

dable results. A total of \$218.8 million was brought into Canada from Western Europe by 319 entrepreneurs. This represented a 20 per cent increase over 1984-85.

Posts also maintained liaison with foreign airlines and airport authorities to stem the flow of illegals entering Canada with false visas and forged travel documents. Several posts in Western Europe, particularly Athens, Bonn, Rome and Vienna, continued to process applications from Eastern Europe, the Middle East and Africa under Canada's program for refugees. The government refugee target for East Europeans was surpassed by more than 15 per cent and all our posts met or surpassed their individual targets. In all, 2 550 refugees were processed by West European posts during 1985-86.

The European Economic Community

The beginning of the review period saw the relationship dominated by two particularly contentious issues: beef imports from Ireland and Denmark, and West German fishing on the Nose of the Grand Banks. Import quotas had been imposed on all imports of beef and veal on January 1, 1985 because of the sharp, injurious increase in imports in 1984, mostly of highly subsidized beef from the EEC. Displeased with its initial quota, the EEC threatened to exercise its rights of retaliation under the GATT by cutting off some \$50 million in Canadian agricultural exports in 1985. In the event, an amicable solution was reached and the EEC withdrew its threat of retaliation. However, in October 1985 the Canadian Cattlemen's Association (CCA) presented a countervailing duty petition under the *Special Import Measures Act* (SIMA). In December 1985 the government, disquieted by prospects for import levels in the coming year, announced import quotas for 1986 under the *Meat Import Act*; these were immediately suspended until they might prove necessary. Meanwhile, in order to avert possible countervailing duties, the EEC undertook to limit its beef exports to Canada for 1986-88 to the same level as 1985. The government accepted this undertaking (which stopped the countervail investigation), but the CCA requested its termination (as was their right under SIMA); provisional countervailing duties were accordingly imposed and the matter was referred to the Canadian Import Tribunal for a ruling on whether EEC beef was causing or threatening to cause injury to Canadian cattlemen.

Fisheries issues were particularly troublesome. West German fishing vessels took the cod allocated to them within Canadian waters under the Canada-EEC Long-Term Fisheries Agreement (LTA); they then proceeded outside Canadian waters, where they fished far larger quantities from the same cod stock. Canadian authorities protested vigorously this breach of sound conservation practices and of LTA obligations in respect of management of resources; repeated consultations revealed a profound difference of opinion with the EEC on this matter. When the Northwest Atlantic Fisheries Organization (NAFO) decided in September 1985 to impose a 1986 moratorium on cod fishing on the Nose of the Grand Banks until a management decision could be taken on the basis of scientific evidence, the EEC, Spain and Portugal (which were joining the EEC in 1986) all objected. They are accordingly not bound by this moratorium. These issues of principle remain unresolved.

Progress was uneven in other areas of dispute. On one hand, the EEC sealskin import ban was renewed for four years in

the fall of 1985, and ongoing discussions did not resolve EEC complaints over the practices of provincial liquor boards. On the other hand, an amicable settlement averted possible EEC retaliation against the retention of import quotas on women's and girls' footwear (all other footwear quotas having been abolished), and positive technical discussions were held on meat hygiene and seed potato standards. These issues were discussed at a series of bilateral talks, notably including the semi-annual high-level consultations held in June 1985 in Brussels and November 1985 in Ottawa. Senior Canadian and EEC officials reviewed a number of other issues of mutual interest, including the expansion of the EEC to include Spain and Portugal, reform of the Common Agricultural Policy and the effect of its current strictures on bilateral and multilateral agricultural trade and Canadian policy on pharmaceuticals.

Co-operative activities continued under the Canada-EEC Framework Agreement for Commercial and Economic Co-operation. The Joint Co-operation Committee (JCC) Subcommittee for Industrial Co-operation met in February 1986, as did the Preparatory and General Subcommittee and the Metals and Minerals Working Group. Meetings, seminars and missions involving industry and the federal and provincial levels of government were held on such subjects as asbestos, biotechnology, medical research, and energy-use audits; additional activity has been initiated in a number of areas, notably food processing, coal, tungsten, information technology and the environment. Canada mounted a highly successful mission to the EEC in the machinery manufacturing sector during April 1985, and the EEC sponsored seminars on business co-operation in Saint John, New Brunswick and Edmonton, Alberta in December 1985.

Relations in the field of atomic energy remained close and active. The 1979 Canada-Euratom Agreement was formally extended in June 1985; co-operation agreements were signed or renewed in the areas of nuclear wastewater management in November 1985, and fusion research and development in March 1986.

The United Kingdom

The United Kingdom continued to be Canada's third-largest trading partner and second-largest customer for manufactured goods. Two-way merchandise trade with Great Britain in 1985 increased by 17 per cent over 1984 to \$5.7 billion; the United Kingdom registered its first trade surplus in recent history (about one billion dollars) largely as a result of North Sea oil exports. About one-third of Canada's exports to the EEC were for the UK market.

Regular consultation on political and economic subjects, a hallmark of the relationship, continued at a high level throughout 1985. In addition to contacts at multilateral gatherings, the Prime Minister stopped in London to see Mrs. Thatcher on his way to the Bonn Summit in late April 1985 and Sir Geoffrey Howe, the British Foreign and Commonwealth Secretary came to Ottawa for consultations in late September. For his part, Mr. Clark stayed at Sir Geoffrey's UK country residence in July. More than twenty Canadian cabinet ministers and a smaller number of their British counterparts held consultations; the Governor General also visited London. Inter-parliamentary exchanges included a visit by the Common Accounts Committee to Whitehall in company with the Auditor General in February 1986. Various provincial represen-