

EUROPE

- Europe is the well-spring of much of Western thought and culture.
- Europe is also the center-stage for East/West confrontation.
- Powerful politically, militarily and economically, Western Europe includes some of the principal actors on the world stage: Britain, France, the Federal Republic of Germany, Italy.
- Western Europe is the largest trading region in the world. It is moving slowly towards economic and political integration.
- The European Community is a key player in the international economic system. With four of the world's ten largest economies, it is one of the pillars of the industrialized world. It is a major source of world investment and technology.
- Europe's economic performance has been disappointing recently and serious structural problems have to be resolved. There is a determination to recover economic and technological competitiveness.
- The Soviet Union is a military super-power, the world's second most powerful country. It continues to dominate the countries of Eastern Europe, setting their ideological orientation and foreign policy directions.
- The Soviet economy remains stable, but requires reform if it is to continue to grow and if comparatively poor living standards are to improve. Most Eastern European economies are experiencing hard times.

Canadian Dimensions

- For the greater part of our history we have been linked closely with Europe. Fundamental Canadian political and security interests continue to be engaged there.
- Many hundreds of thousands of Canadians have fought two world wars in Europe. We have, in post-war years, worked closely with West European states

to strengthen the mechanisms of international security and to expand East/West contacts.

- We have also worked with the West Europeans to ensure the effectiveness of international economic institutions and to liberalize trade.
 - Our trade with Western Europe covers the entire range of Canadian production. Britain is our second largest market for manufactured goods.
 - Our market access has been impeded by tariff and non-tariff barriers. The European Community's Common Agricultural Policy has severely reduced imports of agricultural products and turned the Community into a major international competitor for agricultural exports.
 - Our market share in Europe has declined in the last 25 years because of structural economic change, the recession, exchange rates and our reduced competitiveness. There was an improvement in 1984; it remains a priority objective to enlarge our market share, particularly for manufactured goods.
 - Six of our seven largest sources of investment are European and much of that investment brings technological innovation. It is in our interests to encourage more such investment and technology transfer.
 - The USSR is our largest market for grains and our fourth largest market overall. We have a solid market share in Eastern Europe and medium-term prospects are good. Some countries there are moving to counter-trade and insisting on bilateral trade balances.
 - Immigration from Europe has declined from the heavy flows of the early post-war years.
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- We have 34 diplomatic, trade and consular offices in Europe.