

January 1, 1993 marked the establishment of the Single Market within the EC: an ambitious program that builds on the existing provisions of the founding Treaty of Rome (signed in 1957) to reduce or eliminate barriers to the movement of people, goods, services and capital.

CANADIAN INTERESTS

i) Trade and Economic

The Commission has competence for negotiating trade policy on behalf of all member states and is, therefore, a key trade policy interlocutor for Canada. This is critical for efforts to conclude the Uruguay Round, where the Commission is required to put together into one package often divergent member states' views, particularly on agriculture.

The European Commission has its own seat at the G-7, where it is represented by the President, and is also a participant in the Quadrilateral Trade Ministers group with Canada, the U.S. and Japan.

The Community is Canada's second largest export market: \$11.4 billion in 1992, although exports have remained essentially flat since 1988. Canada has a bilateral trade deficit of \$2.1 billion.

The Community is by far the largest destination for Canadian direct investment abroad outside the U.S. (\$20 billion in 1992) and the largest provider (other than the U.S.) of foreign direct investment in Canada (\$32 billion in 1992).

Fisheries has been the most contentious and politically sensitive bilateral issue with the EC over the last year. *(See Book I, section F, East-Coast Fishery.)*

The EC has also imposed restrictions on the importation of softwood lumber in order to control a parasite called pinewood nematode. Canada is working with the Community to have the restrictions alleviated.

On the multilateral plane, the difficulties between the EC and the U.S. concerning agricultural reform and several market access issues (e.g., high textile tariffs) continue to endanger the successful conclusion of the Uruguay Round of the Multilateral Trade Negotiations.

(See Book I, section D, Trade and Investment, and section E, International Economic Relations.)