

There was also a significant number of Canadian ministerial visits to France. Mr. Beatty made two visits, one as Solicitor General in the spring of 1986 and one as Minister of Defence in the autumn. Mr. Côté led a mission of ten Canadian industrialists interested in exploring possible associations with European EUREKA projects. Mr. Clark met with his counterpart Mr. Raimond on the occasion of the OECD ministerial meeting.

France and Canada showed continuing interest in co-operating in research and technological development. In this context, the Scientific Joint Commission reviewed about 50 co-operation projects and defined a number of priority sectors (space, biotechnology and oceanology) and sectors for future development (Arctic, information and new materials technologies). A new joint program was established to support exchanges of technology development specialists. The above-mentioned Industrial and Economic Co-operation Agreement underlined the desire of the governments to bring together French and Canadian companies in the field of technology development.

As a result of a favourable economic climate and an exchange rate beneficial to the Canadian dollar, exports to France increased by 34 per cent in 1986, reaching \$961 million, while imports from France climbed by 15.4 per cent during 1986 to reach a record level of \$1.58 billion. France is the eighth most important of our trading partners and is third among our partners in Western Europe.

Trade is only one aspect of our economic relations with France; the embassy and the new consulate in Lyon devote much effort to industrial co-operation and promotion of investment. A joint seminar on high technology was organized in Toronto in June 1986 with the help of the Canadian Chamber of Commerce; a seminar on investment and technology transfers in the agri-food industry was held in Toronto in October.

France continued to be the sixth-largest foreign investor in Canada; the book value of French direct investment at the end of 1985 totalled \$1.43 billion, or about 2 per cent of all direct foreign investment in Canada. Direct Canadian investment in France, though modest by comparison, has increased in recent years and this trend may accelerate with the opening of the French market to foreign investors.

A multi-faceted Action Plan was established in 1986 to promote the diversification and growth of economic and trade links between France and Canada; its main goal is to increase the awareness of Canadian industrialists concerning the potential of the French market. In this context, the Canada-France Business Club took on a new life in January 1987 when a high-level meeting was held in Ottawa, during which a number of topics of common interest were discussed by French and Canadian industrialists and businessmen.

### **Italy**

Canadian two-way trade with Italy increased again this year, from \$1.8 billion in 1985-86 to \$2.4 billion in 1986-87. Canadian exports to Italy, estimated at \$691 million, increased by 31 per cent compared with the previous year,

and imports from Italy were up in every sector and reached a figure of \$1.7 billion.

The year under review was also marked by a number of industrial trade missions from both sides, with the goal of promoting economic and industrial co-operation between the two countries. One of these missions, headed by the Italian Minister of International Trade, Mr. Rino Formica, visited Toronto, Montreal and Vancouver in October 1986.

The period was also marked by a number of high-level visits. Following the Governor General's visit to Italy in March 1986, President Francesco Cossiga, accompanied by Mr. Giulio Andreotti, Minister of Foreign Affairs, made a return official visit to Canada. In addition, the Italian Ministers of Education, Transport and Posts and Telecommunications came to Canada to participate in events associated with EXPO 86 in Vancouver. Three Italian parliamentary committees, on transport, health and justice, also visited Canada during the year.

On the Canadian side, Prime Minister Mulroney made a private visit to Rome on January 26, 1987, where he held discussions with the President and Prime Minister Craxi. Mr. F. Kelleher visited Rome from March 12 to 15 to study airport security. Other high-level visits to Italy, in particular those made by the Chief Justice of the Supreme Court, the Chief of the Defence Staff and the Chief Electoral Officer, contributed to the dialogue between the two countries.

### **The Holy See**

Canada's mission to the Vatican maintains close relations with Church authorities on major international political and humanitarian issues, the most important of which are human rights, international development and religious freedom. A significant bilateral aspect now complements this dimension. A number of Canadian ministers and parliamentarians visit the Holy See annually. Prime Minister Mulroney made a private visit to the Vatican in January and discussed with Pope Jean-Paul II a number of issues relevant to the African tour he was about to undertake. Bilateral relations remain close and are maintained at a high level.

### **The Benelux countries**

Belgium, Luxembourg and The Netherlands are among Canada's main European trade partners. Our bilateral trade with these countries increased in 1986 to \$3.1 billion.

Canada has a close relationship with The Netherlands, which is one of our main European trade partners, the fifth-largest country of origin of foreign tourists and our third most important source of European investment. Investment Canada undertook a substantial promotion effort in The Netherlands this year. Two-way trade increased slightly during the year; Canadian exports to The Netherlands were \$966 million, while imports amounted to \$695 million.

The introduction of KLM flights to Vancouver in April 1986, signature of a double taxation agreement in May, and cultural discussions between Canadian and Dutch officials in Ottawa in October underlined the continuing co-operation between the countries. Mr. Clark met with