

Europe is Canada's second-largest source and destination of foreign direct investment. European visitors alone, for their part, generate about \$1.4 billion in business a year.

International trade is central to sustaining Canada's prosperity. After Germany, we are the most trade dependent of the G-7 [Group of Seven leading industrialized] nations. Exports of goods and services account for more than one quarter of Canada's gross domestic product. Directly and indirectly, exports sustain more than two million Canadian jobs.

That is why the Government is striving to create an economic environment in Canada that will be conducive to export-led growth and to increased investment — the keys to a competitive, aggressive and outward-oriented economy.

By any yardstick, the European marketplace is increasingly crucial for Canadian business. In 1992, the European Union accounted for 40 per cent of total global trade.

That will only increase as the EU adds new members. Although our trade deficit with Europe is narrowing, we still have a long way to go.

The task now, recognized by both the President of the European Commission and Prime Minister Chrétien, is to make a successful transition from a relationship dominated by the security concerns of the Cold War to one shaped by our common economic interests.

That the Europeans share our concern is evidenced by the EU initiative to organize the economic conference, entitled Canada and the European Union — A Relationship in Focus, to be held in Toronto in October.

Although much can be accomplished at the political level to strengthen our economic relations, the need for business to actively pursue trade and investment opportunities cannot be overstressed.

First, however, we must dispel a number of myths that surround our relations with Europe in the post-NAFTA, post-Maastricht world.

The first and most damaging myth is that Europe no longer matters to Canada because of the NAFTA.

Canada's geography determines that the United States is our major trading partner. Open regional arrangements such as the NAFTA are simply common sense and should not be considered an effort to create an exclusionary trade bloc.