

The mutual desire to increase bilateral contacts and if possible to complement them with official visits in 1986 demonstrates the strength of the relationship between Canada and Italy and holds promise for the future.

The Holy See

Our mission to the Vatican is perpetuating a worthwhile program of political and humanitarian relations; a number of ministers and parliamentarians visit the Holy See on an annual basis. On March 6, 1985 the already excellent state of our bilateral relations was enhanced by the official visit of the Governor General of Canada, accompanied by the Honourable James Kelleher, Minister for International Trade.

The Benelux countries

Belgium-Luxembourg and the Netherlands are among Canada's main European trading partners. The bilateral trade pattern has been stable over the last three years. The Investment Development Program, an active component of the Trade Program, was reinforced by the visits of the Honourable Robert de Cotret, President of the Treasury Board, and the President of Investment Canada, Mr. Paul Labbé, at seminars in Amsterdam and Brussels.

The Right Honourable Joe Clark, Secretary of State for External Affairs, also met with his counterpart, Foreign Affairs Minister Tindemans. In May 1985, the Minister of Fisheries and Oceans made an official visit to Belgium. The period under review also has seen the signature of an air agreement with Belgium and the Netherlands. In the cultural field, the eleventh session of the Permanent Joint Committee, established by the 1967 Cultural Agreement, was held in Ottawa in October 1985.

The Nordic countries

In 1985-86, the Nordic countries continued to occupy an important position in Canada-Europe relations, with two-way trade amounting to over \$2 billion. The Investment Development program was launched, emphasizing the promotion of investment in Canada (particularly in resource sectors such as oil, gas, minerals, and forestry) and technology transfer. The Trade and Industrial Development program continued to promote sales of high technology and telecommunications goods and services. One notable highlight was Norway's decision to participate in Expo 86. Its pavilion focused on offshore technology and mariculture.

The Honourable Jake Epp, Minister of Health and Welfare, signed social security agreements with Sweden, Denmark, and Norway; negotiations with Finland and Iceland took place. As well, there were ongoing discussions on double taxation agreements with Danish, Finnish, and Norwegian officials.

Another area of growing interest was in the science and technology sector. Canadian and Norwegian officials worked towards the finalization of an exchange of letters on science and technology. This sector was also a component of ongoing discussions with Danish officials on the implementation of the 1983 Marine Environment Co-operation Agreement.

Numerous cultural programs took place throughout the year, including Canadian and Nordic study programs at universities; tours by Canadian artists, performers, writers, and athletes; and museum presentations on both sides.

There were several high-level bilateral visits in 1985-86: the Canada-Norway Offshore Working Group met in Newfoundland and Alberta to discuss co-operation and technology exchanges for offshore energy industries; and the Honourable Pat Carney, Minister for Energy, visited Stavanger, Norway for discussions on energy policy and to examine Norwegian offshore technology. Indian and Northern Affairs Minister David Crombie visited Greenland, Iceland and Denmark to discuss aboriginal issues and northern development with officials. Canada hosted visits by the Danish Minister of Greenland Affairs and the Minister of Taxes and Public Revenue. Political consultations at the deputy minister level took place with Finnish, Norwegian, and Swedish officials.

Spain and Portugal

This year has been an historic turning point for Canada's relations with Spain and Portugal. With the enlargement of the EEC, the approach to fisheries and agricultural policies (e.g. seed potatoes) is now negotiated through the EEC headquarters in Brussels. The analysis of the impact of the EEC enlargement on our bilateral trade (\$473 million with Spain, \$148 million with Portugal) is, and will be during the transitional period, an important chapter in our relations with these countries.

In May 1985 the Minister of Fisheries and Oceans made an official visit to Portugal. In conformity with the 1976 Fisheries Agreement, Canadian and Portuguese fisheries representatives met in Ottawa in December 1985.

The Right Honourable Joe Clark, Secretary of State for External Affairs, used the opportunity of his participation at the United Nations General Assembly in September 1985 to meet with his Spanish counterpart, Mr. Francesco Fernandez Ordonez.

Turkey

Canadian exports to Turkey continued their substantial growth, led by Northern Telecom and supported by a new EDC credit of \$204 million signed in September 1985. A Turkish trade mission composed of the most senior officers of the state organizations responsible for energy production from oil, gas, coal, and hydro-electric sources spent two weeks in Canada in October 1985 to become acquainted with our capabilities in these fields. In August 1985 Atomic Energy of Canada Ltd. (AECL) signed a memorandum of agreement with the Turkish Electrical Authority indicating that CANDU is the chosen technology for Turkey, subject to the subsequent conclusion of contracts and approval of governments. A memorandum of understanding was signed in September 1985 with Turkey whereby Canada would contribute technical expertise to a master plan for Ankara's urban transport requirements. The mayor of that city subsequently visited Canada to meet with authorities and companies in the urban transit sector. Turkish exports to Canada have also been increasing, particularly in the sensitive textile and clothing sector. Canada accordingly negotiated a restraint agreement with Turkey under the terms of the Multi-Fibre Arrangement.

As promised, Canada delivered all of its Europe-based CF-104 aircraft to Turkey as they became surplus to Canadian needs after the introduction of the CF-18A aircraft.

Switzerland

Canada's two-way trade with Switzerland totalled some \$600 million annually in 1985-86. Switzerland is the seventh-largest source of foreign investment in Canada. Underlining the place of