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## CANADA—EUROPEAN COMMUNITY RELATIONS

Canada has always attached a high priority to its relations with the European Community and its 12 member-states, which, taken together, represent Canada's second-largest trading partner.

Trade is a major component of Canada's relations with the EC. In 1992, the EC accounted for 8.4 per cent of Canada's global trade. Two-way trade in 1992 was valued at \$25.4 billion, slipping slightly from \$25.8 billion in 1991. Canada has had a trade deficit with the EC since 1983.

Canadian direct investment in the EC totalled \$18.6 billion in 1991 or 20 per cent of the total Canadian direct investment abroad. EC direct investment in Canada totalled \$30.8 billion or 24 per cent of total foreign direct investment in Canada.

In 1976, the EC and Canada signed a framework agreement to develop, promote and diversify trade and economic interchange. Ministers meet once a year to review and promote economic activity. In 1988, Canada and the EC agreed to hold semi-annual consultations on important questions of foreign policy at the level of ministers and senior officials.

In November 1990, a turning point was reached in political relations between Canada, the EC and its member-states, when the Declaration on Relations between Canada and the EC (the Transatlantic Declaration) was signed. In this declaration, the parties undertook to work together on a broad range of bilateral and international issues.

The mechanisms for political consultation were also reinforced to include consultation between Canada's prime minister and the presidents of the European Council and of the Commission of the European Communities. Most recent consultations took place in Ottawa in December 1992. The United Kingdom held the presidency of the European Council at that time.

In 1992, Canada and the EC resolved a longstanding dispute on overfishing in the North Atlantic. Under the agreement, the EC will abide by the quotas set by the North Atlantic Fisheries Organization, and Canada will reopen its ports to EC fishing vessels. The agreement must still receive final approval from the EC Council of Ministers.