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## POLICY PLANNING STAFF PAPER

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Potter, Evan H. (Evan Harold),  
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Canadian foreign policy-making and  
the European Community-Canada  
Transatlantic Declaration :  
leadership or followership?

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## EXECUTIVE SUMMARY

The European Communities-Canada Transatlantic Declaration (TAD) issued on November 22, 1990, which outlines areas of mutual cooperation and consultation, provides a framework within which existing bilateral mechanisms (e.g., 1976 Framework Agreement) can be utilized and new ones developed. Most significantly, the TAD marks the formalization of high level political ties between Canada and the European Community.

This paper has a number of objectives: to probe the antecedents to the TAD; to demonstrate why the Declaration is a policy response to not only the pace of West European integration but also to increased US bilateralism; to demonstrate how, for domestic purposes, its release may reflect the Canadian government's desire to fortify a 'counterweight' to Canada's relations with the US; and, finally, how -- despite the failure of gaining support for a trans-Atlantic free trade agreement -- the TAD may increase the likelihood of a more balanced Canada-EC bilateral relationship in the years to come.

We have come to the conclusion that tCanada, to a considerable extent, overcame its handicap of being constrained by its middlepower status in face of larger interlocutors - the EC and particularly the US -- in pursuing its own TAD. As this paper's analysis of the negotiations leading up to the TAD shows - particularly the last six weeks - a Canadian TAD was not a foregone conclusion; the Canadian TAD was not an automatic outgrowth of German and/or American proposals (its conception is open to interpretation) for new trans-Atlantic links stressing the political and economic rather than the military. Rather, as the use of multi-level analysis demonstrates, Canadian political and bureaucratic actors, i.e. primarily SSEA Clark and a small number of middle and senior officials at EAITC, were able through the intense lobbying of the Commission, the EC Presidency, the other Member States, and the US, to overcome inherent systemic constraints against the ability of a smaller power to move policy initiatives. The combination of this lobbying and certain compromises on the Canadian side (e.g., not getting a trilateral declaration) resulted in the parallel negotiations of the Canadian and US TADS.

More generally, this paper shows that since 1989 Canada has embarked upon a fundamental re-evaluation of its European policy framework. During the forty year period ending in 1989, NATO and then the CSCE played the dominant roles in Canadian policy approaches to Europe, but now the Community is becoming the predominant pillar. This is not to say that the traditional security mechanisms, which provided Canada with a political entrée into Europe are dead or will die any time soon, rather it suggests that the priorities in Canada's foreign policy-making as a whole may be changing as Canada begins to feel more comfortable dealing bilaterally rather than concentrating on multilateral mechanisms.

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What does this case-study of the TAD teach us about our relations with the European Community? What challenges does Canada face in its relations with the Community in the 1990s?

- 1) The importance of having good relations with the key Member States of the Community such as the UK, Germany, France, and Italy, whose cooperation was essential in ensuring a Canadian TAD. But this is not to ignore contributions of other Member States such as Spain and Portugal.
- 2) The very fact that Canada inserted itself into a EC-US negotiation process may reinforce the 'two-pillar' syndrome, and may make it difficult for European decision-makers to clearly distinguish Canadian from American interests.
- 3) The establishment through the TAD of high-level, new political links between the Canadian PM and the President of the European Council and the President of the European Commission, as well as between the Canadian SSEA and the President of the Council of the European Communities is unobjectionable, even laudable, and demonstrates a) Canada's recognition of the European Community's role as an increasingly active international actor, and b) Canada's desire to have more balanced bilateral relations, i.e. broadened out from their traditional irritant-driven focus. Nevertheless, the TAD must not be permitted to become a substitute for substantive results. Expectations for its ability to move bilateral relations to a new plateau must not be so unrealistic so as to undermine its utility. The motivations of both the EC and Canada in issuing it must be clear.
- 4) This paper raises a key question that is perhaps tangential to the actual analysis of the TAD as a political document: Is tinkering with bilateral economic relations (i.e., signing an agreement on competition policy, having a standards MRA etc.) under the broad framework of the TAD an optimal approach to enhancing bilateral economic relations? There may, in fact, be some wisdom in re-examining the utility of a trans-Atlantic free trade agreement after the Uruguay Round.
- 5) As a postscript, the announcement of Canadian troop withdrawal from Western Europe by 1994, which has elicited notes of disappointment from Canada's NATO allies — especially the United Kingdom and Germany — will, by default, enhance the Community's role as the key pillar of Canada's European policy framework. This in turn will further challenge Canada to effectively utilize its new high level political access, stipulated under the TAD, to replace the access to the Member States and the Community that will be lost as Canada's influence in NATO and the CSCE wanes.

## ABSTRACT

The formalization of high level political ties through the European Community-Canada Transatlantic Declaration (TAD, 1990) marks Canada's recognition of the European Community's evolution as a foreign policy actor, builds on the Canada-European Communities Framework Agreement (1976), and thereby increases the relative importance of the EC in Canada's public policy approach to Europe. The TAD augurs a new stage in bilateral relations. The two fundamental questions posed by this paper are: Given the nature of Canada-EC relations in the 1980s and Canada's role as a *demandeur* in the international system, was Canada a leader or a follower in the decision-making processes leading up to the TAD? Second, how significant is the TAD for bilateral relations in the 1990s as Canada's other European 'pillars' (e.g., NATO, the CSCE) increasingly lose their relevance, while at the same time the Community's own limited resources are focused on the completion of its internal market as well as on political and monetary union? The paper is divided into two parts. The first half focuses specifically on Canadian perceptions of the vicissitudes of EC-US relations in 1989-1990 and examines Ottawa's review of its policy approach to Europe during the same period. The second half of the paper assesses the significance of the TAD from a variety of perspectives, i.e. European, bureaucratic, political, economic and institutional.

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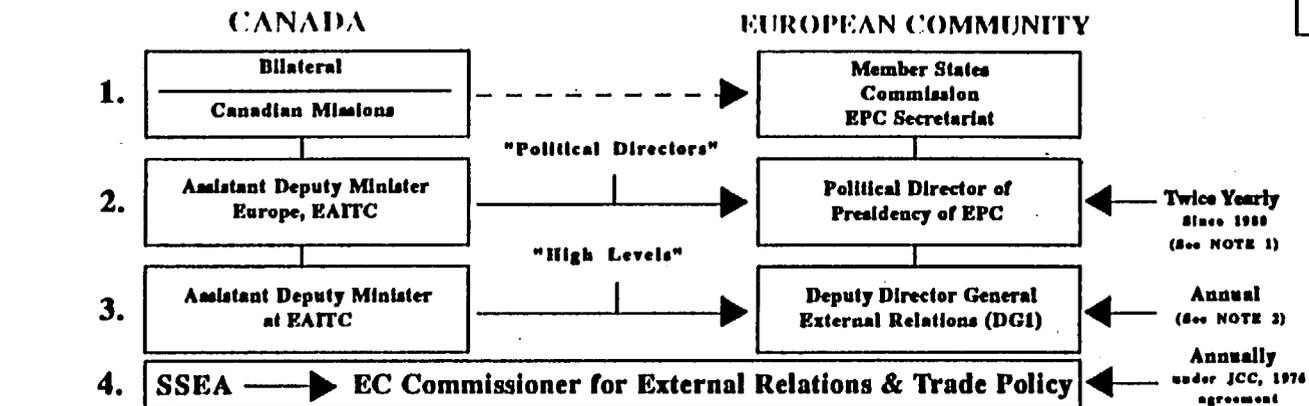
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Appendix A: EC-Canada TAD

