

**TABLE 1.
RANKING OF CANADA'S TOP ECONOMIC PARTNERS**

	FIRST	SECOND	THIRD
Largest market for Canadian exports	U.S.A.	Japan	United Kingdom
Largest source of foreign direct investment	U.S.A.	United Kingdom	Japan
Largest source of foreign portfolio investment	U.S.A.	Japan	United Kingdom
Largest destination for Canadian direct investment abroad	U.S.A.	United Kingdom	Ireland
Largest market for tourists: volume	U.S.A.	United Kingdom	Japan
Largest market for tourists: revenue generated	U.S.A.	Japan	United Kingdom
Largest market for business services	U.S.A.	United Kingdom	Japan

Source: Statistics Canada

have been growing at double-digit rates and were valued at \$200 million in 1995. Products contributing to environmental improvements or manufacturing competitiveness are continually in demand in Britain. Canadian companies have been actively pursuing opportunities in the deregulated telecommunications sector, with Nortel, Mitel, and Newbridge all establishing substantial manufacturing plants. Exports of high-technology goods continue to flourish, with robust growth in computer networking as organizations downsize their mainframes to personal computers. The U.K. market for Canadian defence and aerospace products is estimated at \$2 billion for the second half of the 1990s.

Canadian earnings for business services have increased by over 64 percent in the past four years, from some \$443 million in 1991 to \$728 million in 1995. U.K. service exports to Canada have increased at approximately the same rate, albeit from a higher base. Bilateral trade in business services is now in excess of \$2 billion a year.

The United Kingdom is maintaining its position as Canada's first overseas tourist market, with 576,600 overnight visits in 1994, followed by an impressive gain of 11.8 percent to 645,000 visits in 1995 (amounting to receipts of \$585 million, excluding air fares). The U.K. generated 27 percent of European receipts in Canada, with three out of every ten European overnight trips to Canada originating from the U.K. Indications for the future are very positive, with over 1,000 different Canadian tour products available to the British market – an increase of 21.3 percent over 1992. Underlying any opportunity for Canada is a trend in the U.K. towards increasing long-haul travel. According to many credible sources, North America is the area where U.K. long-haul outbound travel is predicted to grow the strongest over the next five years.

British Investment in Canada

The United Kingdom is second only to the United States as a source of foreign direct investment into Canada. This rose to

