

the will of the Europeans to move forward together and the common policies by which the Europeans reflect their will to do so, have not been reversed. Furthermore, I think it is clear that Western Europe, like ourselves, can now look with reasonable confidence to an economic and commercial recovery which will mitigate some of the problems that have arisen. I am hopeful that in those more buoyant circumstances, we shall find in Western Europe a resurgence of dynamism and common purpose.

This is of importance to Canada which looks to Europe as a key element in the working out of our own policies and which has, in particular, recognized the European Community as a new and constructive dimension of the larger European reality.

It was therefore natural that in pursuing the Third Option we should take a fresh and innovative look at our relationship with Europe and in particular take account of the new dimension which the emergence of the European Community has added to that relationship. As you know, one of our aims under the Third Option is to achieve a better balance in our external relations, notably with respect to our external economic interests. Given that the Community is the world's largest trading entity, Canada's second most important market and second largest source of investment capital and technological know-how, it followed that a major part of our efforts to this end should focus on the Europe of the Nine. Thus we are now negotiating a contractual link in the form of an economic co-operation agreement with the Community in order to create a joint basis for close coherent and continuing co-operation with Europe.

What we are looking to is a document which will signify the political will of both sides to engage in a major co-operative endeavour and a document which will create a framework within which our governments are committed to the active encouragement of practical co-operation between our respective private sectors. Among the objectives which both sides will have in mind in implementing the agreement are the expansion and diversification of trade, the development of Canadian and European industries, the advancement of technological and scientific progress and the protection and improvement of the environment. The means which we envisage being employed to this end include increased two-way investment, joint ventures, licensing and technological and scientific exchanges.

Once the agreement is in place what we are able to achieve in the way of industrial co-operation and consequential trade expansion will depend to a very large extent on the follow-up by the private sector and the co-operation of the provinces. Our efforts to ensure such follow-up will represent