

should be pursued; and continuity in developing the rich variety of possibilities Canada can exploit in its bilateral relations with European countries.

The emphasis on continuity makes sense. It tells our allies and partners that they can count on Canada as a steady and reliable friend. It says to all European countries that Canadian interests are deeply engaged in Europe. It says that Canada approaches the problems of security and co-operation in Europe not in a mood of pugnacity and confrontation, but with sober realism and a deep consciousness of the human dimension of these problems.

At the same time there is also a need for reappraisal. It has been clear for some time that the expansion and consolidation of the European Community pose complex problems for Canada that require our serious attention. You will recollect that the last systematic consideration of the European relationship resulted in the so-called third option, which in turn gave birth to the framework agreement called the "contractual link".

Whatever the intention, the implication that there was a choice to be made between Europe and the United States was unfortunate. The relationship with the United States will continue to be, by a wide margin, Canada's most important single foreign relationship. It is inconceivable that we should attempt to conduct this relationship in any spirit other than one of closest co-operation. This said, the industrial democracies of Western Europe, both individually and through the European Community, will have a place of large and permanent significance in our foreign policy as economic partners, as allies, and as sharers in a common heritage of history, culture and institutions.

Once this is accepted, there are, I think, three broad questions that should engage our attention in the months ahead. *First*, how do we make the Community aware of our views and interests at a time when the energies of the members focus on the internal harmonization of their policies? *Second*, what steps can we take to enhance our joint benefit in the areas of trade, investment and the exchange of technology? *Third*, how can we draw together our security and economic interests in Europe so that they are mutually supportive or at least so that the major components of our policy are not in conflict with each other?

The answers to these questions would, I think, reinvigorate our relations with Europe, and open exciting possibilities in the years to come.

Let us explore for a moment the question of consultation. The kind of policy problems that Canada faces in the EEC have their counterpart in relations with the NATO and in bilateral