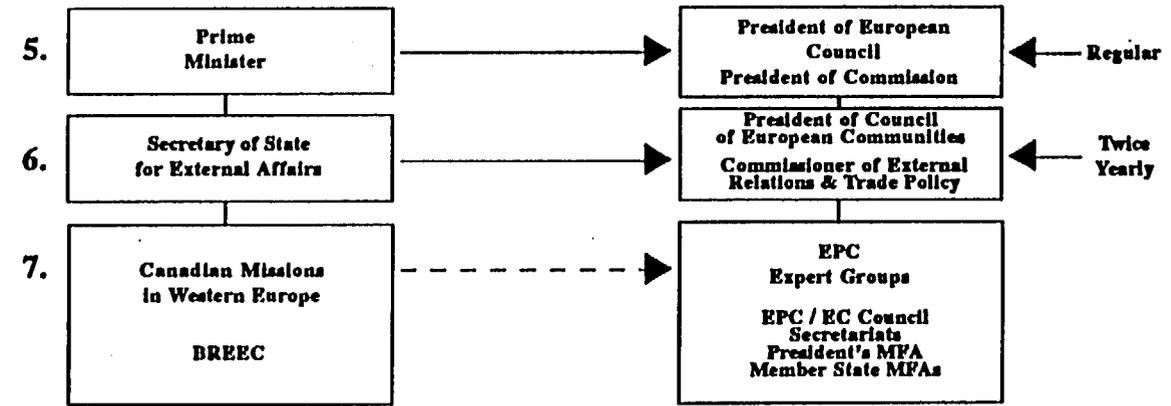
Appendix B: EC-US TAD

# PRE-TAD CANADA - EC INSTITUTIONAL LINKS

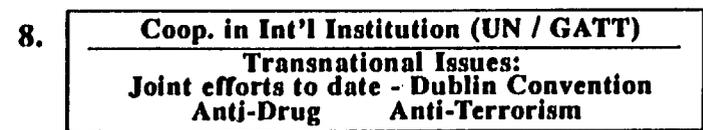
**TABLE 1**



## NEW INSTITUTIONAL LINKS AS A RESULT OF TAD



## LINKS STILL TO BE REALIZED AS RESULT OF TAD



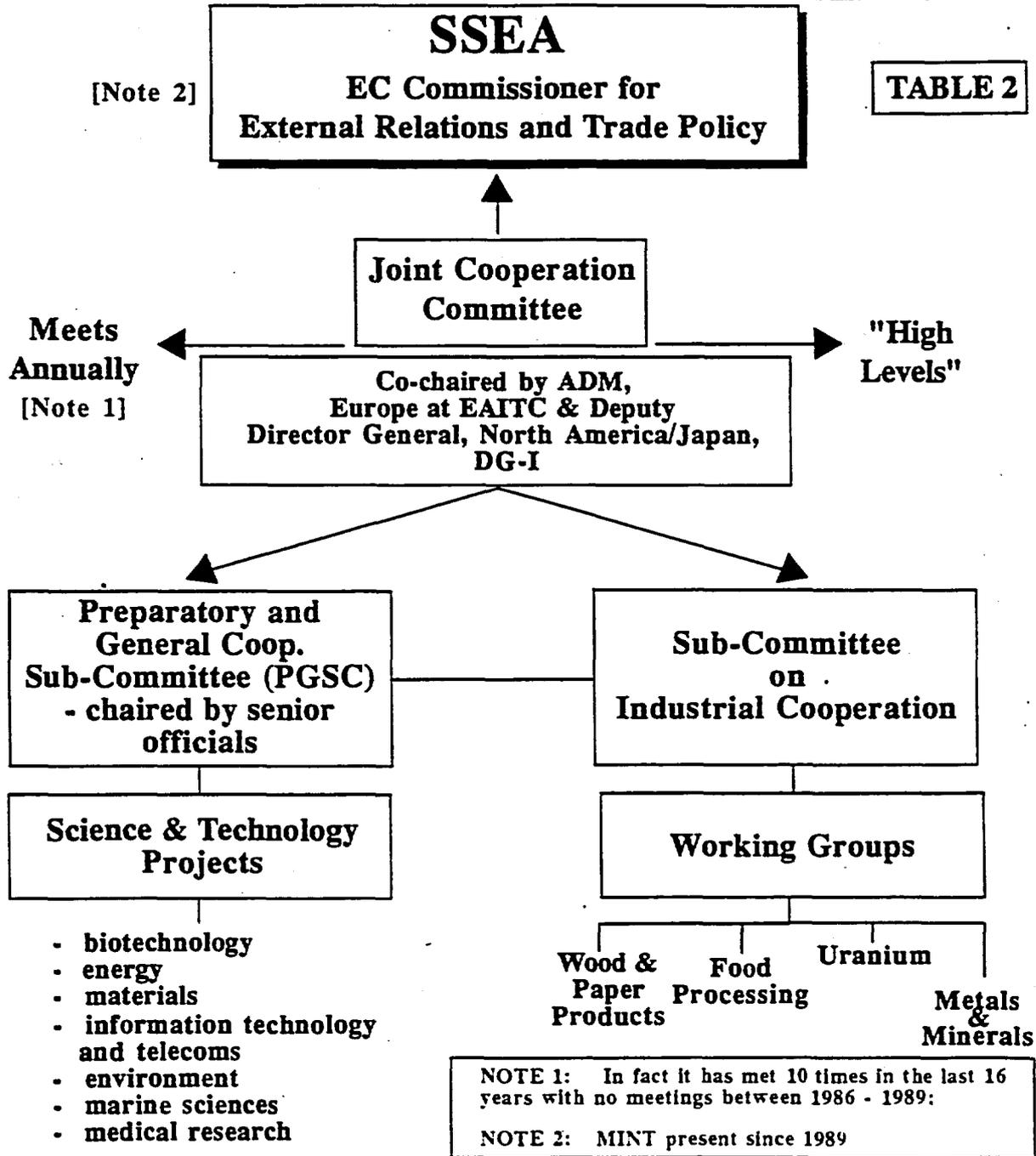
**KEY: FORMAL** ——— **ADHOC** - - - -

**NOTE 1:** Meetings institutionalized as a result of Agreement signed during German Presidency of European Political Cooperation.

**NOTE 2:** Official meetings that preceded the 1976 Canada-EC Framework Agreement; they continued parallel to the JCC set-up under the 1976 agreement and fell into abeyance with JCC between 1986-1989; and they were revived in 1990. There is now question, in light of additional links brought about by TAD, whether there will be a need for continued high level official links in a separate track.

# 1976 FRAMEWORK AGREEMENT

- annual forum for Ministerial - level Meetings
- facilitates industrial and S&T collaboration between CANADA and the EC



## INTRODUCTION

The period 1989-90 marked a watershed in Canada's relations with the European Community (EC).<sup>1</sup> It marked a shift in Canada's policy responses away from what had largely been declarations of intent throughout most of the 1980s, to statements more binding and substantive, as illustrated by the "Europe 1992" component of the Government's "Going Global" initiative and by the formalization of trans-Atlantic political links.<sup>2</sup> The environment was fertile for the institutionalization of high level political relations between Ottawa and Brussels for a number of mutually reinforcing reasons: the momentum of the EC's move to create the internal market as the centrepiece of the new stage of its integration process; the pace of revolutionary developments in Eastern Europe; and the signals from both Washington and Bonn on the desirability of a more formal trans-Atlantic dialogue.<sup>3</sup>

Developments during this period reinforced the belief among Canadian decision-makers responsible for managing relations with the Community, that just as the successful implementation of a trade development strategy depends on a coordinated trade policy approach, the success of a nation's foreign trade strategy requires appropriate nursing and support at the highest political levels. Smith and Clarke, for example, state that the political framers of a strategy (viz., the politicians as distinct from officials) can have an unexpectedly strong influence on its ultimate impact. The more politicians intervene in the subsequent or 'sequential decisions' needed to implement a strategy by driving, influencing, testing or even side-stepping the bureaucracy, the more likely will it be for the initial decision and its eventual impact on intended targets to coincide.<sup>4</sup>

This assertion must be qualified, however, because a middle power<sup>5</sup> such as Canada is most often a *demandeur* (i.e., the party most anxious for movement towards more formal discussions on particular issues) in the international system, which may explain why Canadian politicians, even if they want to side-step their foreign policy bureaucracy and follow up on the implementation of specific foreign policy initiatives, still have only limited success in making their initial foreign policy decisions bear a close resemblance to their actual impact. Accepting the inherent limitations of being a smaller state, the question then is to what degree has the necessary high level of political support been evident in Canada's relations with the European Community?

Ottawa's relations with the Community over the past two decades highlight the lack of formal high level political links. This has contributed to the disequilibrium in bilateral diplomatic relations and has not helped to expand bilateral trade and

economic relations. In fact, the emergence of the European Community since the Second World War has probably had at least as great an impact on Canadian interests in Europe as the nearly half a century challenge posed by the former Soviet Union, and now by its collapse.

Given the Community's fundamental role, why then has it been so difficult for Canada to manage this relationship? The EC as a trading bloc, as a supranational organization possessing quasi-federal structures and features, is far more than the sum of its parts, a fact which presents considerable challenge to its international interlocutors. The historical division of competencies between the EC and European political cooperation (EPC) on economic and foreign policy matters respectively has made it difficult for third countries like Canada to calibrate their approach to Brussels.<sup>6</sup> That is, the division of power between the Commission and the Council of Ministers, the division in the Member States' ranks, the evolution of EPC, and the ambiguous, evolving state of Community competencies have at times — particularly since the mid-1970s — confounded Ottawa's attempts to come to terms with the expanding Community.

The issuance of the European Community-Canada Transatlantic Declaration (hereafter referred to as the TAD) in November 1990 with its institutionalization of high level bilateral political links, marks Canada's recognition of the Community's evolution as a foreign policy actor, builds on the Canada-European Communities Framework Agreement (1976), and thereby increases the relative importance of the EC in Canada's policy approach to Europe.<sup>7</sup> The TAD augurs a new stage in bilateral relations. At the date of writing, this may hold promise for a more balanced bilateral relationship in the 1990s.

Any argument, however, that rests on the assumption that the TAD is of such character as to dictate a 'dramatic' new course in bilateral relations, is simplistic and unrealistic. The point is that the rapid political and economic evolution of EC and its tincreasing activity in Europe and in the world has important implications for Canadian social, economic and political interests at home and abroad. As the Community evolves further it will continue more and more to affect Canadian commitments and policies, and it may do so in more negative (i.e., a more inward-looking Europe) than positive ways. At the same time, Canada's role in policy-making dialogues of direct interest to it is being eroded as some of the traditional multilateral consultative mechanisms (e.g., NATO, the CSCE) in Europe evolve, making Canada's link to the Community more vital. Given this reality there has been a search for new ways of channelling Canadian interests in Europe. Thus the strategic management of Canada's relations with the Community in the years to come will have to be

broadened from the prevailing, and some would say 'toxic' focus on trade irritants.

In the 1990s, the confluence of growing policy interdependence, the globalization of business, and the re-intensification of a Community foreign policy point to a new plateau of complexity in bilateral EC-Canadian relations. At the same time, the number of important actors is on the rise: whereas before Canada could target the Commission and a few key Member States, now it also has to consider the growing authority of the European Parliament and the central role of the Council of Ministers. All these developments have made the task considerably more arduous of consolidating existing bilateral mechanisms of cooperation and consultation. Indeed, the TAD is a timely step in this direction since it is a recognition that, given the end of the Cold War and the movement towards European Union, the institutional and policy-making framework of Canada's trans-Atlantic relations would increasingly become anachronistic without a reform. Nevertheless, it cannot be expected to significantly stem the diminution of Canadian influence in Europe in the post-Cold War era.

As we have suggested, the significance of the TAD should not be overstated. On the one hand, it provides a framework within which existing bilateral mechanisms can be utilized and new ones developed. In addition to its political significance, it may yet offer a fertile environment for collaboration on such issues as competition policy and technical standards. Over the longer term, it may facilitate collaboration on issues of 'cooperative security' such as anti-terrorism, migration, and the interdiction of illicit drugs as well as in areas such as the environment and social policy. Less obviously, the TAD is also successful in preventing Canada's isolation in face of increasing US bilateralism vis-à-vis the EC.

On the other hand, the TAD does not introduce any fundamental changes to existing institutional mechanisms, particularly not to the unfulfilled 1976 Framework Agreement; there are no binding contractual commitments to make the TAD 'real'.<sup>8</sup> That is to say, because the TAD has a broad mandate, there is a concern that mechanisms set up under it to facilitate political ties will become ritualistic (as some observers contend existing bilateral mechanisms already are). We argue that the new formalized political links will be more effective in conjunction with a revitalization of existing fora (or the creation of new ones) to confront the hard issues, particularly of trade access, that have risen in importance due to the emergence of the Single European Market (SEM) and the new issues of trade policy (i.e., intellectual property, investment, services etc.) that are being incorporated into the multilateral trade negotiations (MTN). The thrust of this analysis is that, at this stage, the TAD is largely symbolic.

Using the TAD as a recent case-study, this paper proceeds in two parts, the first of which is preceded by noting the TAD's special value in explaining the nature of Canadian foreign policy-making. The first half of this paper, in discussing the factors which influenced the agenda for the negotiation of the TAD, focuses specifically on Canadian perceptions of the vicissitudes of EC-US relations in 1989-1990 and examines Ottawa's review of its policy approach to Europe during the same period. This section shows how the EC-Canadian and EC US TADs (negotiated in parallel) emerged as a result of a complex series of negotiations involving Canada, the United States, the Commission, and some of the key Member States of the Community (i.e., Germany, Italy and the United Kingdom). It is clear that some actors — notably Canada and the United States — had different motivations in seeking to reinforce their trans-Atlantic ties: the Canadian side initially explored the possibility of a trans-Atlantic free trade agreement and then pushed for a trilateral EC-US-Canadian Declaration; the United States was more interested in a bilateral Declaration with the Community that would enhance its access to the Community's foreign policy decision-making process. In the end, instead of a more formal trans-Atlantic treaty mechanism a consensus was formed around the less binding mechanism of parallel Declarations. Chronology to us seems indispensable in making the complicated twists and turns of Canadian policy responses to the US's and the EC's actions intelligible. A critical evaluation follows in the second half of the paper, focusing on the significance of the Canadian TAD for Canada's future policy responses towards the European Community.

## 2. TAD AND THE FOREIGN POLICY OF A MIDDLE POWER

There are many factors at various levels, i.e., both political and economic and domestic and international, that must be taken into account when analyzing how closer relations have been fostered between Ottawa and Brussels. The theoretical objective of this paper is to show the challenge in combining levels of analysis in order to weigh the significance of various factors. "What is needed," according to Benjamin Cohen, "is a methodology that considers domestic- and systemic-level variables simultaneously, rather than sequentially, and specifies whatever interactions there may be among all relevant variables in a rigorous manner".<sup>9</sup> While acknowledging that systemic and domestic pressures impose constraints on state behaviour, this study demonstrates that there is still a degree of latitude for state action. How Canada identifies its interest and recognizes its latitude of action vis-à-vis the EC and, as we shall see the US, with regard to an issue of policy-making such as TAD, is a function of the manner in which the problems are understood by Canadian policy-makers or are represented by those to whom they turn for advice under conditions of

uncertainty.

An examination of the events and processes leading up to TAD is a useful case-study because it highlights two hypotheses about the conduct of Canadian foreign policy. First, it shows that the choices of Canadian policy-makers are significantly constrained by Canada's relative lack of power in the face of the emerging and present architects of the international system, that is, the Community and the US. This makes Canada's foreign policy largely responsive. The chronology of TAD shows unequivocally that increased personal contacts between Community leaders and Prime Minister Brian Mulroney and Mulroney's close relationship with US President Bush, although necessary and important, were not sufficient to create the final agreement.<sup>10</sup> Rather, the explanation lies in the proclivity of the EC and the US to intensify bilateral relations which in turn determined the policy options available to Canadian decision-makers. Thus the EC-US negotiations set parameters for the subsequent EC-Canada declaration.

