

# One of Canada's Strongest Partners

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\$488-million contract to build a light rail system for South London.

Canada also demonstrated its leading-edge strength in software design and telecommunications with lucrative contracts being awarded to Canadian firms for wireless equipment, fixed radio-access networks and the upgrading of British Telecom's video networks.

Agri-food and seafood sales also reached new heights in 1996. Total exports are well on their way to topping 1995's \$350 million in sales, placing the U.K. second only to the U.S. as a market for Canadian processed food and beverage products. The Canadian High Commission was involved in 68 Canadian food and wine festivals in 1996 and facilitated 32 new commercial ventures between Canadian exporters and U.K. importers in this sector.

Canada-U.K. trade in services continued to outpace merchandise trade in 1995. Canadian services exports to the U.K. grew by 40 per cent between 1993 and 1995 and a further 7 per cent in the first nine months of 1996. Given the strong U.K. position in many services sectors, particularly as the world's foremost financial centre, services trade continues to offer strong growth potential.

## Canada-U.K. Investment Relations

While merchandise and services trade performance has been strong, 1996 provided further evidence that investment is becoming the most dynamic element of the Canada-U.K. economic relationship. Nearly half of Canada's direct investment in the EU is located in the U.K., \$13.8 billion in 1995, which is 9.7 per cent of all foreign Canadian investment.

Total U.K. investment in Canada in 1995 was \$16.5 billion, representing nearly 40 per cent of Europe's investment in Canada. The main sectors are finance and insurance; food, beverage & tobacco; energy and chemicals. These sectors accounted for almost 75 per cent of U.K. investment in Canada. Not only is the London financial market a vital source of international capital for portfolio and equity investment, but as a world leader in scientific and technological development, the U.K. offers important opportunities for Canadian companies for partnership in research and development. (See **Canada-U.K. S&T Cooperation** on page IV.)

## U.K. an Important Entry Point

In terms of direct investment into the EU, Canadian firms traditionally view the U.K. as the entry point into Europe. Canadian companies invest in the U.K. 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. Some 400 Canadian companies are established in the United Kingdom.

## CE Mark, a European Requirement

The CE (Conformité Européenne) mark has been introduced to show whether a product complies with European requirements in terms of safety, health, environment and consumer protection. Products for which CE marking is mandatory include construction products, hot water boilers, gas appliances, machinery, medical devices, electromagnetic compatibility products, active implantable electromedical devices, non-automatic weighing instruments, personal protective equipment, simple pressure vessels, telecommunications terminal equipment, low voltage products, toys, and a number of other goods.

The usual means by which the requirements are met is by manufacturing to specified European standards. It is possible to use other means to show that products are manufactured in conformity with the essential requirements, but the attestation process can be more complicated. Attestation can be by self-certification, independent certification or third-party testing, depending on the Directive and the type of product. The burden on manufacturers becomes more onerous as the safety risk (real or perceived) increases.

Products meeting the requirements of the relevant Directive(s) carry the CE marking, which then entitles them to be sold anywhere in the EU without further testing or certification. The CE marking is thus a means of enabling free circulation of products within the European Union.