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## Northwestern Europe

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### Yugoslavia

The first round of air negotiations between Canada and Yugoslavia took place in Belgrade in April. A large delegation from the Toronto Board of Trade visited Yugoslavia in the autumn. Preparations were also made for a comprehensive round of bilateral discussions with officials of the Yugoslav Ministry of Foreign Affairs. These were scheduled to take place in Ottawa in January 1975.

### German Democratic Republic

Discussions continued in Warsaw between the Ambassadors of Canada and the German Democratic Republic with a view to establishing diplomatic relations. Final agreement had still to be reached at year's end.

Canadian foreign policy objectives vis-à-vis the countries of Northwestern Europe reflect our similar social, economic and environmental patterns. These similarities have led both to increasing exchanges of ideas and to joint or co-ordinated action in international forums. The relationship has some competitive aspects since Canada produces many of the same goods that these countries export.

### Britain

Relations between Britain and Canada during 1974 continued to develop along familiar and constructive lines. Our similar institutions and shared heritage permit easy and informal exchanges of information as well as visits dealing with a vast number of mutual concerns ranging from defence relations to the Commonwealth. These involved a fairly constant flow of ministers and officials in addition to the usual tourists and businessmen. In 1974 Britain was Canada's largest source of immigrants, further underlining the cultural similarities.

During the year the British Government undertook to review the matter of continued membership in the European Economic Community, an issue which seemed likely to be resolved in 1975. At the same time the Canadian Government was seeking a closer relationship with the EEC. Both developments could well influence long-term bilateral relations between Canada and Britain, especially in the economic sphere. In the shorter term, trade between Canada and Britain continued to grow, although more slowly than with some other industrialized countries. Technological exchanges, it was believed, could result from the British decision to opt for steam-generated heavy-water reactors similar to those of the CANDU design.

The conclusions of a major British defence review were announced in December. Its recommendations were not of a kind to impair continued co-operation