What also emerges from this analysis is the rational actor approach of Canada in the management of its relations with the United States. Evidence is presented to support the thesis that Canada's relations with the United States in large measure determines the configuration of its other bilateral relations - in this case with the European Community. The TAD is very much an outgrowth of the Government's desire by 1990 to be perceived as reacting positively to the new geo-political realities of Europe and the Community's increasing role therein. Although not explicitly stated by the Government, some observers have asserted that the TAD, like the "Europe 1992" component of "Going Global" that preceded it, reflects the Government's desire to use improved bilateral relations with Brussels as a 'counterweight' to Canada's relations with the US.<sup>11</sup>

The notion of creating a 'counterweight' of course gives rise to a discussion of Canada's ability, despite its modest national attributes, and through its emphasis on and pioneering efforts in establishing multilateral institutions, to manage the impact of the international system beyond what could be expected. In Canada's diplomatic history there have been occasions in which it has exhibited a leadership capacity, to wit: Was Canada, in the case of the TAD, merely following US policy responses to increasing European economic and political integration? That is a question. Or was Canada demonstrating a discernible leadership?

The second theme that is drawn out by this paper, given the statist orientation of Canadian foreign policy (where the federal cabinet ministers and bureaucrats are the most important actors), is the inherent bureaucratic/Ministerial tension in a parliamentary system

of government.<sup>12</sup> This phenomenon is illustrated by this paper's description of the adjustments within the Canadian bureaucracy to political and economic developments in western Europe in the late 1980s culminating in the TAD.

This case study can also be said to be typical of Canadian foreign policy-making in that Cabinet ministers held the ultimate authority for the decision to actively pursue the TAD, while the members of the bureaucracy were the sources of most policy positions and were responsible for the implementation. Although, in theory, there was a clear separation of power and responsibility between the Cabinet and bureaucracy, in practice it was a handful of officials in two divisions within the Department of External Affairs and International Trade Canada (EAITC) who played the lead role in positioning Canadian trans-Atlantic interests.<sup>13</sup> In the process of negotiating the TAD with the EC (including the Member States) and the US it was soon very clear to Canadian officials that, given Canada's relative position of power, it would be impossible for them to stick rigidly to their ideal objective (i.e. a trilateral EC-Canada-US trans-Atlantic Declaration) when presenting their positions to Cabinet members for approval. The form of the TAD (as do most policies) evolved as negotiations progressed and, in the end, the Canadian and US TADs demonstrated a delicate balance of compromises. But lest the impression be given that Canadian politicians had little to do but give their stamp of approval to their officials, it should be pointed out that the TAD was first proposed at the highest political levels by the Germans and the Americans. Once Canada became involved, support from Secretary of State for External Affairs, Joe Clark, and PM Mulroney was critical in determining the bargaining strengths and influence of the civil servants at EAITC who would ensure Canada's role in the final outcome. The interest taken by the Prime Minister's Office (PMO) in the negotiating process reflected the increased importance accorded to EC-Canada bilateral relations in the Prime Minister's foreign policy agenda. This is a significant development since in Canada the Prime Minister is the primary foreign policy actor. Finally, as is the norm in Canadian foreign policy-making, Parliament did not play a significant role in the development of the TAD.<sup>14</sup>

### **3. SEEDS OF THE DECLARATION: PROSPECTS FOR A NEW TRANSATLANTIC TREATY**

#### **i) The US Strives to Create New Links with the Community**

In the spring of 1989, officials of the US State Department initiated a review of US bilateral relations worldwide. The branch responsible for European affairs used this occasion to advise senior members of the Bush administration that, with the Community evolving and assuming a more prominent foreign policy role, more attention had to be focused on gaining access to the decision-making process of the

European political cooperation (EPC).<sup>15</sup> Throughout its relationship with the Community, the US like Canada had been uneasy and somewhat confused by the complexities of dealing with Brussels, most notably with respect to the separation between Commission competence and EPC (and the distinct consultative mechanisms involved in each).<sup>16</sup>

European political cooperation has, since the late 1960s, been an attempt by the Member States of the Community to consult on and co-ordinate their foreign policy positions, with a view to ultimately having a common European foreign policy. In the course of the 1970s and the first half of the 1980s, however, it became increasingly difficult for the EC to maintain the artificial distinction between its 'external relations' and 'political cooperation' as it tried to compartmentalize neatly those aspects of the EC's international relations that fell under the Commission's external relations' (economic and trade) competence and those that affected Member States' security and defence postures.<sup>17</sup> To rectify the increasing anxiety over the relationship between EPC and the EC (both organizationally and in terms of mandates) article 30 of the Single European Act of 1986 (itself a series of amendments to the treaties establishing the European Communities) codified EPC in an international treaty and thus provided a treaty-basis for a process in which the European Communities and EPC would together attempt to make "concrete progress towards European unity" (SEA, Art. 1(3)).<sup>18</sup>

Historically, without any direct access to the EPC process, the US had been presented with immutable Community positions after the fact.<sup>19</sup> US officials now sought a formal link to EPC in order to have some form of input before the Community's final decisions were made. Some progress had already been made in this area. The Americans had, for example, pushed for and received agreement from the Europeans to brief the Deputy Assistant Secretary for Europe at the State Department at the beginning of every six month period after the Troika group meeting of the EPC.<sup>20</sup> By late 1989, with the rapid pace of developments in Eastern Europe and the momentum of 'Europe 1992', Europe was firmly on the American foreign policy agenda.

### ***Secretary Baker Sets Blueprint for Formalization of US-EC Relations***

A landmark speech in Boston on 21 May 1989 in which George Bush called for a "European partnership in world leadership" was the actual genesis for the separate Canadian and US trans-Atlantic declarations with the Community.<sup>21</sup> Secretary of State Baker went a step further in a speech at the Berlin Press Club on 12 December 1989, calling for a reorientation of America's policy towards Europe and an

intensification of European-American relations. Baker declared that as the EC moves toward its goal of a common internal market, embarks on institutional reform and assumes increasing responsibility in certain foreign policy areas, the US's trans-Atlantic relationship with the Community would have to evolve as well.<sup>22</sup> For this purpose, Secretary Baker proposed at Berlin that the US and the European Community should strive to achieve "a significantly strengthened set of institutional and consultative links...whether in treaty or some other form".

The importance of Secretary Baker's speech should not be underestimated since it reflects the evolution of the US-Western Europe relationship - from that of patron-client in the immediate post-war years to that of equal partners in the 1990s.<sup>23</sup> The EC and its Member States as well as the US government took up Baker's initiative in a joint declaration on 15 December 1989. Closer contacts were then agreed upon during a meeting between President Bush and the President of the EC Council of Ministers, Irish Prime Minister Haughey, in February 1990;<sup>24</sup> Bush and President Mitterrand also discussed the possibility of a trans-Atlantic alliance during a meeting at Key Largo later that spring.

It must be emphasized, however, that the Bush/Haughey announcement and the other discussions with the Member States concerning the possibility of a trans-Atlantic alliance were related to European political cooperation - an EC Presidency matter, and were thus on a separate track from the US-Community Ministerial meetings. This is an important distinction because although the Bush administration — which had distinguished itself from previous administrations by trying to broaden bilateral relations away from a fixation on trade irritants — sought consciously to develop new opportunities to insert the US in the EC political process before decisions were taken, it pointedly backed away from Commerce Secretary Mosbacher's ill-received remarks about the US wanting a 13th seat at the EC table.<sup>25</sup> (The US's reluctance to pursue a trans-Atlantic trade agreement in favour of a political declaration instead is, as we shall discuss, interesting in the light of Canadian examinations of a trans-Atlantic trade treaty.)

The stage of development reached by the EC-US Ministerial meetings in 1989 also bears some exploration because it shows the incremental formalization of EC-US relations. These meetings were chaired by the President of the Commission of the European Communities and the US Secretary of State, and included a number of US Cabinet officers (USTR, Commerce, and Agriculture Secretaries) and several European Commissioners (always External Relations, often Agriculture, Industry, Internal Market). They had been annual events for some time, and were usually tied logistically to NATO ministerial meetings in Brussels. As EC-US discussions

progressed on EPC during the spring of 1990, both sides reviewed proposals to make changes to upgrade the importance and increase the frequency of the ministerial meetings. This was to be achieved through a number of measures: holding the meetings twice a year; alternating the locale between Washington and Brussels; when in Washington to include a meeting between the US President and the President of the EC Commission; and to try to de-link timing of the Brussels ministerial from the NATO ministerial in order to create more focused bilateral discussions.

The 1990 US-EC Ministerials, held on April 23-24, were significant for three reasons: 1) they were the first Ministerials to be held in Washington; 2) President Bush for the first time had a one-on-one meeting with President Delors; and 3) both sides agreed that Baker's call for a treaty was premature. It is this last outcome that is the most important for the purpose of our discussion. In the *tour d'horizon* during the Delors/Bush meeting, Delors explained that the EC considered a formalized treaty to be inappropriate given the awkward stage in the Community's external relations: the EC was preoccupied with the aspirations of central and eastern Europe as well as the creation of a common market to include the European Free Trade Association (EFTA) members; and there still remained the problem of the divided competence between the Community and the Member States in many areas. Delors suggested that the operationalization of a formal treaty would depend on the further progression by the EC along its path toward Political Union (PU).

Bush was apparently comfortable with this position and both sides agreed to concentrate instead on reinforcing dialogue under existing mechanisms. Bush's comfort level at keeping the treaty proposal in abeyance was no doubt increased by the fact that the State Department had "discovered" that some form of Friendship, Commerce and Navigation (FCN) treaty already existed with 11 out of the 12 Member States of the Community.<sup>26</sup> Following the Bush/Delors meeting and its own internal consultations, the European Council decided in June 1990 to begin talks with the US government on a joint declaration.<sup>27</sup>

## ii) Canadian Reaction to US-EC Dialogue

Canadian officials were impressed by the dynamism and scope of the EC-US contacts; by the commitment displayed by both sides to realize the spirit of Secretary Baker's Berlin speech. Canadian officials especially noted the impressive number of cabinet-level contacts between the EC and the US — in addition to the breadth of the consultative agenda which was developing along the lines of bilateral cooperation on science and development — as reflective of an attempt to forge a broader and more cooperative bilateral dialogue in light of the "new Atlanticism".<sup>28</sup>

What perhaps most impressed Canadian officials in Washington monitoring the EC-US discussions was not the decision of the US to reinforce and regularize its relations with the Community. After all, many of the changes that had been imposed and implemented were a logical extension of past activities and reflected the fact that the US lacked an agreement similar to the 1976 Canada-EC Framework Agreement that ensured regular bilateral discussions at ministerial and official levels. Rather, from the Canadian perspective, it was the sheer interest evinced by political appointees in the State Department in pursuing a relationship with the EC that had not hitherto been evident.<sup>29</sup> Canadian officials noted the recognition by the US of the Community's role as the single most successful integrative institution in Europe; and that the US would require — irrespective of the prevailing European architecture — an expanded and formalized political relationship as part of its strategy to ensure that its interests in Europe were protected.

