

*Pl. file (PM) visit to  
Economic Summit*

HAUT-COMMISSARIAT DU CANADA,  
DIVISION COMMERCIALE/ECONOMIQUE  
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25 February, 1988

*CP*

*Some (family driven)  
material for The PM's  
speech in Canada to be*

*business group.*

*N. L. U*

*25-2*

Mr. N.L. Wicks, CBE,  
Principal Private Secretary  
to the Prime Minister,  
Prime Minister's Office,  
10 Downing Street,  
London, S.W.1.

Dear Nigel,

It was good to get together the other evening and talk about the Summit, and the sorts of issues which you and your fellow Sherpas will be covering this weekend at La Sapinière.

You asked about Canadian investment in the U.K. and I have attached a very brief note dealing, not only with the Canadian corporate presence here in Britain, but also some highlights of British investment in Canada. Two-way investment has been a real growth area in the last few years between our two countries, sparked by the new policy which Brian Mulroney brought in in 1984, to welcome foreign investment in Canada and, of course, the very lively performance of the British economy this decade and its obvious attraction as a point of accessing the European Community. Similarly, Canada is increasingly attractive for British firms to cover the whole North American market from their corporate presence in Canada, an attraction now enhanced with the prospect of the Free Trade Agreement between the U.S.A. and Canada, coming into force in January.

Enjoy your stay in my home province and look forward to seeing you on your return.

Yours sincerely,

L. James Taylor,  
Minister (Commercial/Economic)

Enc:

LJT/pm



## CANADIAN INVESTMENT IN THE UK

There are more than 160 Canadian companies in the UK with investments valued at \$3.85 billion (£1.75 billion). This represented 7.6% of Canada's total direct investment abroad but more than one-quarter of Canada's offshore (non-USA) investment. An estimated 100,000 jobs in the UK are supported by Canadian investment.

Some leading Canadian holdings in the UK include:

- Bell Northern Research
- Northern Telecom/STC
- British Alcan Aluminium
- Massey Ferguson (Varity)
- Moore Paragon UK

Plus virtually all major Canadian banks, investment houses, insurance and trust companies; legal, accounting and management consulting firms.

## BRITISH INVESTMENT IN CANADA

The UK is the second largest foreign investor in Canada with holdings valued at \$10.17 billion (£4.6 billion) at the end of 1986. Two-thirds of the 150 largest UK companies have Canadian operations while there are some 1160 UK subsidiaries in Canada in total.

From the establishment of Investment Canada Act (June 30, 1985) to December 31, 1987, Investment Canada records 238 UK-origin investment cases. These comprised 52 new businesses (£34.2 million) and 186 acquisitions (£2.69 billion). The value of UK acquisitions in Canada has been sharply accelerated through such major deals as British Gas - Bow Valley (\$500 million), Allied Lyons - Hiram Walker/McGuinness (\$2.7 billion), Ultramar - Gulf (\$400 million) and British Telecom - Mitel (\$300 million).