

and economic priorities to Europe, the relative decline of Britain's share in Canadian trade and investment, the evolution of the Commonwealth and the growth of a more distinct Canadian identity. Canada is interested in placing this relationship on a more contemporary, more realistic and less sentimental footing. Such an approach demands a degree of flexibility which, in turn, requires that Canadians continue to examine all aspects of bilateral relations collectively as well as individually. In this new context, Canadian and British leaders continue to consult on problems of mutual interest at the highest level, as shown by Prime Minister Trudeau's talks in December with Prime Minister Heath in London.

The new British relationship with Europe will also influence Canadian relations with the Community. In areas of Community policy where Canada has an interest, effective bilateral relations with Britain will assist in the development of better relations with the EEC itself. On the other hand, there are areas in which Canadian policy will have to take account of the fact that British policies will be increasingly influenced by EEC considerations, and are therefore not bilateral in the narrow sense. It is important therefore to see that the Canada-U.K. relationship and the general Canada-Europe relationship mutually reinforce one another.

Trade relations between the two countries will also evolve differently than in the past. Canadian agricultural exports to the United Kingdom will suffer from Britain's membership in the EEC. Nevertheless, as Britain develops and expands in the European context, favourable opportunities should arise to expand the export of Canadian industrial materials and finished products.

### **Ireland**

Consultation on issues of mutual interest was a feature of Canadian-Irish relations, especially following Ireland's membership in the European Community. EEC membership will provide added impetus to the Irish economy and should enhance the prospects for fruitful bilateral economic relations between Canada and Ireland.

Canada followed with interest the efforts of the Republic to curb terrorist activity on its territory, and the efforts of the British Government to bring about a settlement in Northern Ireland. Canada continues to be sympathetic to the attempts of all parties involved to bring about a peaceful solution to the problem.

### **The Nordic Countries**

Relations of the Nordic states with the European Community were of particular importance to Canada in 1972. The developments that occurred will have long-term effects on our relations with these countries. There is room for the expansion of economic relations with Scandinavia, particularly since this area provides many possibilities in terms of Canada's policy of diversifying economic relations. If negotiations with the EEC-EFTA in the next few years are successful, Canadian trade opportunities with these countries should increase.

Bilateral relations with the Nordic countries in 1972 were excellent. There was close collaboration on many issues of mutual interest, including Northern development, social legislation, education, consumer protection, the environment, and science and technology. Of special interest were the visits of two Swedish standing parliamentary Committees to Canada: one studying communications, the other constitutional reform. There were numerous bilateral visits at the federal, provincial and municipal levels.

### **Eastern Europe**

In 1972, the Canadian Government found new means of giving practical expression to its desire for East-West *détente*. This was true not only in the context of multilateral relations but also of developments in bilateral relations between Canada and the countries of Eastern Europe.

It was evident, for example, in Canada's relations with the most powerful of these countries, the Soviet Union. The previous year, an unprecedented impetus had been given to relations between Canada and the Soviet Union as a result of the visit of Prime