### iii) Canadian Responses to the Momentum of European Integration

The implications for Canada of increasingly close EC-US bilateral relations — a relationship that has at various periods in its history been beset by mutual recriminations<sup>30</sup> — were not lost on officials and Cabinet Ministers in Ottawa. The Washington-Brussels dialogue on closer relations once more raised the spectre of Canadian marginalization in Europe.<sup>31</sup> It has been suggested that the reference to "trans-Atlanticism" in the EC-US discussions was bound to hit a raw nerve on the Canadian side since trans-Atlanticism has historically always included Canada.<sup>32</sup> But perhaps the best way of putting the development of the TAD into perspective is to note that there was no clearly predominant causal factor: not the momentum of EC-US discussions (although they undoubtedly had an impact); nor, as we shall see, the effect of the dramatic geopolitical developments in eastern Europe on the thinking of the Conservative Cabinet; nor the role played by Canadian officials, primarily at the department of External Affairs and International Trade Canada (EAITC), in interpreting and reacting to the developments in Eastern and Western Europe by undertaking reviews of Canada's policy framework towards the regions. Rather, these were all mutually reinforcing variables.

The story of Canadian policy responses to the evolution of European integration in 1989 and 1990 is not one of mass movements, of advocacy groups, or of Parliament. These actors played a relatively minor role. The choices available to Canada were contingent on the political leadership (displayed by PM Mulroney and SSEA Clark at the time), perception, and timing; they ought to be examined as an instance of the Conservative Cabinet realizing that its existing European framework was anachronistic, and of the bureaucratic politics and coalition-building in EAITC -

the lead federal government department responsible for fleshing out Canada's Europe policy.

Given the widespread perception of the Third Option's failure, the tangled economic, political, military and social events in Europe in 1989 forced a cautious re-evaluation of the Government's stance on Europe.<sup>33</sup> Indeed, officials at EAITC in 1983 had quietly resolved that the Third Option was dead and that new options had to be developed to re-invigorate Canada's relations with Western Europe.<sup>34</sup> But it was only in 1987 - after a delay of four years, and coming after what some would call an anachronistic Defence White Paper that was strong on Cold War rhetoric - that EAITC produced a comprehensive review of Canada's relations with Western Europe. This review recommended a more integrated and proactive policy approach; detailed discussion of EC-Canadian relations, however, seems to have been sidelined by the emphasis on Canada's security commitment. It took another two years, until a second comprehensive review in 1989 (undertaken by the Policy Planning Staff at EAITC) that coincided with the political revolutions in Eastern Europe, for any sustained attention at the political level to be brought to Canada's relations with Europe in general and the Community in particular. Picking up where the 1987 report left off, this review attached great importance to establishing a policy framework and, most important, a programme of action for Canada-Europe relations in the 1990s.<sup>35</sup> Canadian officials were particularly concerned about the risk of an inward-looking Europe or marginalization by a series of bilateral relationships such as Europe-USSR, USA-USSR, or US-Europe. The recommendation to the SSEA from his senior officials at EAITC was that for both domestic (i.e., large number of Canadians of European extraction) and international reasons (Canada as a 'responsible' member of the world community), Canada had to participate in the evolution of a new European architecture.

The demise of the communist regimes in Eastern Europe and the progress towards the Single European Market (known popularly as "Europe 1992") left an indelible mark; they forced Europe onto the Canadian public policy agenda. Although some Canadian academics have characterized Canada's approach to the Community in the 1980s as one of 'benign neglect', the geo-political changes in Europe in 1989 coupled with the completion of the Canada-US free trade agreement, ensured that developments in Europe, specifically issues of security but also including the progress of European economic integration, became a priority for the Conservative Government.

Not wanting to be seen as out of step with the dramatic changes unfolding in Europe, Secretary of State for External Affairs Joe Clark made public the Conservative Government's new policy approach to Europe in a speech at McGill University on

February 5, 1990. Although the speech mentioned increased opportunities for Canada's trade relations with Europe, it focused primarily on the security dimension of Canada's commitment to Europe. On February 7, 1990, SSEA Clark made a special presentation to the Cabinet Committee on Foreign Policy and Defence (CCFPD) where he reiterated many of the points that he had made in the McGill speech, and stressed that if Canada did not seek to intensify its links to Europe through its three pillars - NATO, the CSCE, and the EC (in that order) - it would increasingly be marginalized in Europe.<sup>36</sup> Following this presentation, in March 1990 EAITC prepared a presentation to Cabinet on Canada's relations with Eastern Europe and the Soviet Union.<sup>37</sup>

### ***Genscher Makes Declaration Proposal to Canadian Parliamentarians***

As a further measure of the Canadian Government's concern with and interest in the repercussions of events in Europe, on April 5, during a one day official visit to Canada, the German Foreign Minister and Vice-Chancellor, Hans Dietrich Genscher, made a presentation to the Canadian Parliament. In terms of finding the roots of the TAD, it was on this occasion that Genscher, after having called for a trans-Atlantic declaration in his talks with President Bush the day before in Washington, again publicly dropped the idea of a trans-Atlantic declaration (in the context of a discussion on East-West relations and German re-unification) but this time to a Canadian audience.<sup>38</sup> As he stated:

So we are on the way to the political union of Europe, meaning the Europe of the Community, which is not the whole of Europe...As a consequence of this process, I propose to the American government and to your government that we consider, it useful at [this] time, improving relations between the European Community and the two North American democracies, to give our relationship a new quality in addition to our membership in NATO, and to have a new declaration concerning the common challenges we face in the political, economic, technological, and ecological fields. We should consider this approach in order to create a new basis of cooperation between the European Community and the two democracies in North America.<sup>39</sup>

It would appear that Genscher was reinforcing Secretary of State Baker's call for new thinking on the role of the trans-Atlantic alliance, on the need to change it from its military focus to one with a more political or economic focus. Genscher said as much later in his presentation to Canadian Parliamentarians:

It was not the German foreign minister, it was the American foreign minister [James Baker] who for the first time, when he presented his speech in Berlin, spoke of the more political character of the alliance — and I think Jim Baker is totally right in saying this....<sup>40</sup>

Finally, a political interpretation of Genscher's proposal has led some Canadian officials to perceive the possibility that Genscher was placing the newly united Germany the same distance from both North America and the not yet defunct Soviet Union.<sup>41</sup>

SSEA Clark had anticipated that Genscher's visit would be an opportunity for Canada to work with its European partners "on shaping a new Europe and the institutions it shares with North America".<sup>42</sup> Genscher's thoughts on a trans-Atlantic declaration complemented the Canadian position which was to impress on the Germans the desire to reinforce trans-Atlantic links from "Vancouver to Vladivostok, via Berlin".

The all-encompassing nature of the Genscher proposal, however, may have ensured that the idea was too ambitious at that time, especially since multilateral discussions were taking place on how to broaden the CSCE and reconfigure NATO. Indeed, one suggestion for this lack of immediate follow-up is that a senior official at EAITC feared that a movement on the TAD would undermine NATO.<sup>43</sup> Whatever the reason, on the Canadian side the idea of a Declaration fell into abeyance until September. On the US side, as we have indicated, negotiations began in June. But this is not to say that Canadian officials and politicians were indifferent to new mechanisms and fora to formalize trans-Atlantic relations.

### *Canada Looks at Ways of Strengthening Trans-Atlantic Ties*

With Europe a priority, in early May 1990 Derek Burney, Canada's Ambassador to the US and one of the Prime Minister's closest foreign policy advisors, had his officials in Washington reflect on possible Canadian policy options in face of increasing European economic integration, including new, more comprehensive trade arrangements between Canada and the European Community.<sup>44</sup> The deliberations in Washington had coincided with the arrival of a new Under-Secretary of State at EAITC, De Montigny Marchand.<sup>45</sup>

Two plausible explanations may account for the fact that an independent analysis of Canadian trade policy vis-à-vis the Community appeared to have been initiated in the Canadian Embassy in Washington: 1) there was a perception within the

senior echelons of EAITC that the Department's European Bureau was too hemmed in by operational requirements to allow for bold ideas;<sup>46</sup> and 2) the combination of dramatic events taking place in eastern Europe and the Washington Embassy's own close monitoring of the increased intensity of EC-US dialogue served to make it a logical point of intellectual ferment for Canada's trade policy options. Whatever the exact reason, the conjecture that EAITC's European Bureau was not at the centre of deliberations in the process of looking at options for Canada's future relations with the Community, does not strike us as particularly unusual. Burney had, after all, been the PM's closest adviser as Chief-of-Staff and as Associate Under-Secretary of State for External Affairs, and could offer advice unburdened by the need to develop official consensus. His well-known scepticism about putting all of Canada's eggs in the multilateral basket added to his credibility in providing this kind of advice on trade policy.<sup>47</sup>

Burney believed that there was a causal linkage between the management of trans-Atlantic trade and economic relations and the prospects for security and stability. He felt that the failure to agree on trade and economic matters could undermine prospects for security.<sup>48</sup> Most significant was the suggestion that the Framework Agreement and the GATT would not serve as optimal mechanisms to ensure Canadian access to the new European market. According to this view, because any EC-US bilateral agreement would create a privileged position for the United States while diminishing Canada's already small place in Europe, the two broad options available to Canada for enhancing Canadian access to and influence upon the EC were a Canada-EC Free Trade Agreement or an Atlantic Free Trade Association.<sup>49</sup> Canadian officials in Washington concluded that the latter arrangement was optimal since it permitted Canada to achieve influence which was not available through existing arrangements or, indeed, through a separate bilateral agreement. It would do so by imposing substantial obligations on the EC (as well as Canada and other participants) in areas currently within the exclusive competence of the EC which are the principal instruments for European integration.<sup>50</sup>

There were a number of other indications that Canada's relations with the EC had gained priority in the Canadian Cabinet. As we have pointed out, Ottawa's belated recognition of Europe as a formidable political and economic actor had been encouraged by German Foreign Minister Genscher's proposal to Joe Clark for an EEC-North American Declaration "which would confirm shared principles and interests in openness and enhanced co-operation".<sup>51</sup> Underlining Canadian interest in this proposal, correspondence between PM Mulroney and President Bush, although emphasizing the continued vitality and complementarity of NATO and the CSCE, did nevertheless make reference Mr. Genscher's suggestion of a trans-Atlantic

declaration.<sup>52</sup> Indeed, such was the concern on the status of Canada-EC relations at the Cabinet level, that when Prime Minister Mulroney met with EC Commission Vice President Frans Andriessen on 25 May he raised the possibility of enhancing bilateral institutional arrangements to encourage more open market access on a reciprocal basis.

The 'necessity' of Canada's engagement in the new Europe was again made public in a speech delivered by SSEA Clark at Toronto on 26 May, and repeated in a speech in the House of Commons on 31 May 1990 in which he proposed a new, more intense Canada-EC relationship.<sup>53</sup> Significantly, in the first speech, in addition to proposing regular high-level political meetings between experts, the SSEA — catching his officials off-guard — stressed the possible virtue at the conclusion of the Uruguay Round of examining the desirability of a formalized open, trading arrangement between Canada and the EC, perhaps including the US and other members of the OECD.<sup>54</sup> This was an important declaration for two reasons. It was the first time that Canada attempted to apply the multilateral security model (e.g., NATO) to its trade relations; and, in seeking to include the US and the other OECD members, this was a departure from past multilateral and bilateral treaties. The proposed economic and trade agreement was to be real in the sense that it would focus on issues of access (e.g., Canada-US Free Trade Agreement), rather than just cooperation as the existing Framework Agreement did. It is unclear, however, how Clark thought that his proposal would be operationalized.<sup>55</sup>

Into the summer of 1990 the Canadian Government continued to present an appearance of intense concern for the evolving geo-political order in Europe. A new European role for Canada was clearly warranted but the question remained as to the means. In a speech at Montreal on June 20, for example, SSEA Clark averred that in light of the "new climate of co-operation between nations formerly divided by an ideological East-West confrontation" there was a need to transform the "institutions of yesterday". Clark, in keeping with the Government's desire to promote its 'new' European policy and to pursue objectives in Europe that were "realistic" and "in keeping with the role expected of [Canada]", stressed the need for Canada to make "an original and tangible contribution to the development of Europe...in order to consolidate [its] position in the Europe of tomorrow".<sup>56</sup> The nature of this consolidation in terms of Canadian relations with the Community was made clearer when SSEA Clark explained that he had made specific proposals to the Irish Foreign Minister, Gerald Collins (Ireland was holding the EC Presidency at the time) about "enrich[ing]" dialogue between Canada and the Member States of the European Community "particularly on major international political issues". The Canadian proposals (which were well received) included regular meetings between the Canadian

PM and the President of the European Council, regular discussions between the Canadian SSEA and his European counterpart, and "much closer" contact between Canadian officials and EC experts — all of which later became enshrined in the Canadian TAD.

