

partnership and an environmental newsletter were widely distributed to opinion-formers to present the Canadian perspective on issues of significance in the relationship.

A number of conferences, seminars and speaking engagements, co-sponsored by influential U.S. partners, were devoted to the major issues — acid rain, trade relations, the defence partnership, cultural sovereignty. Group visits to Canada of influential U.S. opinion-formers such as journalists, university presidents and congressional staff members were arranged, with briefings on major aspects of the relationship. Increased emphasis was also given to media relations, by the Department and its missions, resulting in a significant increase in U.S. media coverage, particularly by newspapers and magazines, on a variety of targeted Canadian subjects. Coverage was greater and better informed than in previous years.

### **Parliamentary relations**

The Department continued to support parliamentary exchanges with the United States. In particular, it continued its grant to the Centre for Legislative Exchange to facilitate visits by members of Congress and parliamentarians to both countries. The subjects of their study included trade, tax reform, science policy, international banking and postal services.

### **Immigration and border crossing**

The Canada-United States border continues to be one of the most easily and frequently crossed international boundaries in the world, with over 75 million crossings per year. The difficulties Canadians face in obtaining access to the United States for temporary employment, however, has been a major and long-standing concern. Provisions of the Free Trade Agreement will considerably alleviate these problems, particularly for business people needing reliable and easy temporary access to their customers.

Agreement was also reached on customs and immigration clearance of individuals in transit through Maine on the VIA Rail Atlantic service. The new procedures will reduce the inconvenience to passengers and to VIA Rail.

Immigration legislation, regulations and procedures in one country often have a significant effect on the other side of the border. During the last year, for example, the enactment of the U.S. Immigration Reform and Control Act prompted a number of refugee claimants, particularly Central Americans, to apply for entry to Canada. This new circumstance caused Canada to take measures to deal with the rising level of arriving refugee claimants.

### **Western Europe and the European Community**

Canada's relationship with Europe is based on close historic and socio-cultural ties and is undergoing a considerable evolution with growing emphasis on economic and trade relations. Canadian interests in Europe include the 12 member countries of the European Community as well as the non-member countries. Canada pursues its interests bilaterally in the respective European capitals and additionally in the case of the Community in Brussels, under the auspices of the Canada-European Community Framework Agreement for Commercial and Economic Co-operation, and multilaterally, in such diverse forums as the

Conference on Security and Co-operation in Europe, the Mutual and Balanced Force Reductions in Europe, NATO, OECD, the United Nations and the GATT. Canada participates regularly in the economic summits and in quadri-lateral trade ministers' meetings and, through these meetings, has reinforced its general bilateral relationships with the United Kingdom, France, West Germany, Italy and the Commission of the European Community.

Over 90 per cent of Canada's total Western European trade is with the countries of the European Community, or Common Market. The presidency of the EC rotates on a six-month basis through each of the 12 member states. Representatives from the United Kingdom, Belgium and Denmark held the presidency during the period under review.

### **Trade**

The European Community continues to be the world's largest trading unit. For 1986, imports by member countries from outside the EC totalled \$334 billion (US), surpassed only by the United States' total imports of \$370 billion. Of Canada's total exports of \$10.5 billion to Western Europe in 1987, the EC absorbed \$9.2 billion, an increase of 16.4 per cent over 1986. This growth could be attributed to Western Europe's continuing recovery from the 1981-1982 recession and the movement of Canadian-European exchange rates towards historically normal relative values. Exchange rates also played a role in modifying the trend towards increased imports of European goods by Canada. In 1987, these imports grew by only 6.7 per cent compared to 18.3 per cent in 1986. This reversal notwithstanding, imports from Western Europe rose to \$15.8 billion (of which \$13.4 billion came from EC countries) leaving a merchandise trade balance of \$5.4 billion in Europe's favour. A considerable portion of this balance was accounted for by Canada's import of North Sea oil; the U.K. was Canada's single largest supplier of petroleum in 1987.

Western Europe is an ideal market for Canadian exporters since it is a cash market with a demand for high-quality products and advanced technology. During this decade, some 60 per cent of Canadian exports to Western Europe have been value-added fabricated materials or end products. Highly sophisticated and competitive export marketing and investment strategies are required to expand Canadian exports. Western Europe offers considerable potential for industrial co-operation, joint ventures and technological transfer, particularly in emerging industries, but also in manufacturing in general. Canadian firms have found promising markets for agriculture and food products, particularly fish, as well as for informatics and telecommunications equipment, defence and security products, specialized machinery and equipment, aerospace products, forestry products, cultural industries, selected consumer products, and minerals and metals.

Western Europe is the most important international trade show venue in the world. In the year under review, the Department organized government and industry participation in 17 major fairs, at a cost of \$2.7 million. Over 350 firms involved in these events reported on-site sales of approximately \$85 million and total estimated sales for the following year in excess of \$377 million.