

PART B

Chapter 3: EUROPE

In 1979, Canada continued to emphasize three primary objectives in Europe: the expansion of commercial, economic, industrial and technical relations with the European Community; the reduction of tensions on the Continent as a prerequisite to the improvement of East-West relations; and the strengthening of bilateral relations with all countries of Europe, East and West. In seeking to achieve these objectives, Canada had to adjust to a number of important developments throughout the year, notably the establishment of the European Monetary System, the GATT Multilateral Trade Negotiations (MTN), the direct elections to the European Parliament and, late in the year, the strains imposed on the Atlantic Alliance as a result of events in Iran and Afghanistan.

European Community

Canada's determination to expand its links with the European Community is based upon a desire to diversify its external relations in accordance with domestic interests as well as to reduce its vulnerability to changes occurring throughout the world. The chief instrument of this policy is the Canada-EC Framework Agreement for Commercial and Economic Co-operation, which was concluded in 1976 in order to foster economic co-operation and encourage industrial links between the two parties. The agreement provides a clearly-defined institutional and procedural structure for Canada-EC relations, of which the most important elements are annual high-level meetings of the Joint Co-operation Committee as well as regular Sub-committee meetings to review specific areas. Semi-annual meetings at the senior working level also take place alternately in Ottawa and Brussels to review progress, outline programs and priorities, and consider specific problem areas. The broad outlines of the Canada-EC relationship are determined by officials in Ottawa—in consultation with provincial representatives—and at the European Commission in Brussels, while implementation is largely carried out in Brussels and the EC Delegation in Ottawa.

The pace of activity in all sectors has increased every year since the Framework Agreement was concluded, and this was particularly true in 1979. In January, Canada and the EC announced a joint \$2 million research project in steel production. In March, semi-annual consultations took place in Brussels, focusing upon world trading conditions and the effects of upheavals on oil markets. The two Sub-committees of the Joint Co-operation Committee also met on this

occasion, concentrating upon Canada-EC relations on matters such as nuclear industries, energy conservation, aeronautics, forest products, and telecommunications.

In June, the EC and Canada signed an interim fisheries agreement. The agreement, which had been applied on a provisional basis since March, allocated catch quotas between the two sides and provided for co-operation in the management of joint stocks of fish in waters between Canada and Greenland.

In December, the third annual meeting of the Joint Co-operation Committee (JCC) took place in Brussels under the co-chairmanship of the Vice-President of the European Commission and Canada's Ambassador to the European Community. The JCC agreed that both parties would increase their efforts to develop ways of obtaining greater mutual advantage from the MTN. There was agreement as well to increase Canada-EC co-operation in energy development and conservation efforts with a view to helping both parties to meet the energy challenge of the 1980s. The co-chairmen also signed a memorandum of understanding whereby Canada agreed to provide the Community with the technology required for development of equipment to identify and measure energy savings in industry. This was followed by a tour of European countries by the energy audit equipment (known as an "energy bus").

As in previous years, numerous visits and contacts took place during 1979. Of special significance was the visit of the EC Commission Vice-President and Commissioner for Social Affairs who paid an official five-day visit to Canada in September. Two other high-ranking EC officials paid brief visits to Canada in 1979. On October 1st, the Deputy Secretary-General of the European Commission held talks in Ottawa with Canadian officials concerning current developments in the Community. In December, the Commissioner for Development Policy made a four-day visit to Canada to explore the possibilities of further co-operation between the EC and Canada in the planning and financing of development projects in the Third World.

When the Framework Agreement was concluded in 1976, it was recognized that considerable time would be required to achieve tangible results. The basic structure of the Canada-EC relationship has now been developed, however, and it is clear that significant progress is being achieved. In 1979, two-way trade between Canada and the nine member states reached a value of \$12.8 billion, an increase of \$3.3