It would appear from the above review of the numerous public and private statements by the Prime Minister and the SSEA on Europe as well as the activity by officials at EAITC in the 12 month period ending May 1990 that, not surprisingly given the shift from a bi-polar to multi-polar international system, during this period the Government spent more energy redrawing its European policy framework than at any other time since the development of the Third Option in the early 1970s.

*Trans-Atlantic Free Trade: Antidote to US Bilateralism?*

SSEA Clark's "surprising policy balloon" about a trans-Atlantic trade agreement appeared as much a reflection of Canadian concern with the US's tendency towards bilateralism as it did with Canada's desire to put its relations with Europe on a new footing.<sup>57</sup> The alarm signals had gone off in Ottawa as soon as Mexico and Washington decided to begin formal negotiations on a comprehensive trade agreement in June 1990. For Canadian officials, Washington's willingness to negotiate with Mexico confirmed their perception that the US preferred to deal bilaterally, and thus suggested that there was a good probability that the US would turn to Brussels and also strike a bilateral deal — trade or otherwise — with the Community, leaving Canada in a vulnerable position.<sup>58</sup>

As a result of the Clark proposal, it was clear to middle-level officials at EAITC that a comprehensive analysis of Canada-EC trade and economic relations was needed in order to put some economic flesh on the bones of the political impetus created by SSEA Clark and PM Mulroney. It was equally clear that a study of this nature would require broad internal consultations in the Department.

An intra-departmental Canada-EC working group was assembled in the summer of 1990 with the intent of submitting a final report by December. The officials responsible for developing the study were careful to point out that it would not become an economic research project, but rather a "study of the Government's political/economic priorities and judgements".<sup>59</sup> In other words, the project — obviously very ambitious from the start — would have had far-reaching political ramifications if the Government had chosen to pursue a trans-Atlantic trade accord. The political sensitivity of this study was further heightened because it required a

detailed probing of Canada's commitment to the MTN. For example, how well would the GATT serve as a regulatory framework for EC-Canada commercial relations in the post-Uruguay Round setting? Does the system of preferential trade agreements operated by the EC significantly limit the potential for an agreement? How important is the Canadian market to the EC? And is a network of bilateral agreements the best response to the negotiating options that will face developed and developing countries after the Uruguay Round? We should add that the work of this working group was also supposed to look at political issues writ large, i.e., how Canada/West European relations fit into Canada's foreign policy framework.

Not wishing to create high expectations, and no doubt foreshadowing the possibility of failure if there was no sustained political will, the deliberations of the Canada-EC working group were kept strictly internal to EAITC. The question of how long the political will would last is of course crucial in understanding the outcome of this initiative. Unlike the "Going Global" trade development strategy, the impetus for this policy came from SSEA Clark's office, not the bureaucracy. Some officials have characterized the whole process of putting trans-Atlantic free trade on the agenda as an exercise in 'damage-control': It was less the result of Canada's dissatisfaction with the existing state of bilateral relations with Brussels, than it was a perception at a particular time, by Canadian politicians, that the US and EC would undermine Canada's multilateral entitlements by signing a separate trade treaty.<sup>60</sup>

### *European Reaction to Trade Accord Proposal*

Community officials, in the midst of preparations for the Single Market in 1992 and the upcoming Intergovernmental Meetings, certainly had little time to study the desirability or feasibility of an EC-Canada trans-Atlantic free trade agreement. Perhaps because the idea had not emanated from the Commission, it was given little serious attention at the External Relations Directorate (DG 1) of the Community. Indeed, an official in DG I familiar with EC-Canadian relations has commented that a free trade agreement with Canada was so improbable that it wasn't even the subject of corridor discussions.<sup>61</sup> Moreover, since the broader, less defined notion of a trans-Atlantic declaration had come originally from Genscher and there was no sustained political pressure at the Commission-level at that time to develop it further, it would not be unusual for DG I to be out of the information loop.

Nevertheless, it would be an exaggeration to say that officials in the Community were completely unaware of Canadian thinking on this subject. A more likely explanation is that since the notion of a trans-Atlantic alliance had such broad political ramifications it would, in the initial stages, have been dealt with directly out

of the EC's Forward Studies unit which is separate from DG I. This conjecture is supported by the fact that discussions did take place between EC and Canadian policy planning officials. Jacques Delors's main policy planning advisor was said to have been 'very receptive' to ideas on an Atlantic alliance. From the Commission's perspective, however, the notion of a trans-Atlantic trade agreement never departed from the purely hypothetical.

### ***Canada-EC Free Trade a Non-Starter***

The intensity of European integration in 1990 was mirrored in the initial flurry of activity at the Canada-EC working group-level in Ottawa. A number of reports were commissioned from various bureaux within EAITC dealing with issues of trade policy in Canada-EC relations and on the implications of the Single European Market for particular Canadian industries. How important was the role of Canadian officials in sustaining the momentum of this focus on Canada-EC trade relations?

In Canada, where the Cabinet, faced by complexity and pressure, delegates much of the responsibility for policy-making to the public service and the "public service...stamp[s] public policy with its own values and priorities", the outcome (whether success or failure) of political initiatives can be shaped to a significant extent by the motivations and preferences of bureaucrats.<sup>62</sup> In the past, the high level of influence exerted by senior Canadian public servants (especially in the 1940s and 1950s) was accentuated in the formulation of foreign policy, where due to the secrecy inherent in state-to-state relations and the multifaceted, complex nature of diplomatic relations, officials had even more autonomy to influence policy outcomes. Today, compared to years past, the influence of officials in EAITC may not be as great, but as the negotiations leading up to the Canada-US Free Trade Agreement have shown, officials can still have a large influence on specific issue areas - especially trade policy.<sup>63</sup>

In terms of the focus on Canada-EC trade relations at the bureaucratic level, the high level of intensity soon dissipated once it became apparent that the Europeans did not share Canada's enthusiasm for exploring the modalities of a trans-Atlantic free trade framework. At the same time, in the summer of 1990 the negotiation of a North American Free Trade agreement rapidly ascended the Government's policy agenda.<sup>64</sup> This had the immediate effect of reordering the bureaucracy's priorities: Derek Burney became preoccupied with ensuring that Canada was included in the US-Mexico negotiations; the Policy Planning Staff's resources were shifted on the economic front to looking at the economic and trade implications of North American free trade, and on the political front, at the implications of Iraq's invasion of Kuwait

and the development of a cooperative security dialogue in the North Pacific<sup>65</sup>; and, the removal of EAITC's European Bureau, from its role as the lead bureaucratic actor, further hastened the demise of the Canada-EC working group. In the end, the Canada-EC working group died as quickly as it was born. No final report was ever written.

It would appear that the Government's sudden preoccupation with a trans-Atlantic trade accord was no more than a 'policy impulse' that was soon superseded by the more immediately pressing and obviously more significant 'possessive' interest of continental free trade. It also reflected the fact that the Government only paid sustained attention to its broader relations with the Community when Western Europe forced itself on the Canadian foreign policy agenda as it had done in the previous year, when Brussels became the official channel through which some of the Central and East European economies received Western aid. Furthermore, if we interpret PM Mulroney's ranking of Canada's European pillars (NATO, the CSCE, and the EC) in his statements and speeches, it can be concluded that since the focus of Canada's Europe interest was still firmly entrenched in the security domain, this militated against any immediate tendency away from the multilateral security dimension of Canada's Europe policy to an increased reliance on bilateral or trilateral trade and economic institutions. Nonetheless, the brief public and bureaucratic airing of the benefits of a trans-Atlantic trade accord in the summer of 1990 indicate that the Canadian government was not indifferent to the implications of Genscher's proposal.

It would not be correct to conclude that Canada was a *demandeur* during this period, since there was never sufficient political will on the West European and US sides to even begin negotiating a trans-Atlantic trade accord.<sup>66</sup> And, indeed, with the North American free trade negotiations under way there was no Canadian will. Trans-Atlantic free trade was an issue that emerged at the wrong time; consequently, it became a non-issue for the Government. But as the following analysis shows, a political affirmation of trans-Atlantic ties was acceptable, and Canada became a *demandeur* in the bargaining process.<sup>67</sup>

#### iv) The Formulation of Parallel TADs

With trans-Atlantic free trade a non-starter, what seemed to attract more sustained political attention from the US and the West Europeans was a much more general proposal for cooperation that did not threaten existing multilateral trade institutions (incorporating them instead). Indeed, officials on EAITC's Canada-EC working group concluded that many of the political requirements that were being served by the re-

examination of EC-Canada trade relations, i.e., demonstrating Canada's new approach to Europe, were already being served adequately through the Government's "Europe 1992" program and its lobbying in Brussels. The prevailing view at EAITC was that if the option of a trans-Atlantic trade treaty was not feasible, then what was needed was a declaration of goodwill and cooperation — a follow-up to Genscher's very general, ill-defined declaration proposal. As we shall see, the difference between Canada and the US was that Canadian officials and politicians perceived a need for a trans-Atlantic declaration to formalize high level political ties with the Community; those formalized ties which did exist were inter-bureaucratic mechanisms anchored by the economic and trade consultations established under the Framework Agreement. For the US, on the other hand, although a declaration was useful, it was not a necessity.

The trigger for the Canadian TAD appears to have been the result of two events. First on 18 September 1990 discussions between the Canadian Embassy in Washington and the State Department alerted Canadian officials to the fact that the US intended to issue a trans-Atlantic declaration with the Community.<sup>68</sup> (The EC had prepared a draft declaration to this effect.) This was confirmed in discussions between Secretary of State Baker and SSEA Clark on 21 September, in which Baker explained that this declaration was to replace Baker's more formal treaty proposal that he had made at Berlin. An EC-US Declaration would simply formalize bilateral US-EC contacts that already *de facto* existed.<sup>69</sup> The US, as we have pointed out, wanted to use a Declaration about common principles to reinforce the EC's commitment to consult with the US before Community foreign policy decisions were set in stone. It appears, however, that the Canadian side felt it had a proprietary interest in any trans-Atlantic declaration not the least reason being because (as officials in EAITC constantly reminded the author) Genscher had first made the proposal in Ottawa (although the record shows that he actually made it in Washington the day before).<sup>70</sup> Canadian officials, PM Mulroney and SSEA Clark all felt that Canada had a right to be full party to "any declaration on the Principles of Trans-Atlantic Declarations", because the very term "trans-Atlanticism" traditionally included Canada and therefore Canada's exclusion from the Declaration would have presented perceptual difficulties.<sup>71</sup>

What kind of trilateral Declaration was attractive to Canada? The preference was for a short Declaration that would pull the Community, Canada and the US into a new trans-Atlantic alliance. Under this scenario NATO would not have been replaced; rather, the alliance would have acted as a broader overall consultative mechanism into which NATO could have been subsumed.<sup>72</sup> The Canadian fear was that a bilateral EC-US declaration would change the nature of the existing Atlantic alliance into a bipolar European and US alliance that would be detrimental to Canadian

interests.

