

## Europe

The highlight of Canada's relations with Western Europe during 1976 was undoubtedly the signing of a Framework Agreement for Commercial and Economic Co-operation with the European Communities (EC), i.e. the "contractual link". This agreement was a logical element of Canada's "Third Option" policy, a long-term strategy pursued since 1972, the fundamental purpose of which was to reduce the vulnerability of the Canadian economy to certain external forces, particularly the influence of the United States, and at the same time to increase Canada's ability to advance towards its major goals and to strengthen the feeling of national identity.

One of the main areas of the Canadian Government's policy was, therefore, the diversification of trade and increased industrial and technical co-operation with countries other than the United States, whose position as Canada's largest trading partner was, in any event, secure. In this effort to diversify in order to counterbalance, more or less, the American influence, Western Europe was a natural partner for Canada.

In addition to the ties it already had with the Western European countries, Canada was anxious to establish a "contractual link" with the European Communities. The definition of a negotiating mandate in 1975 and the visit of François-Xavier Ortoli, President of the Commission of the European Communities, to Canada in February 1976 prepared the way for the opening of negotiations between Canada and the Commission on March 11. The purpose of these negotiations was to draw up the framework agreement already mentioned to serve as a contractual link. Since there was no precedent for an agreement of this kind, the negotiators created and innovated as they went along. They met with rapid success, and on July 6 the agreement was signed in Ottawa. Allan J. MacEachen, then Secretary of State for External Affairs, signed for Canada and Max Van der Stoep, Netherlands Minister for Foreign Affairs and President of the Council, and Sir Christopher Soames, Vice-President of the Commission of the European Communities,

signed for the European Communities. The main objects of economic co-operation, as defined in the agreement, were the promotion of Canadian and European industries, the opening-up of new sources of supply and new markets, the encouraging of technological and scientific progress, the creation of new jobs, the reduction of regional disparities and the protection and improvement of the environment. The Framework Agreement came into force on October 1; on December 10, the Joint Co-operation Committee, created in accordance with the agreement, held its first meeting in Brussels. The meeting was opened by Don Jamieson, Secretary of State for External Affairs, and Mr. Ortoli. The purpose of these meetings, which will normally take place once a year, is to promote and review the various programs of economic and commercial co-operation undertaken by Canada and the Communities, especially those concerned with industrial co-operation.

Canada and the European Community hope that their co-operation will complement and strengthen the relations that exist between Canada and individual EC member states. Since many of the areas in which these relations are developing are relevant to the Framework Agreement, Canada's bilateral relations with EC members and its relations with the Community as a whole will, it is hoped, reinforce one another.

While the new bond with the European Communities was the most highly-publicized aspect of Canadian-European relations during 1976, Canada also continued the pursuit of its other major aim in Europe — the reduction of East-West tensions. To this end, Canada continued to develop its bilateral relations with the Eastern European countries, including the Soviet Union. Also, with its partners in the Atlantic alliance, Canada renewed its efforts to negotiate Mutual and Balanced Force Reductions between NATO and the Warsaw Pact (see sections headed "Defence Relations" and "Arms Control and Disarmament"). At the same time, work went ahead on the complementary task of promoting the implementation of the provisions of the Final