

As a first step, we in North America must fully understand the revolutionary changes that have swept Europe in recent years. While the Soviet bloc was disintegrating, Western Europe – led by the European Union – was integrating. In fact, many suggest that the latter was an important cause of the former. Although many of the political and security implications of this are obvious, it is the economic consequences that I find most fascinating.

Three factors are driving economic development in Europe. The first is the integration of Western Europe, through the expansion of the European Union, including the recent accession of Sweden, Finland and Austria, and its continued development and integration, including, eventually, a common currency.

Through the single European Act, the Single Market Program, and the Maastricht Treaty, the EU has transformed itself. It has become more co-ordinated and better positioned to play a full role on the world stage. For the first time, it has a foreign policy identity to complement its economic and trade policy role.

The European Union is an economic superpower. It is a rich, prosperous single market of 370 million people, with a GDP larger than that of the United States.

The second factor is the establishment of market economies in Central and Eastern Europe and the consequent economic growth. We need only consider the changes in the former German Democratic Republic to see the long-term potential of the region.

The third is the growing economic integration of Central, Eastern and Western Europe as the new market economies reorient their trading patterns. The accession of Poland, Hungary, the Czech Republic, and Slovakia to the EU will only accelerate this process.

These developments have the potential to turn Europe into an engine of global economic growth for the next century. This is the new Europe with which Canada must co-operate to help redefine transatlantic relations.

The Government of Canada has three fundamental objectives for our relations with Europe. First, we wish to ensure peace and stability in Europe through the concept of political security. Second, we want to promote political plurality and market economies in Central and Eastern Europe. And, third, we want to strengthen economic ties with Europe through trade liberalization and the eventual establishment of free trade.

This last objective is vital. Economic issues will be the primary determinant of transatlantic relations in the future, just as security issues dominated in the past. Canada, Sweden and other economic middle powers have a strongly shared interest