The US Administration, however, argued that Canadian participation could lead to a dilution of the effectiveness of its Declaration. That is to say, a trilateral form would a) not allow the Administration to make as forceful a point with Congress, and b) raise the possibility that Mexico would also seek inclusion.<sup>73</sup> From the US Administration's perspective, then, the trans-Atlantic Declaration was a strictly bilateral affair. The US position against a trilateral Declaration was supported by the French (although they *did* believe Canada had a role to play); the Italians, who had the Presidency of the European Community, wanted to move ahead quickly with an EC-US declaration; and Bonn, to no one's surprise, was supportive of a trilateral approach.<sup>74</sup>

The US rejection of a trilateral Declaration naturally created a certain sense of urgency on the Canadian side to be associated with and included in the exercise of increased formalization and intensification of trans-Atlantic relations. The flow and nature of the telex traffic between officials in Canada's Washington Embassy and Ottawa on this matter indicate that the Canadian government was clearly surprised at how quickly Baker's and Genscher's proposals had resurfaced, metamorphosed and gained momentum.

The second trigger was that the bilateral discussions between the Americans and the Canadians in Washington on the state of trans-Atlantic relations coincided with the first state visit to Canada (at the invitation of Canada) of the German President, Richard von Weizsaecker, lasting from 16 to 21 September.<sup>75</sup> This coincidence would merit no mention if it were not for the fact that during Dr. Weizsaecker's visit, Canadian officials apparently received a draft trans-Atlantic declaration from their German counterparts;<sup>76</sup> It is unclear whether the Canadian officials had this declaration when they met with Seitz in Washington.<sup>77</sup> In any case, with Canada preferring a trilateral declaration, the US refusing to have one, and the EC unwilling to issue a declaration with only one North American partner and not the other, a compromise solution was necessary. In light of the positions of Canada's interlocutors, officials at EAITC pushed for a second best solution: they could "live with" a separate declaration signed bilaterally by the EC and Canada in addition to the EC-US declaration whose drafting was already in progress.<sup>78</sup>

The challenge for the Canadian side was to convince the Europeans (primarily the French and Italians) and Americans that Canada had a right to insert itself into the negotiation process; that Canada's 'milieu' interests had to be protected.<sup>79</sup> Immediately, Ottawa made several *demarches* in Europe, Ottawa and Washington

stressing Canada's integral role in any process that sought to re-formalize trans-Atlantic relations. When this did not elicit any immediate positive response, Canadian officials decided that a more proactive approach was needed. Officials in two divisions at EAITC responsible for managing Canada's relations with Europe subsequently (on the basis of the German draft) drew up a draft one page Declaration outlining Canadian interests and circulated it to all the Member States of the Community, to the Commission, and to Washington.<sup>80</sup> It is clear that the personalities of officials did play a role in influencing Canada's commitment to drafting its own text.<sup>81</sup> Canadian officials feared that the longer the EC-US draft circulated among the Member States and in the Commission and the Presidency of the EC, the more difficult it would be for an EC-Canada draft to be inserted. Canadian officials sought to impress on their counterparts in the Commission and the Member States that there needed to be two TADs not just the EC-US TAD.<sup>82</sup>

In early October, however, it became apparent that the EC-US negotiations were not as advanced as the Canadian side had initially estimated. This provided the window of opportunity for Canadian officials to lobby Washington, the Community and the Member States to support a separate EC-Canada TAD that would be released along with the EC-US TAD. The Italians were particularly helpful at this stage in supporting the Canadian position, although as will be pointed out, there was disagreement with the Italians with regard to where and when the Canadian TAD would be issued. By mid-October a consensus was formed among all the participants that what was developing was a process of parallel negotiations.

Because all parties agreed that a degree of parity was desirable between the US and Canadian TADs, the US, the Commission, the Member States (especially Italy) all had to be satisfied with the initial Canadian effort. The Americans and the Commission in particular were not. They wanted a more 'substantive' declaration. Over the course of six weeks various longer drafts of the Canadian TAD were produced and distributed, in addition to German, American, and Italian draft trans-Atlantic declarations already in circulation. Not surprisingly, given the US's rejection of a trilateral declaration, during this period there was little cross-fertilization of ideas on the substance of the declarations between US and Canadian officials as they drafted their respective TADs; indeed, the Canadian side received a working copy of the EC-US TAD in confidence from sympathetic officials of a Member State, which was rumoured to be the United Kingdom.<sup>83</sup> If Canadian officials did receive it from this source it would not be surprising since SSEA Clark had a good working relationship with Douglas Hurd, then the British Foreign Secretary, who supported Canada's position that it had a right to be fully involved in any trans-Atlantic negotiations. But lest the impression be given that Canada could rely on support from

only the key Member States, it must be stated that Canada also received support from Spain and Portugal — widely regarded as the most pro-Community of all the Member States.

Due to the parallel negotiations the Canadian government wanted the TADS to be issued simultaneously. Timing, however, became a problem: the Italians wanted to sign the EC-US TAD during Prime Minister Andreotti's visit to Washington in mid-November; and the Canadian side wanted to issue the Canada-EC TAD on 22 November in Rome since this would coincide with PM Mulroney's trip to Europe to attend the Paris CSCE meeting. The Canadians were particularly concerned about a prior release of the EC-US TAD. Any time-gap between the public announcement of the EC-US TAD and the EC-Canada TAD would have proved 'awkward' for Canada: the notion of PM Mulroney going to Washington to sign a tripartite or bilateral declaration during the Andreotti visit to the US would have been a political embarrassment at home.<sup>84</sup>

Within the Canadian bureaucracy there was also a problem of defining the focus of the Declaration. There was a flurry of activity in EAITC to determine whether the Declaration was to be purely political or more trade and economic-oriented. In the end, the Prime Minister's Office (PMO), the Privy Council Office (PCO) and SSEA Clark's office took into consideration the concerns of the trade officials but nevertheless decided that the TAD's focus should remain political.<sup>85</sup> There was also considerable concern among Canadian officials that the EC-US and EC-Canada texts be similar with regard to shared trans-Atlantic principles, values and consultative mechanisms, so that Canada could not be viewed as a "second-class" trans-Atlantic citizen.<sup>86</sup> But perhaps most important when looking at the domestic dimensions of the TAD exercise, is that the dizzying pace of developments in Europe ensured that the PMO's office had a strong interest in bilateral relations with the Community. As a result, officials in EAITC consulted with and provided the PMO with ongoing reports on the status of negotiations.<sup>87</sup> This development reinforces the assumption that the Prime Minister is the primary foreign policy actor in Canada.

In the end, after much consultation and drafting — it would be tendentious to try to assert which country had the most input in the final product — an idea that had initially started out as an American treaty proposal, that was recast as a trans-Atlantic declaration by the Germans, and which had — in the final phase — considerable Canadian participation, was transformed into the EC-US and the EC-Canada TADs. In the fall of 1990, following discussions between Ottawa and Washington and the Community's own internal consultations on establishing enhanced political relations with Canada and the US, the "Declaration on European Community-Canada Relations"

was unveiled in Rome by PM Mulroney and Italian PM Andreotti on November 22, 1990.<sup>88</sup> The Trans-Atlantic Declaration with the US was signed a day later in Brussels on 23 November 1990.<sup>89</sup>

In conclusion, while the musings of SSEA Clark on the desirability of a trans-Atlantic trade agreement (spawning the short-lived Canada-EC working group) did not bring about any direct results and has only a tenuous link to the political document that is the TAD, nevertheless this action along with the Government's other internal reviews in 1989 and 1990 of its European policy framework highlights the Canadian desire to strengthen ties to Europe.<sup>90</sup> The process of negotiating the TAD itself shows Canada as the *demandeur* in the negotiations; as highly dependent on its relations with Member States, specifically the UK and Germany, to ensure policy outcomes in its favour. All in all, the processes leading up to and including the TAD demonstrate: 1) Canada's ability to modulate US tendencies towards bilateralism; and 2) Canada's capacity to leverage its limited clout by acting quickly and persuasively to influence its larger international interlocutors.

#### 4. MOTIVATIONS IN CANADA AND EUROPE

The first two sections of this paper have sought to provide the reader with a glimpse of the decision-making processes in both Canada and the US that gave rise to the decision to issue the TADs. As the Declaration functions as the broadest framework to date for bilateral Canada-EC relations, the motivations on both sides deserve closer inspection.

##### i) Canadian View

For Canada, the Trans-Atlantic Declaration serves *inter alia* to fill the legitimation vacuum created by the end of the Cold War for a Canadian presence in Western Europe. With Canada's seat at the European table increasingly threatened as the old institutions of the Cold War such as NATO lose their relevance, and with the Framework Agreement not having a political and a security dimension, the Trans-Atlantic Declaration serves to stabilize Canadian policy by pointing out the mutual benefits of partnership. Canada, like the US, also wants to have a European partner who assumes greater responsibility: the Commission's historical mandate over external trade but not EPC is not only unsatisfactory within Europe, but also for the partners of the EC. In his Toronto speech, SSEA Clark affirmed Canadian expectations that "[t]he European Community is now a welcome and fundamental

pillar of the international system".<sup>91</sup>

The Canadian stance on further European integration, however, remains ambivalent. On the one hand there is a demand for a Europe that plays a more active role on the world stage and that speaks with one voice. On the other, there is a concern that this more active Europe led by the Community will choose a pitch which makes understanding impossible and push Canada to the margins of international diplomacy. This leads to two fears which have induced the Canadian Government to a particular degree to strengthen its own role through the TAD in order to preserve its own influence.

The first is the fear of a "Fortress Europe", which was initially rooted in a misunderstanding of the EC internal market programme but has in the meantime been by and large reduced. Ottawa and the representatives of the Canadian business community realize today the additional growth opportunities which can result from the Common Market for Canadian exports and investment. Nevertheless, Canadian fears remain that Europe could seal itself off in terms of trade policy, as the GATT negotiations and, in particular, the criticism of the European agricultural policy shows. Ultimately the fear is not so much that the Europeans will retrench as it is that they will not be able to move forward.

The second major fear is that the West Europeans could damage trans-Atlantic cooperation within NATO and the CSCE by developing a European security and defence identity. Canadian officials, citing the Member States' lack of support for a more invigorated Conflict Prevention Centre within the CSCE as well as other steps to strengthen the institution, concluded that the Community was less committed to the CSCE than they were. This reveals the divergent approaches, on both sides of the Atlantic, to the goals and intentions of a European security framework.

But this is not to suggest that all Canadian officials view the development of an independent European security framework with equal alarm. Clearly, certain departments within the Canadian federal government (e.g., Department of National Defence, Defence-related divisions in EAITC) have a vested interest in keeping the emergent European security and defense structures compatible with NATO and the CSCE. Other departments (most notably International Economic Relations at EAITC), however, view NATO and the CSCE as increasingly 'anachronistic' mechanisms for maintaining a Canadian presence in Europe, and are looking to other bilateral and multilateral political and economic mechanisms for this purpose.<sup>92</sup>

Bureaucratic politics and inertia dictate that these intra-governmental and intra-

bureaucratic tensions are to be expected. After all, foreign policy-making is the result of an enormous attachment to moving from the status quo in a cautious, incremental fashion. Institutional orientations - in this case Canada's primary emphasis on the security dimensions of its European policy - change only slowly in the face of rapid changes in the external political and economic environment. It is the role of Cabinet to make the foreign policy choices and set the direction for the bureaucratic actors. As we have pointed out and shall further explain, a heightened sensitivity to relations with the Community — whether political or economic — was not a direction favoured by Canadian politicians through most of the 1980s and only began to change significantly in 1989.

