

PART B

Chapter 3: EUROPE

European Community

The year 1981 was the fifth anniversary of the signing by Canada and the European Community (EC) of the Framework agreement for commercial and economic co-operation. To mark the occasion the EC Vice-President responsible for External Relations visited Ottawa in July to co-chair with the Secretary of State for External Affairs a meeting of the Joint Co-operation Committee, the body established to supervise the work program undertaken as a result of the agreement. Dr. MacGuigan had visited Brussels in May for discussions with EC President Thorn and, in that same month, the Minister of Regional Economic Expansion and the President of the Canadian International Development Agency (CIDA) were also in Brussels for consultations with the European Commission. In October the President of the European Parliament, Simone Veil, visited Ottawa at the invitation of the Speaker of the House of Commons.

On December 30 Canada signed a long-term agreement on fisheries with the Community. The agreement, which will run for six years, is the outcome of negotiations which began in 1977. Under its terms certain Canadian fish products will have improved access to EC markets in return for which fishing vessels from several EC member states will be allowed specific fishing rights in Canadian waters.

Also in December, an Exchange of Letters between Canada and the Community completed the process that began with the January 1978 Exchange of Letters amending the 1959 Agreement between Canada and the European Atomic Energy Community (Euratom). The 1981 Exchange of Letters, which incorporates a generic approach to reprocessing, represents an important advance in the application of Canadian non-proliferation and safeguards policy. It will provide Canada with the assurances it requires, give Euratom the long-term predictability its nuclear energy programs need and further the evolution of an effective, internationally agreed upon non-proliferation regime.

Canada and the Community were able to resolve in 1981 the question of access to EC markets for Canadian cheddar cheese, quality beef and seed potatoes. The EC continued to express interest in the development of Canadian oil and gas resources but registered concern over certain aspects of the implementation of the National Energy Program and the Foreign Investment Review Act. Canada was disturbed at year's end at the prospect of a resolution calling for an EC ban on imports of seal products, which was to come before the European Parliament early in 1982.

Two-way trade between Canada and the EC member states was \$15.1 billion, an increase of 1.3 per cent over the 1980 figure of \$14.9 billion. Canada enjoyed its customary merchandise trade surplus with the Community although it declined to \$2.6 billion in 1981 from \$3.8 billion in 1980. This occurred as a result of a 6.5 per cent decline in our exports to the