

CANADA EXPORT



Focus on the United Kingdom

One of Canada's Strongest Political and Economic Partners

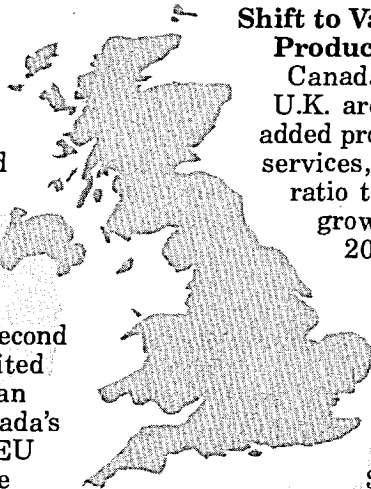
Historically, relations between the United Kingdom and Canada have been and continue to be very close. The U.K. is often a major ally in international forums, is an advocate of stronger transatlantic ties between the European Union (EU) and North America, and is also a frequent associate in peacekeeping operations.

U.K. a Major Commercial Partner

The commercial relationship with the United Kingdom is by every measure the most extensive. Canada has in Europe and globally is second only to the United States. More than one third of Canada's exports to the EU are sold in the United Kingdom. The U.K. is Canada's third-largest market for exports and remains the key gateway market for most Canadian firms, particularly small and medium enterprises and first-time off-shore exporters.

Canada-U.K. Trade Relations

Bilateral merchandise trade increased by 12 per cent in 1995 to \$9.4 billion. Canadian exports to the U.K. totalled \$3.9 billion in 1995, an increase of 16 per cent from the previous year, while imports grew by 9 per cent to \$5.5 billion. Canadian exports for the first nine months of 1996 have increased by 7.4 per cent from 1995.



Shift to Value-added Products and Services

Canada's exports to the U.K. are shifting to value-added products and business services, whose combined ratio to total exports has grown in 10 years from 20 per cent to over 40 per cent.

Canadian earnings for business services have increased by over 60 per cent, from \$443 million in 1991 to \$728 million in 1995. There has been particularly strong growth in chemicals, industrial machinery, defence and aerospace products and processed food. Exports of Canadian consumer products valued at \$200 million in 1995 are reaching new record levels, led by women's apparel, sporting goods, furniture, toys and games.

Canadian companies view the U.K. as a favoured point of entry into the EU and a stepping stone to other European markets. In the same manner, Canada remains an important gateway for British companies entering the North American market.

New Contracts Spell Continued Growth

The conclusion in 1996 of several

long-term contracts involving Canadian firms underlined bright prospects for continued trade growth with the United Kingdom. This was particularly true in the defence and aerospace sector where Canada put on a strong showing at the Farnborough Air Show. Key contracts in this sector included a \$45-million helicopter sale to the U.K. Ministry of Defence, and two simulator contracts, worth a total of \$47 million, to the Royal Artillery and to the Royal Navy.

Canadian firms also had outstanding success in the mass transit field, including a \$650-million contract for 250 freight handling locomotives, \$78 million for light rail vehicles, \$63-million to overhaul and refurbish 381 British rail passenger cars and a

Continued on page II
One of Canada's

IN THIS ISSUE

CE MARK.....	II
OPPORTUNITIES PLENTIFUL	III
S&T CO-OPERATION.....	IV
DOING BUSINESS	V
SUCCESS STORIES.....	VI-VII
TRADE FAIRS / CONTACTS.....	VIII