### *Bureaucratic Frustration at Lack of Political Interest*

During the latter half of the 1980s, what perhaps most frustrated those officials at EAITC responsible for managing Canada's relations with Europe, was the lack of political attention given to Ottawa's relations with Brussels. The frustration grew in intensity especially in light of the momentum of the drive towards the Single European Market and the sweeping changes in Eastern Europe which strengthened the role of the EC. Canada watched with concern as the US and Japan moved to consolidate and intensify their relations with the Community. Although Canada did have institutional mechanisms in place, it was uncertain whether they would provide the appropriate means to press Canada's future interests in Europe.

For instance, some officials at EAITC had (and continue to have) serious reservations about the ability of the bilateral institutional structure (see Table 2) set up under the 1976 Framework Agreement in conjunction with Canada's GATT obligations to act as an optimal framework on which to base Canada's economic relations with the EC. Although the Framework Agreement had fostered some cooperation in the research and scientific field, there was nevertheless the feeling that this process could have been used more extensively and effectively.<sup>93</sup> These officials also saw the potential for Canada to be marginalized if the structural changes in the world economy prompted the EC, US, and Japan to deal with each other trilaterally rather than through more transparent multilateral channels. For this reason they pointed out that Canada should not lock itself into a continental relationship at the expense of interests in other regions, making it imperative that Canada stay committed to the multilateral trading and GATT process.

On the political side, at the Dublin Summit in 1990 the EC Foreign Ministers Council undertook a review of EC institutions, which resulted in increased powers for the Parliament and the Commission, strengthening their ability for international action.

With the decline of the Soviet Union as a superpower it was only natural to expect the EC to seek a role in European defence beyond merely political aspects. As a result of these developments Canadian officials began to look more intensely at what sort of consultative links would be required.

There was a call by the Canadian side at meetings with EC officials for increased frequency as well as breadth in the political level of bilateral consultations. This, they pointed out, could take form in the regular meetings between the PM and the Presidents of the European Commission and of the EC Council (as the Americans had). Twice yearly Ministerial Consultations were suggested between Canada and the EC, where on the Canadian side this would involve ministers responsible for external affairs and trade, and other ministers with interests in expanded cooperation with the Commission. Canadian officials also looked to more frequent bilateral ministerial consultations on an ad hoc basis.

An especially important dimension of these discussions concerned the Canadian objective of reinforcing consultative links with, and having greater input in, the EPC structure. Canadian missions in Europe have traditionally been briefed on EPC decisions through informal links with the EPC Secretariat. Contacts with third countries being an essential part of EPC, Canada and the EC concluded an accord on such contacts in December 1981. Then, as a result of an agreement with the German Presidency of EPC in 1988 (see Table 1), increased access was provided to Canada through ministerial meetings held in each Presidency (i.e., every six months). It appears that the more channels of access that were potentially available to Canada, the more Canadian officials looked for ways of formalizing them. They welcomed all avenues available to Canada - the Presidency, EPC Secretariat, the Commission, the Member States - to engage in more extensive discussions.

However, for Canada the problem was not the ends, i.e., the need to target various institutions within the Community architecture, but rather the means for doing so. For instance, there were opposing views within EAITC, the lead government department, on how this should be done: one group of officials advocated a broadly-based push strategy that would send as many ministers to Western Europe across a diverse a range of portfolios as possible; the other group advocated a more consolidated approach. In either case, the problem was less the number of Canadian Cabinet Ministers sent to Europe than it was institutional paralysis on Europe at EAITC that resulted from, in part, a lack of support from the SSEA.

SSEA Clark, for example, rejecting the advice of his officials, who wanted to institutionalize annual consultations with the key Member States of France and

Germany, preferred not to undertake any formal bilateral consultations. Clark evidently felt it was sufficient to arrange meetings with key Member States on the margins of international meetings in Europe or North America.<sup>94</sup> It is here that the tension between the Cabinet Minister and the bureaucracy becomes most apparent. Officials are preoccupied with regularizing and institutionalizing contacts; politicians are primarily interested in issues (e.g., Clark's call for a trans-Atlantic trade treaty). With the myriad constraints on the Canadian Cabinet Minister's time, it is understandable that the SSEA may not be able to devote the same amount of time and energy to institutional links as his officials would like.<sup>95</sup> These institutional and personal limitations were thus inherent obstacles to and simultaneously motivations for new mechanisms to intensify trans-Atlantic relations. As we showed, a perfect of example of this phenomenon emerged during the TAD exercise: although Clark's support for the TAD was critical to its success, as with his rejection of annual consultations with the key Member States, Clark expressed some concern about the implications of committing him and his successors to meet bi-annually with Community representatives.<sup>96</sup>

Finally, the multilateral orientation of post-war Canadian foreign policy compounds the impact of bureaucratic/Ministerial tension on the outcome of foreign policy decision-making with regard to the Community. That is to say, the management of Canada-EC bilateral relations is made more difficult first because the the Canadian government in general, and EAITC in particular, have traditionally been much better at dealing with institutions (i.e., OECD, NATO, CSCE, UN etc.) rather than at successfully pursuing bilateral EC-Canadian relations. This may explain the slow recognition by most of the federal bureaucracy and by the Cabinet of the Community's increasing role as Canada's primary interlocutor in Western Europe.<sup>97</sup> And, second, as mentioned, the existing difficulties of managing relations with a supra-national state are further exacerbated by the fact that it is often difficult, in light of the time constraints facing the SSEA, to focus ministerial attention on this relationship.

## ii) European View

The Europeans, albeit from a different viewpoint, also advocated a continued Canadian presence in Europe and expressed this in the TAD. They supported continued Canadian military engagement in Europe, at least as long as the political situation in Europe, especially in the former Soviet Union, remained unstable. Support by Canada is also important for the success of Western assistance for the political and economic reconstruction of central and eastern Europe. This assistance can only be meaningful and effective if it is allocated in close consultation between all the

industrialized countries.<sup>98</sup> There is a risk here, however, of a new discussion on burden-sharing.

What is more, the EC is interested in developing further its competencies in foreign policy. It will want to secure the political 'goodwill' of its Western allies for further integration steps along the road to economic and monetary union, political union and for the design of the "European architecture" with German unification in 1990, the ratification of the European Economic Area (EEA) with the EFTA states in 1992, and the association agreements with Poland, Czechoslovakia and Hungary.<sup>99</sup> But this is not to suggest that there isn't significant goodwill in bilateral relations to start. After all, on many issues with foreign policy dimensions such as immigration and the environment, Canadian and Community positions are mutually reinforcing. Nevertheless, the Community recognizes that additional 'goodwill' is particularly important given the concern among observers - both in and out of government - in Canada and the US that the process of European integration will lead to an increasingly 'inward-looking' Europe. Therefore, from the European perspective, both TADs seek to allay this concern.<sup>100</sup>

The EC is also worried about the development of a North American trade bloc. In particular, it fears that the US, especially in the face of economic downturns in North America, will become more protectionist and depart from the principles of multilateralism.<sup>101</sup> The Community feels that Section 301 (1974) of the US Trade Act and its expansion through the Omnibus Trade Act (1988) are particularly objectionable. Canada does not have the equivalent of the Exon-Florio legislation. Foreign companies must notify Investment Canada of proposed investments under a threshold value of \$5 million; if they seek control of a Canadian company with a value over \$5 million they must go through a review process.<sup>102</sup> Although there are provisions to block incoming foreign investment in practice they are rarely enforced. It is therefore unlikely that the Community will perceive Canada's investment regulations as running contrary to GATT regulations.

On the whole, the Community has taken a very low key approach to the North American free trade negotiations, deliberately saying nothing as long as the signatories' obligations in any future agreement do not run contrary to their GATT obligations.

## 5. STRUCTURE AND CONTENT OF THE DECLARATION

The above analysis provided an overview of Canadian and European motivations in issuing the TAD. The rest of this paper analyzes the Declaration itself and assesses

its implications for bilateral Canada-EC relations in the 1990s.

The Transatlantic Declaration is divided into six parts (see Canadian TAD in Appendix A). In the preamble, both sides stress the importance of trans-Atlantic solidarity for a democratically and economically successful development of the international community. The need to contribute towards the consolidation of a new democratic undivided Europe is particularly emphasized. Trans-Atlantic solidarity is also highlighted, i.e., the firm commitment of Canada and the EC Member States to peace and freedom which has contributed to the prosperity of Europe and North America. Specifically, the preamble refers to the strengthening of security, economic cooperation and human rights in Europe through the framework of the CSCE among other fora. The preamble ends by indicating that the Declaration will build on the privileged relationship established by the Framework Agreement as well as by the arrangements agreed upon in 1988 on a political dialogue.

The Transatlantic Declaration then outlines in brief the most important common goals of the two parties: to assume responsibility for the world-wide mediation of conflicts and, in particular, to strengthen the role of the United Nations; to contribute through their policies towards a healthy world economy with sustained growth and low inflation; to back political and economic reforms in developing countries, and, finally, to provide the necessary assistance to Central and Eastern European states and to encourage their participation in the multilateral institutions, especially in the fields of trade and finance.

The Transatlantic Declaration subsequently outlines other important goals of the two parties: to assume responsibility for the strengthening of the multilateral trading system, particularly further steps towards the liberalization and the implementation of GATT and OECD principles concerning both trade in goods and services, and investment; to further develop on other matters such as technical and non-tariff barriers to industrial and agricultural trade, services, competition policy, transportation policy, standards, telecommunications and other areas; to back the activities of multilateral fora such as the IBRD, IMF, OECD, G-24, and the EBRD; and mutual cooperation in a number of fields such as science and technology, environmental protection, research in medicine etc.

The Declaration emphasizes a number of transnational challenges which could be of importance to further European-Canadian cooperation. Both sides want control of the proliferation of the instruments of war and weapons of mass destruction. These challenges also include a number of cooperative security issues such as combatting and prevention of terrorism, the fight against illegal drug trafficking, control of

migration, and the protection of the environment.

**i) New Institutional Framework As Key Element of TAD**

The specification of an institutional framework for future consultations and cooperation presents by far the most important part of the TAD (see Table 1). The provisions build on existing contacts. Both sides will make "full use" of the mechanisms established under the Framework Agreement and enhance their consultative arrangements through:

- a) regular meetings in Canada and Europe between the Prime Minister of Canada and the President of the European Council and the President of the Commission;
- b) biannual meetings, alternately on each side of the Atlantic, between the President of the Council of the European Communities, with the Commission, and the Secretary of State for External Affairs of Canada;
- c) annual consultations between the Commission and the Canadian Government;
- d) briefings by the Presidency to Canadian representatives, following EPC meetings at the Ministerial level; and
- e) closer dialogue between the European Parliament and the Canadian Parliament.

**6. SIGNIFICANCE OF THE TRANSATLANTIC DECLARATION**

**i) Comparing the Canadian and American TADs**

This paper has asserted that the EC's relations with the US, will to a significant degree determine Canada's choice of policy responses to the evolution of European integration - irrespective of the existing "privileged" access through the 1976 Framework Agreement, a type of agreement that is possessed by neither Japan nor the US.<sup>103</sup> So although one could argue that Canada was instrumental in drawing up the first draft of the final Agreement, it was not responsible for the overall

initiative, i.e., without the momentum of US-EC discussions it is unlikely that Canada would have been able to negotiate an agreement similar to the TAD.

In reviewing this declaration and comparing it to the American version it is hard not to come away with the impression of a certain "me-tooism" on the part of Canada. The texts of the Canadian and American Declarations are, not surprisingly, strikingly similar. Both TADs, for instance, call for more cooperation at the level of international institutions such as the UN and support the multilateral trade negotiations.

