

Although the government continues to play a preponderant role, completion of the European interior market, the globalization of trade and fiscal pressures are only some of the factors giving rise to discussion on just what the government's role in the French economy should be. In addition to placing the fight against unemployment in the forefront of its priorities, the Jospin government intends to actively promote the development of small and medium-sized enterprises (SMEs) and new technologies.

France also enjoys a geographic advantage: it occupies a pivotal position between North and South and is in a real sense the crossroads of Europe. It has a sophisticated infrastructure and a highly trained workforce, and its average labour cost is among the lowest in northern Europe. France is also the world's number-one tourist destination, attracting more than 60 million visitors a year.



Prime Minister Chrétien in Paris January 23, 1997

Canada is well placed to take advantage of the revitalization of the French economy. The prospects opened by France to Canadian exporters and investors are promising. Economic growth is being revived in France.

The Declaration of Enhanced Partnership between France and Canada, which was signed on January 23, 1997, during Prime Minister Chrétien's visit to France, recognizes this fact, and sets the goal of doubling trade between the two countries by the year 2000.

B. A Driving Force within the European Union

The European Union stands at an historic turning point. The completion of the economic and monetary union and the 1999 move to a common currency — the "euro" — will have a lasting impact on European integration. The euro will allow the Union to take full advantage of the completion of the single market. Although the move to the euro will mean new constraints on national economic policy making, it should bring important gains in efficiency and monetary stability.

France, along with the Federal Republic of Germany, should continue to exercise leadership within the EU. The Union has a challenging agenda before it. The currency issue is first and foremost, but the EU must also grapple with adapting and modernizing its institutions, strengthening its foreign policy identity, preparing for the next wave of new members from the East, and gradually dismantling public service monopolies as the single internal market becomes a reality.

France's economic partners have a direct interest in most of these issues. The introduction of the euro will have an impact on international currency markets. Another significant event will be the liberalization of telecommunications infrastructure and

