

\$16.5 billion in 1995, with 75 percent of it in four sectors – finance & insurance; food, beverage and tobacco; energy; and chemicals, chemical products & textiles.

In terms of direct investment, Canadian firms traditionally view their U.K. base as the entry point into Europe. Canadian companies invest in Britain to gain a market presence in the EU; to form technology partnerships allowing them access to European capabilities; and to benefit from skilled labour and well developed capital markets. More than 200 Canadian companies are established in the U.K., making Canada the second largest foreign employer after the U.S. The United Kingdom is by far the largest recipient of Canadian direct investment in Europe, with a 45 percent share, followed by Ireland, Germany, and France. Canadian investment in the U.K. is concentrated in manufacturing (information technology and food), financial services, energy, and mineral processing.

London is also the world's largest centre for both foreign exchange and Eurobond trading. All major Canadian banks and securities firms maintain extensive operations in London, often covering the rest of Europe, the Middle East, and sometimes Asia from their London offices. The Association of Canadian Investment Dealers provides a neutral platform for presenting Canadian developments to U.K. and European investors.

The United Kingdom is a world leader in scientific and technological research and development, ranking fifth behind Japan, the United States, Germany, and France, and thus

offers important opportunities to Canadian companies for cooperation in R&D. Britain's extensive research infrastructure covers a wide range of pre-competitive, leading-edge, and best-practice technologies. Its strengths are in such technology areas as bio-pharmaceuticals, chemicals, aerospace, marine technology, and manufacturing. In 1995-96, strategic partnerships were struck in the industrial waste water, ocean, and software technology sectors.

## Trade Policy

The United Kingdom is part of the European Union and competence for market access issues is located within the European Commission. As a major economy, the U.K. has a significant voice within the Union. Consequently, interventions by Canadian ministers and negotiators acting in Brussels can be usefully supplemented by interventions in London, either to forestall British votes within the European Commission that are against Canadian interests or to garner British support within the Commission to weigh against undesirable positions taken by other member states.

The Uruguay Round of trade negotiations was a major step in opening up the European market, including Britain. At the December 1996 Singapore Ministerial meeting of the World Trade Organization (WTO), Canada sought full and effective implementation of Uruguay Round commitments; completion of the negotiations in the services sectors; agreement to ensure that the pursuit of trade liberalization and sustainable development are mutually consistent; agreement to resume agriculture

TABLE 2.  
CANADIAN EXPORTS TO THE UNITED KINGDOM (\$ millions)

Canadian Exports to Britain	1993	1994	1995
Natural resources	1,757	1,905	2,227
Agriculture, Food, Seafood & Beverages	235	289	325
Manufactured Products	759	889	1,147
Total Merchandise Exports	2,797	3,115	3,748

Source: Statistics Canada

