

tatives have visited the United Kingdom as well. A follow-up meeting of the Canada-UK Colloquium met at Leeds University to discuss the Commonwealth. Bilateral cultural consultations took place between Canada and the United Kingdom in December.

The Canadian High Commission in London began its first operational year after the rationalization of its resources under government austerity measures. In addition, both Macdonald House and Canada House completed extensive renovations in 1985.

West Germany

Relations between Canada and the Federal Republic of Germany (FRG or West Germany) remained close during 1985-86, founded on common membership in the Atlantic Alliance, the Economic Summits, the United Nations and other international forums. The growing frequency of exchanges and contacts at all levels continued. At the ministerial level, the Minister of Fisheries and Oceans visited West Germany in May 1985 to raise the problem of fisheries resource management arising from unregulated cod fishing by West German vessels in the Nose of the Grand Banks, an area immediately adjacent to Canadian waters. Also in May, the Speaker of the Senate, the Honourable G. Charbonneau led a parliamentary delegation to West Germany. The Honourable Jake Epp, Minister of Health and Welfare, signed a new social security agreement with the FRG during his visit there in November. The Honourable John Wise, Minister for Agriculture, hosted a visit to Canada by the West German agricultural minister.

Two-way trade and economic co-operation has risen significantly over the last decade to reach a level of some \$4 billion in 1985. Canada incurred a deficit of \$1.5 billion, attributable in large part to the appreciation of the Canadian dollar against the mark. The links between Canadian and West German companies in the industrial field continued to increase with expanded investment development promotional activity. Joint undertakings to develop products that will benefit Canadian technology and long-term exports continued.

To improve trade and industrial co-operation as well as corporate ties between Canada and West Germany, the second meeting of a financiers' and businessmen's conference took place in Frankfurt at the end of October 1985.

At the Eighth Consultative Session with West Germany held in Berlin during December 1985 under the bilateral agreement, Canada examined more than 100 bilateral co-operation projects involving universities, government laboratories and industries. Canada also agreed to organize a workshop on technology transfer between German and Canadian small and medium-sized businesses (SMBs). This meeting laid the foundation for a more commercially oriented form of co-operation between our two countries.

France

The highlights of the year in our relations with France were the Prime Minister's visit to Paris and the success of the first Francophone Summit. This first official visit by Prime Minister Mulroney gave evidence of the spirit of quiet confidence that now permeates Ottawa-Paris relations. During his visit the Prime Minister referred to the importance of Europe in Canadian foreign policy, and invited French and European businessmen to increase economic interchange and trade with Canada. At the close of the visit, President Mitterrand confirmed a planned visit to Canada in 1987, and extended an invitation to the Governor General to visit France.

For the first time the value of our trade with France passed the \$2-billion mark. This nine-per-cent increase over 1984 was due mainly to a considerable rise in French imports which, on the strength of an exchange rate favourable to the franc, rose by nearly 20 per cent to reach \$1.373 billion, while Canadian exports remained practically stable at \$714 million. These figures rank France third among our European trading partners, after the United Kingdom and West Germany.

Special attention has been devoted to the development of industrial co-operation and investment over the past 12 months. In October, the President of the Treasury Board and the Minister of State for Small Business attended an important seminar on Canada organized by the Paris Chamber of Commerce and Industry, involving more than 150 French businessmen and entrepreneurs. This seminar will be followed by a similar meeting for Canadian businessmen, to take place in June 1986 in Toronto. France continues to rank sixth among foreign investors in Canada, and the 47-per-cent increase registered by French investment here between 1981 and 1985 augurs well for the future.

In February the Prime Minister announced that he had decided to promote the formation of partnerships involving Canadian companies in the European Eureka technological development projects in order to expand co-operation between Canadian, French and other European businesses in the field of high technology.

The French Minister of Forestry visited Canada in October, while the Ministers of Communications, Finance, Employment and Immigration, International Trade and International Relations, as well as the Secretary of State visited France.

Italy

A modest decline in Canadian exports, which totalled \$525 million, and another increase in imports, which rose from \$1.116 billion in 1984 to \$1.331 billion in 1985, characterized trade relations between Canada and Italy during the 1985-86 fiscal year. Various commercial and industrial missions helped to promote contacts between companies in the two countries during this period. Especially noteworthy was the industrial co-operation mission managed jointly by DEA and DRIE, which took place in March, 1985 and opened the way for projects in the micro-electronics, automation, urban transportation, printing, plastics and wood products sectors. The mission also resulted in the signing of a number of technology transfer agreements.

Numerous ministerial visits also took place during 1985. The Minister of Employment and Immigration travelled to Venice in April to participate in a conference on technological innovation and job creation. The Minister of State for Multiculturalism travelled to Italy from April 3 to 10, and the President of the Treasury Board visited his Italian counterpart in October to discuss privatization issues. A group of Canadian parliamentarians also visited several regions of Italy from March 21 to 31, 1986, thus establishing direct contact between the politicians of our two countries.

The quality of Canadian relations with Italy can only be termed excellent. Both trade and cultural interchange between us have increased after the Cultural Agreement signed in 1984, and bilateral relations were enhanced by the official visit to Italy from March 4 to 9, 1986 of Her Excellency Madame Jeanne Sauv , Governor General of Canada, accompanied by the Honourable James Keller, Minister for International Trade.