

Chapter IV

FUTURE POLICY ISSUES

The kind of international relationships which Canada can build and maintain with the dynamic new Europe will have an important bearing on the fabric of Canadian life and on Canada's influence in the world at large. The task ahead will require ingenuity and perseverance. It will also call for a high degree of consultation and co-ordination, not only among the various departments and agencies of the Federal Government but also between the different levels of government and with the private sector.

Economic Co-operation with Europe

With integration, Western Europe has already become the world's largest trading unit. It has also become, at least in very recent years, a significant new source of capital for foreign investment. Canada's trade interest lies in strengthening relations with Europe by means of a policy in support of multilateral efforts—through the General Agreement on Tariffs and Trade (GATT) and elsewhere—to liberalize world trade, and by means of increased trade-promotion efforts in Europe. In addition to improved international-payments facilities generally, Canada's interest in closer financial relations with Europe rests in increasing the flow of European investment to Canada as well as Canadian investment to Europe, as increasingly trade appears to be influenced by international corporate relationships. Most of the Western European countries have, over the past decade, achieved rates of economic growth comparable to or exceeding that of the United States (though lower than that of Japan). It is anticipated that they will continue to advance economically at a relatively rapid rate and will provide an increasingly important market for imports of a wide variety of goods including fully manufactured items. However,