

Open doors for C U.K. hous building p

Canada's commercial relationship with the United Kingdom is, by every measure, the most extensive in Europe — and second only to the U.S. The U.K. is also Canada's fastest-growing export market after the U.S. Over one quarter of Canada's exports to the European Union are sold in the U.K., which is now ranked as Canada's third-largest export market. This translates in major market potential for Canadian manufacturers of housing and building products.

Market overview

The construction industry was valued at almost £60 billion in 2000, of which the housing sector accounted for 40% or £24 billion. This sector grew 34% between 1996 and 2000 and is forecast to grow 11% over the next five years.

The housing sector can be further split into the new housing and renovation/refurbishment sectors. In 2000, housing was valued at £8.4 billion. Housing starts have remained somewhat static — between 180,000 and 190,000 per year for the last five years — and forecasts suggest they will not change significantly.

The renovation and refurbishment sector, on the other hand, is poised for growth given that the U.K. is home to one of Europe's oldest housing stocks. One half of the country's 23 million dwellings are between 50 and 100 years old — or older. Between 1996 and 2000, this sector grew 11% and was valued at £16 billion in 2000. Forecasts predict growth of 11% over the next five years as government-funded refurbishment of more than 1.5 million properties gets underway.

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The Trade Commissioner Service helps new and experienced companies which have researched and selected their target markets.

CIFTA AT 5 YEARS: CELEBRATING A QUIET SUCCESS

This year marks the fifth anniversary of the Canada-Israel Free Trade Agreement (CIFTA). The already strong ties between our two countries have been even further strengthened by this Agreement, which has seen tariffs eliminated on virtually all industrial goods, and eliminated or reduced on 80% of agricultural and agri-food products. The CIFTA, which came into force on January 1, 1997, has been a quiet but undisputed success for both Canada and our Israeli partner. Bilateral trade has doubled, and our exports to Israel have grown more than 30%. In fact, in 2001, two-way trade should exceed \$1 billion for the first time ever. This supplement highlights the successes and opportunities spawned by the CIFTA, which is destined to become a well-known export tool, employed by exporters across the country to access this dynamic market.

Israel: An Economic Success Story

Israel is a modern, diverse and sophisticated country of more than 6 million people. Economic reforms, foreign investment incentives, a skilled and innovative work force, and strong consumer demand, combined with the creation of free trade agreements with many countries, including Canada, make the country a most attractive business environment.

Israel has gradually shifted from traditional low-tech and heavy industry toward services and the production of higher-value products for the high-tech industry, making it a high-tech powerhouse. Contributing over 50% of GDP, the high-tech sector is expected to continue driving overall growth for the next several years.

In recent years, Israel's general economic philosophy has shifted toward an increased market orientation and openness to the world economy. Although government involvement in the economy remains high, there has been some progress in privatization. A key

government goal has been to deregulate the telecommunications sector, as well as to upgrade the country's infrastructure.

Like much of the rest of the world, Israel is experiencing an economic slowdown, related, in its case, to the political situation, the world economic downturn, and the global high-tech slump. Nevertheless, Israel's new economy has shown remarkable resilience in the face of severe strain. The economic fundamentals remain in place, and there is a sense among analysts that the right course is being pursued and that the business cycle will turn around. In short, Israel's diversified economy is still considered to be sound, and once key global economies recover, most analysts are predicting long-term growth potential of 4%-5%.

The CIFTA thus provides preferential and secure access to an important market. Israel, like Canada, is a trade-based economy, offering unlimited partnering opportunities and export potential.

Prepared by the Middle East Division (GMR)