player in the aerospace industry, representing about 10 per cent of the world market. The U.K. has a number of very large aerospace and defence companies, which often act as the prime contractors for important projects and could serve as appropriate partners for Canadian firms. Canadian firms have had recent success in exporting sonar and radar systems, space and tactical communications systems and targeting systems to the United Kingdom.

Agriculture, Food and Fish Products

In 1995, U.K. agri-food imports totalled \$30 billion. Canadian agri-food and fish exports to Britain rose from \$300 million in 1994 to \$350 million in 1995. The U.K. is Canada's second-largest processed food and beverage market after the United States and is one of Canada's largest agri-food markets in the European Union.

The value-added segment of the \$30-billion U.K. food and beverage market represents the single largest opportunity for Canadian agri-food exporters. About 60 per cent of Canada's current food exports are in this market segment.

The establishment of the World Trade Organization, along with the recently negotiated Canada-EU Agriculture Agreement, provide Canadian companies with an opportunity to increase their exports of cereals, canary seed, cooked and peeled shrimp, oats, pork and cheese. And the new Canada-EU Veterinary Agreement should give Canadian beef exporters substantial new commercial opportunities.

The U.K. imports about \$2.5

billion of fish and fish products a year and is Canada's most important market for canned salmon and lobster. Additional opportunities exist in frozen and canned crab, flatfish (sole and halibut), frozen scallops and herring.

Business and Professional Services

The U.K. market for business and professional services is one of the largest in Europe, estimated at \$15 billion annually. Three quarters of U.K. employment and two thirds of U.K. GDP (\$1.4 trillion) are in services. The market, however, is extremely competitive with some of the largest international service companies based in the United Kingdom.

The market for architectural and engineering services has undergone considerable restructuring in recent years due to increased competition from other service firms, privatization and subcontracting. The best opportunities lie in international marketing, product development, engineering consulting and media/communications services.

Consumer Products

The U.K. consumer products sector is vast, with retail sales topping \$120 billion. Several product groups stand out as significant for Canadian exporters, including toys and games, textiles, clothing and furniture. Canadian exporters tend to be most successful in high-end, value-added products.

Cultural Products

The U.K. has one of the largest markets in the English-speaking world for cultural products and is the fourth-largest market in

the world for music recordings. It is also Canada's largest co-production partner in film and television, with the two countries collaborating on 28 productions in 1994. With the reopening of Canada House in the spring of 1998, the Canadian High Commission will be able to showcase Canadian artists to U.K. audiences.

Environmental Equipment and Services

Environmental equipment and services is a large and growing market in the United Kingdom. It is expected to increase by 6 per cent annually to more than \$20 billion by the year 2000, with the most rapid growth predicted to be in pharmaceuticals, chemicals and plastics. This is a highly competitive market, which is increasingly opening up to foreign suppliers. The most promising opportunities can be found in municipal water and waste water treatment, monitoring and testing, air and marine pollution control, landfill gas systems and bioremediation of contaminated land.

Forest and Building Products

Although the U.K. continues to be a significant market for forest products (imports of lumber, wood pulp, newsprint, paper and paper board from Canada exceeded \$900 million in 1995), Canada's market share has fallen in recent years as a result of technical barriers and competition from foreign suppliers. Between 1990 and 1995, Canada's share of the U.K. softwood import market fell from 40 per cent to 12 per cent, down from first to fifth place, after

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