

With this in mind, let me turn to the main theme of my remarks today, the importance of Britain and Europe in Canada's trade strategy.

One of my purposes in coming to London was to meet with Canada's Trade Commissioners stationed throughout Western Europe to map out strategies to boost our trade flows to and from this vital area. The European Community is the largest unified market in the world, and we believe we can increase our business with it.

As you know, Canada was founded by two peoples, the British and the French, and we maintain special ties with both of you.

That is why, last April, Prime Minister Mulroney paid an official visit to the United Kingdom and met with Mrs. Thatcher.

That is why later this month, our Prime Minister will take part in the first heads of state and heads of government summit of "la francophonie", which is sort of the French equivalent of the Commonwealth. Following the Summit, Mr. Mulroney will pay an official visit to France, and I expect this will give him the opportunity to reaffirm the unique importance that Western Europe has for Canada and to underline our desire to intensify our trade and economic relations. This is a message we want to get across to governments and business communities throughout Europe, and it is a message that I transmit to you today.

This is why we have embarked on a very deliberate and steady policy to re-invigorate, rebuild and strengthen our bilateral economic relations with Britain and with Europe. In the area of trade, so important to an export oriented country like Canada, we have identified a number of key sectors in key markets around the world. Britain and the leading economies of

Western Europe are at the heart of a trade strategy which has been arrived at through a process of consultation with the Provincial Governments and Canadian business interests. In Britain we have identified electronics, forest products, machinery and equipment and processed food products as central to our export strategy for the UK market.

Since 1983 Canadian exports to the UK have held solidly at some \$2.5 billion annually. This is about one tenth of our total exports outside the United States. It is almost as much as we sell to the German, French and Italian markets combined. And what is even more interesting is that we have maintained our sales in the face of unfavourable exchange rates.

While our market share has not grown, Britain provides an excellent export base for a wide range of our traditional exports -- such as plywood, newsprint and lumber -- and is our third best market for fully manufactured goods. Not counting the United States, you take 15% of our global machinery exports, 11% of our fabricated metal exports, and 30% of our valve exports worldwide. Since we are an industrialized country, our exports of finished products are important to us.

I want at this point to pay particular tribute to the hundreds of UK agents, importers and distributors who handle Canadian products in this market. Many are here today and we appreciate very much your efforts to promote and support Canadian sales to Britain, our third largest export market, and our largest market for manufactured products outside the United States. We also recognize the work of those Canadian firms who have established their own sales offices in Britain -- they are proof positive of the commitment of Canada to this market.