

trade and investment flows and see whether there are specific things we can do together that will contribute to the achievement of our objectives.

#### Examples of co-operation

We have indeed done a number of low-profile, but highly useful, things. For example, in the field of forest products, a working group has been established involving Canadian and European industrialists, as well as federal and provincial officials on the Canadian side and Commission staff on the European side. They have examined such questions as how a harmonized building code for timber frame construction in the Community can be developed in a way that is compatible with the use of Canadian lumber in European house construction. A recent urban transportation mission to Europe involving the Canadian private and public sectors looked at another form of potential co-operation — transfer of technology — in this case, in the field of urban railway electrification. One more example, this time exclusively in the government sector, is a program of scientific co-operation for which, I am pleased to say, a formal memorandum of understanding is about to be signed. This will involve experts in waste-water management technology in Canada and the Community exchanging information on this aspect of environmental protection.

These examples of economic co-operation are only one part of our broadening relationship with the Community.

#### Exports

Last year, our exports to the Community reached almost 13 per cent of our total Canadian export trade, a share not exceeded since 1971. There are a number of factors to which this result must be attributed. The cyclical decline in exports to the United States of lumber and automotive parts had its effect on the aggregate figures, and recovery of these exports will reduce the relative importance of the European market to some degree. Adjustments of exchange rates will also reduce the rate of growth in exports to Western Europe. However, the fact that our exports to the Community rose in 1980 by over 30 per cent, after having risen by 50 per cent in 1979 as compared with 1978 [exports], indicates clearly that there is great potential in the European market for Canadian exports. Of particular significance is the fact that in both these years exports of fully manufactured goods grew more rapidly than exports of raw materials. The share of manufactured goods remains relatively small at 14 per cent of our exports to the Community. However, as I said, it is growing.

It would be wrong to assume that a relationship which involves exports of almost \$10 billion and imports approaching \$6 billion can be conducted without problems, and both we and the Community have our share of concerns with each other's policies. The immediate reaction of foreign countries to the National Energy Program has, I think, now been replaced by a general acceptance of the logic of our energy objectives, although with some, reservations relate more to certain details than to the principle of the policy.

A similar comment could apply with respect to our concerns with Community agricultural policy. As one of the world's major grain exporters and as a country whose export potential in this sector is likely to grow rapidly over the next decade, we are of course worried at rumours that the Europeans will solve their overproduction problems through subsidized exports which would compete on world markets with