

## Canada — UK Relations

Canada's relations with the UK are especially close, although they have changed considerably over the years. Two important events — the British entry into the European Common Market in 1973 and, on the Canadian side, the growing concentration of trade with the United States and the Pacific Rim countries — have influenced the relationship.

The United Kingdom remains Canada's most important trading partner in Europe, and third-largest trading partner overall after the United States and Japan. Two-way merchandise trade with the United Kingdom for 1987 grew to \$7.2 billion, an increase of 14 per cent over 1986. The UK enjoyed a trade surplus of about \$1.5 billion due largely to North Sea oil exports to Canada. Canadian exports to the UK rose by almost five per cent to \$2.8 billion, representing about 30 per cent of all Canadian exports to the European Communities. However, this increase in total value of trade with the UK occurred despite an overall decline in the average exchange rate of the Canadian dollar against sterling during this period. In 1987, a new bilateral air agreement between the two countries was signed, promising significant improvement in air services.

## UNITED KINGDOM 1987 SUMMARY OF ECONOMIC INDICATORS

Growth of Real GDP/GNP	4.4%
Growth of Employment	1.5%
Unemployment Rate	10.3%
Growth of Consumer Price Index	4.1%
Total Merchandise Trade (exports plus imports) as a percentage of Nominal GDP/GNP	41.6%
Central Government Fiscal Deficit (as a percentage of GDP/GNP)	1.3%
Current Account Balance (billions of U.S. dollars)	- 4.2
Nominal Trade Balance (billions of U.S. dollars)	- 16.0
Total GDP/GNP per Capita (current U.S. dollars)	11,598
Total Trade per Capita (current U.S. dollars)	4,993