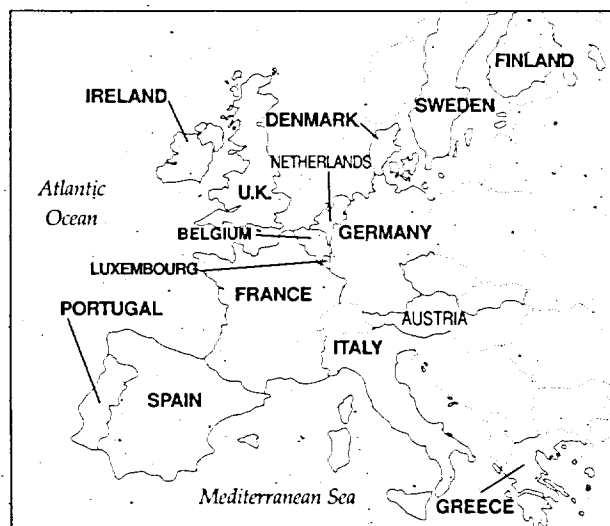


EUROPEAN UNION

Represented by the President of the European Commission: Jacques Santer
Population: 370 208 000

Gross Domestic Product (GDP): \$6.227 trillion (1993)
Forecast 1995 GDP growth: 2.5% (Sweden) to 3.6% (U.K.)
Per capita GDP 1993: \$10,578 (Greece) to \$27,993 (Luxembourg)

Forecast 1995 unemployment rate: 7.2% (Sweden) to 23.9% (Spain)
Forecast 1995 inflation rate: 2.0% (Belgium) to 4.4% (Spain)



TRADE AND INVESTMENT

The European Union (EU) is Canada's most important trading partner after the United States. In 1993, trade between Canada and the EU totalled \$24.8 billion, or 7 per cent of Canada's global trade. Since 1983, Canada has had a trade deficit with the EU; in 1993, this was \$4.6 billion. The European Union is Canada's second largest source of foreign direct investment (FDI) — this is European businesses investing in Canadian companies which helps their growth and development. Close to a quarter of the total FDI in Canada comes from EU countries. Agreements between Canada and the EU on fisheries, science and technology, competition policy, the testing and certification of regulated products, and customs co-operation are either under discussion or have been ratified.

BILATERAL RELATIONS

In 1990, Canada and the EU agreed on a joint declaration, called the Transatlantic Declaration, to establish principles of partnership and common goals. The declaration calls for regular consultations between Canada's Prime Minister, the Head of Government of the EU member states holding the Presidency (Chairmanship) of the European Union, and the President of the European Commission. It also sets up regular consultations at the ministerial level. Under the declaration, Canada and the EU are committed to safeguarding peace and security. Common goals include economic growth, price stability, a stable international financial system, promotion of free market principles, and providing adequate support to developing nations and the countries in transition in Central and Eastern Europe. The declaration also calls for Canada and the EU to work towards solutions in areas as diverse as medical research, drug trafficking, protection of the environment, and migration and refugee issues. Canada and the EU have also signed a Framework Agreement for Commercial and Economic Co-operation that facilitates such co-operation between Canada and the EU.

On January 1, 1995
Austria, Finland,
and Sweden joined
the European Union;
increasing the number
of member states to 15.

CURRENT ISSUES

France and Germany would like to see the EU become a closer federation with a single currency within a political union. The British are prominent on the other side of the debate which would like to see the EU become a giant free trade zone with each member state retaining much of its national autonomy. Bulgaria, Cyprus, the Czech Republic, Hungary, Malta, Poland, Romania, and Slovakia, have indicated an interest in joining the European Union.