

plant health regulations were obtained to allow the sale of Canadian seed potatoes to Italy and Portugal.

As a result of the accession of Spain and Portugal to the European Community on January 1, 1986, Canada entered into negotiations with the EC, under the auspices of GATT Article XXIV:6, in order to deal with the issue of compensation to Canada for any impairment to our trade which may occur as a result of the enlargement of the EC. Canada is concerned that several of the EC proposals, most notably in the fisheries sector, are more restrictive than those currently in place in the EC. Canada and the EC met twice during this period, in November, 1986 and again in March, 1987 to discuss Canadian concerns.

United Kingdom

The United Kingdom remained Canada's third-largest trading partner, after the US and Japan, and second largest source of foreign investment. Two-way merchandise trade with Britain for 1986 increased by 10.5 per cent over 1985 to \$6.3 billion; the UK continued to have a trade surplus of about one billion dollars, largely as a result of North Sea oil exports. Canadian exports to the UK were \$2.6 billion, constituting 35 per cent of our exports to the European Community.

Regular consultation on political and economic subjects, a hallmark of the relationship, continued at a high level throughout 1986. Apart from contacts at multilateral gatherings such as the Commonwealth Heads of Government Special Meeting in London concerning South Africa, the Prime Minister met with Mrs. Thatcher for discussion at Mirabel on her return to London from EXPO 86. Sir Geoffrey Howe, the British Foreign and Commonwealth Secretary, met with Mr. Clark for conversations on bilateral and multilateral issues on two occasions in London. The Governor General visited London, as did several Cabinet ministers to meet their British counterparts. Four British ministers came to Canada. Interparliamentary exchanges continued, as did provincial contacts (including Lieutenant-Governors' audiences with the Queen). A steady two-way flow of officials discussed a wide variety of issues, particularly during the six month period that the UK held the presidency of the EC. During the year under review the first meeting in Ottawa and Meech Lake of the newly re-organized Canada-UK Colloquium series took place. The subject was "the Future of Welfare Systems" and was attended by twenty experts from a variety of disciplines on both sides.

The Canadian High Commission continued to rationalize its resources under government austerity measures. Apart from its full slate of bilateral and multilateral questions which are the subject of every-day contact with the British government, other programs provided a variety of services to non-official visiting Canadian groups and individuals and provided information on Canadian developments and achievements to the British public.

Federal Republic of Germany

Bilateral relations between Canada and the FRG continued to thrive during 1986-87. The relationship is rooted in common membership in the Atlantic Alliance, the OECD, the Economic Summits, the United Nations and other

international forums as well as in strong trade and economic ties.

Exchanges and contacts at all levels continued. The Minister for Agriculture made an official visit to the FRG in May 1986 during which a Memorandum of Understanding was signed to promote exchanges of young farmers and students. The FRG participated in EXPO 86 with an impressive pavilion. In large measure attracted by the exposition, seven German parliamentary delegations visited Canada, including one led by the Vice-President of the *Bundestag*. A Canadian parliamentary delegation visited the FRG in conjunction with the federal elections in January 1987.

Canada's trade with the FRG has grown dramatically over the last decade to the current level of \$4.7 billion. The FRG has continuously had a trade surplus with Canada, which in 1986 stood at \$2.1 billion. Canada's exports to the Federal Republic improved, increasing by 5 per cent over 1985 to \$1.26 billion. The marked appreciation of the German currency vis-à-vis the Canadian dollar in the past year may lead to an improvement in Canada's export performance. Over 175 Canadian companies participated in eight major international trade fairs in the FRG in 1986, under sponsorship of the government. On-site sales at these fairs totalled \$31.9 million. Industrial and scientific links between Canadian and German firms continued to grow and Canada actively promoted investment by the FRG in the Canadian economy.

Under the auspices of "Atlantik Bruecke", an FRG-Canadian private sector organization, a first conference was held in Toronto in November 1986 to discuss Canada-FRG relations and outlook on key international issues. The meeting brought together government leaders, academics and journalists from the FRG and Canada. It is envisaged that the conference will be reconvened in the autumn of 1987 in the FRG.

In February 1987, the annual meeting of the Association of Canadian Studies Conference at Grainau was the most fruitful to date, giving rise to a high level of academic cross fertilization. The Grainau Conference, largely sponsored by the Department, has become well established as the international forum for Canadian studies in German-speaking universities in Europe.

France

Relations with France were particularly active during the year. The planned visit by Prime Minister Chirac was postponed twice because of a recurrence of terrorist activity in France and a general strike. In January 1987 Mr. Jean-Bernard Raimond, Minister of Foreign Affairs, made an official visit to Canada with Mr. Noir, Minister for External Trade and Mr. Léotard, Minister of Culture and Communications. Three agreements were signed on this occasion, concerning industrial and economic development, exchanges of students and double taxation.

The three existing Joint Commissions with France met during the period. The Scientific Commission met in June 1986 in Vancouver, the Cultural Commission in November in Ottawa and the Economic Commission in mid-January in Ottawa, under the co-chairmanship of Ministers Noir and Côté. The France-Canada audio-visual prize was awarded for the first time in January 1987.