

INTRODUCTION

The Report of the Standing Committee on Foreign Affairs is timely since this year marks the 25th anniversary of the Canada-EU Framework Agreement on Economic Cooperation. That agreement was "inspired by the common heritage, special affinity and shared aspirations" that unite Canada and the countries of the European Union.

The Government of Canada welcomes the Standing Committee's Report, *Crossing the Atlantic: Expanding the Economic Relationship between Canada and Europe* for its guidance in helping Canada realize the full potential of this vital relationship. The European Economic Community has changed more than its name in the past 25 years. The EU now represents the world's largest market; its 375 million citizens move and work freely across the borders of its 15 member states. Most will soon buy and sell using its single currency, the euro. Within a decade, the Union could comprise 28 member states. Moreover, Canada's relationship with the new European Union now goes beyond commercial ties to encompass the whole range of issues facing Western nations: foreign and defence policy, the environment, social issues, immigration, information technology, health and employment.

The European Union is Canada's second largest economic partner. In 2000, bilateral trade in goods and services accounted for \$75.4 billion and two-way cumulative investment totalled \$134 billion. While the dollar figures are healthy, trade with Europe as a share of Canada's total trade has been in decline and vice versa. Twenty-five years after the Framework Agreement, the Report challenges Canadians to reassess Canada's relations with Europe, to rethink our global and bilateral economic and political priorities and to fashion new and innovative policies to respond to changing realities. The Report is an important step in this examination, which will involve the federal and provincial governments as well as the non-governmental sector.

RECOMMENDATION 1:

That the Government of Canada significantly elevate Europe's status in its list of global trade and investment priority regions. A concerted and effective initiative to augment our trade and investment with the countries comprising Europe and to deal more effectively with existing bilateral trade barriers and irritants is required as soon as possible.

The Government already accords a high priority to Europe in its market development activities. Team Canada Inc departments undertake a total of over 400 European trade and investment related activities each year, among them trade missions, participation in trade shows and ministerial visits.