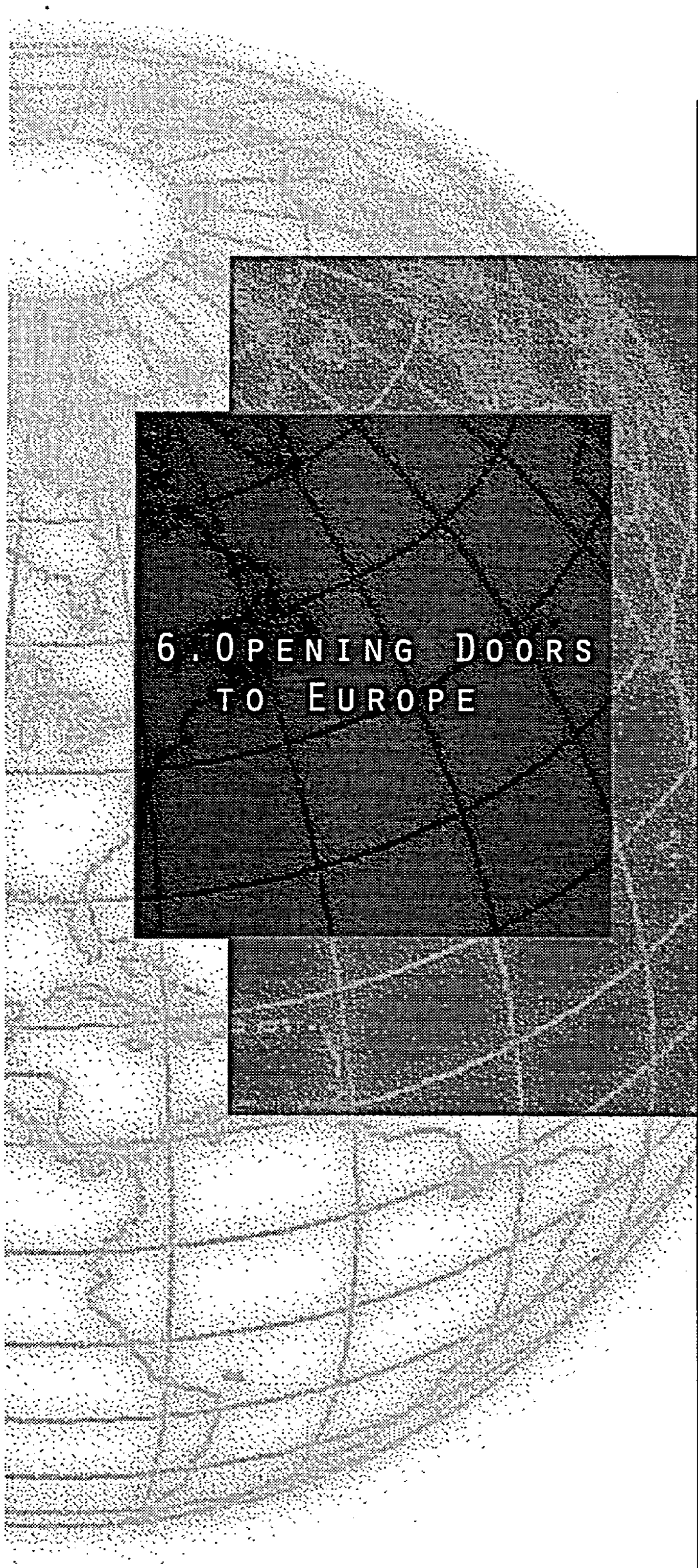
6. Opening Doors to Europe



European Union

Overview

The European Union is the world's largest single market. The fifteen countries comprising the EU, as a group, now rank as Canada's second most important trading partner after the United States, having surpassed that country in both GDP and population. In 1997, Canada's merchandise exports to the EU amounted to $16.5 billion, while imports totalled $24.1 billion. Canadian services exports to the EU amounted to $6.2 billion in 1996, and services imports from the EU reached $7.6 billion. The EU is also the second-largest source and destination of FDI for Canada. In 1996, cumulative FDI from the EU amounted to $38.2 billion, while Canadian direct investment in the EU had grown to over $34.7 billion.

Canada-EU trade relations are managed through the WTO as well as the 1976 Framework Agreement for Commercial and Economic Co-operation, under which a structure of consultative committees has been established. The *Canada-EU Action Plan,* agreed to in 1996, sets out guidelines for the substance of the relationship, specifically a range of common undertakings in multilateral forums and on a bilateral basis. These include the conclusion of four bilateral agreements (Customs Co-operation, Veterinary Equivalency, Mutual Recognition of Standards Conformity Assessment and Application of Competition Laws), a joint trade study, statistical cooperation, business to business contacts and common endeavours in the WTO in areas such as trade and investment, competition, accessions, services and standards.

Two Canada-EU summit meetings have been held since the Action Plan was put into effect. An Agreement on Customs Co-operation was signed at the December 4, 1997, Transatlantic Summit in Ottawa, and on December 15, 1997, Canada and the EU signed an Agreement on Humane Trapping Standards. Representatives of three Canadian firms and the Business Council on National Issues attended the November 1997 session of the EU-US Transatlantic Business Dialogue in Rome. Consideration is now being given to full corporate participation by Canada in future sessions.