There are, however, some important differences which demonstrate the different bases from which Canada and the US have intensified their diplomatic relations with Brussels. For instance, where the US Declaration stipulates 'bi-annual' consultative meetings the Canadian Declaration talks about 'regular' meetings. The US TAD, by stipulating meetings every six months between the US President and the President of the EC Member State holding the six-month presidency is merely regularizing meetings that have often taken place in the past.<sup>104</sup> In the Canadian case, it has been suggested that the use of the word 'regular' was a 'tactical' move on the part of Canadian officials who believed that the use of 'annual' would create a 'failure trap' since they did not believe that Canadian politicians would be able to live up to this type of commitment.<sup>105</sup> Having 'regular' meetings meant that Canada would be spared the embarrassment of missing some future high-level meetings; Canadian politicians would now be able to work their way up to annual meetings.

Similarly, the US TAD stipulates an annual meeting between US officials and the political directors of the EC Presidency's Troika (i.e., the political directors of the current, former and future EC Member State Presidency), which was essentially a continuation of an existing practice. Canadian negotiators felt that regular access via the troika was not necessary since they would be briefed at the ministerial level following EPC meetings.<sup>106</sup>

Other differences include the fact that although in the US and Canadian Declarations the binding security mechanism mentioned is the CSCE, there was some controversy on the American side about the inclusion of the CSCE rather than NATO.<sup>107</sup> The Canadian Declaration also has more emphasis on the environment and investment than the US version. Finally, in the US Declaration there is an 'evolution' clause which provides for an adjustment of the existing structures of cooperation to the progress made in European integration, whereas there is none in the Canadian Declaration presumably since Canada already has the Framework

Agreement. The EC and the US retain the option to contractually specify the arrangements upon a greater cohesion in EC foreign policy and to make them legally binding.

ii) **Ottawa and Brussels "Re"-Formalize Bilateral Contacts**

Leaving aside the similarity and dissimilarity to the EC-US Declaration, the fundamental question is how significant is the Canada-EC Transatlantic Declaration for bilateral relations?

a) *How Important are High Level Political Ties?*

First and foremost, since the Declaration does go some distance to meet Canadian officials' persistent requests for a more elaborate range of political consultative mechanisms, it succeeds in making bilateral relations less uni-dimensional and focused on trade irritants; it provides a broader bilateral context within which these irritants can be discussed. Second, the Declaration establishes political relations between Canada and the EC on a level comparable to that of the US, something which has yet to be duplicated by other like-minded partners such as Australia and New Zealand. (How long this exclusivity will last is open to question; an EC/Japan Declaration was negotiated in 1991.)

A senior official in Canada's mission to the EC in Brussels suggests that it is a "powerful top-down tool" that allows both sides to keep abreast of the relationship and make appropriate adjustments because it "suffuses an entire range of formal and informal bilateral contacts on international issues of mutual interest with a renewed spirit of dialogue and cooperation", and it "broadens the interaction at the personal and institutional level and considerably enhances Canada's ability to promote its interests and pursue its bilateral and multilateral political and economic agenda".<sup>108</sup> An example of the broadened interaction at the personal level is the Canadian SSEA's twice yearly consultations with the Member State foreign minister who is the President of the Council of the European Communities. This is highly symbolic (the President 'invites' the Commissioner of External Relations and Trade Policy to these meetings) because it stresses contact between Canadian and European politicians rather than between officials, the latter having been the norm heretofore. But as the discussion in section f will show, it is still too early to state unequivocally that the TAD is a "powerful" tool.

**b) *Institutional Changes in EC***

For the first time, there is now no longer a strict intra-Community separation between the powers of the Community in the field of foreign economic policy on the one hand and EPC on the other. In a speech to the European Parliament in January 1990, President Delors had stressed the impossibility in the long run of separating the economic in the role of the EC in international relations from its political role.<sup>109</sup> On the European side, therefore, the Declaration anticipates a common European foreign policy, which has been legislated through the Intergovernmental Conference II and at Maastricht.<sup>110</sup>

Through TAD, not only does Ottawa give high priority to a further extension of relations, but Ottawa now recognizes the evolution of the European Community from a foreign policy actor with limited power to one able to exercise increasing diplomatic clout especially as it moves towards political and monetary union. The coalescence of a single European Community foreign policy gained momentum with the Community's primary role in the G-24 since 1989, and has continued by way of its recent role in Yugoslavia.<sup>111</sup>

**c) *Does the Declaration Fill the "Legitimation Vacuum"?***

To reiterate, the Declaration may also be more successful in filling the legitimation vacuum on both sides created by the end of the East-West conflict in its traditional post-war structure. It marks a new epoch in Canadian-West European relations in so far as it represents an attempt by Canada to maintain its status as an equal partner with the Community. In many ways, though, as Europe establishes itself through growing integration and attains increasing economic success, Canada will be a distinctly unequal partner; the existing economic asymmetry in the relationship (trade with Canada represents 1% of the Community's foreign trade; the EC represents 10% of Canada's foreign trade) will be exacerbated by the fact that Canada will no longer be able to use its security ties to balance the relationship.

From the Canadian side, therefore, the TAD's reference to cooperative security issues (e.g., migration, illegal drugs, terrorism) is a partial way of filling the void created by the decreasing Canadian role in cooperation on 'hard' security issues (where traditionally this has meant defending Western Europe from attack). This void has now been widened with the Canadian Cabinet decision to recall all permanently stationed Canadian troops in Europe.

From a committed Canadian Atlanticist's view, Canada should have been able to negotiate directly with the EC on a bilateral declaration in order to assert its role as a member of the trans-Atlantic alliance and to create a 'counterweight' to US influence.<sup>112</sup> This, of course, presupposes a convergence and balancing of interests — (in the 1970s, for example, the Commission for internal political reasons and in light of the Community's need to source raw materials was willing to negotiate the Framework Agreement) — that no longer exist to the same degree with the decline of the threat from the former Soviet Union. Further, if the TAD were to be used as a symbol of a "counterweight" to mollify those who would suggest that Canada has become dangerously close to the US, then it is indeed ironic that this agreement could only be accomplished as a result of the momentum of EC-US relations. It is difficult, given the history of West European sensitivity to US perceptions, for Canada to negotiate independently with the Community (e.g., the Commission would never have negotiated the Framework Agreement without prior assurances from Washington). This leaves the more cynical analyst questioning the ability of Canada to exercise its sovereignty in light of the actions of its southern neighbour.

Apart from the political rhetoric on both sides of the Atlantic, it is now more doubtful than ever that Europeans see Canada as a nation with a 'right' to a seat at the European table. While we would argue that Canada has real and pressing interests in Europe, there are those who would no doubt question the ultimate utility and seriousness of the TAD as a mechanism to reinforce Canada's Atlanticist ties. In other words, not only would the non-Atlanticists probe the significance of TAD as a framework within which to strengthen Canadian-EC relations (as we are doing), but they would challenge the entire premise that TAD provides a Canadian seat at the European table.

In their view, strengthened relations with Europe may continue to feature in official Canadian rhetoric, but is belied by economic and strategic reality which will ensure the decline of the Atlantic idea in the 1990s. The pull of geography, the weight of trade, the changing demographic patterns, and the rapid decline of the former Soviet threat all challenge the Atlanticist orthodoxy in the Government's rhetoric. Nossal, for example, asserts that "Canadians came to believe that they had less concrete need for an Atlantic connection; they no longer were as inclined to buy the arguments of the Atlanticists that being in Europe gave Canada a seat at the table; or allowed Canada to add a moderate tone to the North American voice in the alliance; or provided a counterweight to the United States".<sup>113</sup> Others go so far as to point out that

seeing Canada as an Atlantic nation, or a Pacific nation, or an Arctic nation is a futile attempt by some Canadians to transcend their reality, to make Canadians "anything but what [they] are — a nation of the Americas," an attempt to deny the "incontrovertible fact of geography that makes Canada an American nation."<sup>114</sup> From the non-Atlanticist perspective, then, the whole legitimation argument is moot.

d) *How Economically "Real" is the Declaration?*

The Declaration is of limited significance in dealing with specific trade irritants though, to be fair, it is not designed for this purpose. But, it would seem to us, that in light of the reduced threat from the former Soviet Union and the apparent inability of Canada to successfully adjust to the new security situation in Europe, which has diminished the roles of NATO and the CSCE as pillars of Canada's European policy, there is a pressing need for the Community pillar to be enhanced. To do this, in a coming era where economic security will increasingly replace military security as the foundation of a state's foreign policy, there is a fundamental necessity to improve economic linkages.

Although it is important that there now be a high level political impetus on both sides to consult on broad areas of foreign policy, which may enhance mutual understanding on certain areas of conflict, we are not sure how the Declaration will "make full use of the mechanisms established under the Framework Agreement" to enhance economic and trade linkages. For this to occur, there would have to be a re-examination and revitalization of Article II of the Framework Agreement. Article II covers both trade irritants — the confrontational aspect of bilateral relations — and the positive cooperation that Canada and the Community had in mind in concluding the agreement. It creates an obligation to "cooperate at the international level and bilaterally in the solution of commercial problems of common interest, [and to] use [the parties'] best endeavours to grant each other the widest facilities for commercial transactions in which one or the other has an interest". The article even contains a reference to discouraging restrictive trade practices by firms of either party. Yet Article II has never been used. Rather, trade issues are dealt with at separate semi-annual high-level consultations.<sup>115</sup>

Article IV provides the rudiments of a dispute settlement mechanism. But as Roseman points out, this article envisages that the Joint Cooperation Committee (JCC) will meet at least once a year. The article stipulates that

special meetings "...shall be held at the request of either Party. Subcommittees shall be constituted where appropriate in order to assist the Committee in the performance of tasks". But the history of the JCC has shown that it has met infrequently — with no meetings between 1986 and 1989 — and has become a "rubber-stamp for industrial cooperation and other bilateral activities in the area of environment and science and technology".<sup>110</sup> The trade irritants that do plague bilateral relations are resolved under the auspices of the GATT. The JCC is therefore an under-utilized and misused resource.

Given the apparent problems in maximizing the utility of the Framework Agreement it is difficult to imagine what difference the TAD will make. We agree with Roseman that what will be necessary to implement articles II and IV is to come to grips with the numerous trade issues on the Canada-EC agenda. Perhaps to start, the selection of a few low-level trade irritants for resolution within the Framework Agreement would increase its credibility. In the context of the Uruguay Round and the Community's new trade policy on public procurement, competition policy, and standards, it may also be beneficial to use the JCC as a framework within which dialogue on these subjects could take place. Furthermore, with the consolidation of the Community's internal market the number of irritants may diminish but the magnitude of those remaining may increase. But the JCC will not be effective until Canadian and European business representatives come forward and participate on a regular basis (rather than just appearing when specific irritants arise), to provide input on which trade issues of greatest importance to Canadian and European producers and exporters.

We believe strongly that although the TAD now provides the opportunities for high-level ministerial links that could reinforce the existing machinery of the Framework Agreement, it will have a negligible impact on bilateral economic relations without increased participation by both the Canadian and European business communities in the administrative machinery. Whether this can be done through participation by sector-specific industry associations (the forest products industry, for example, has been active in the industrial working groups sub-committee) or through the more horizontal business associations such as the Canadian Chamber of Commerce, the Canadian Exporters Association or the Canadian Manufacturers' Association is still unclear. And, what is equally unclear is how pan-European business associations such as UNICE or the individual national chambers of commerce in the Member States can be convinced that they have an interest in meeting with their Canadian counterparts under a government framework.

e) *Isn't The Independent Variable How the EC Views Canada?*

The benefit of these institutionalized high level political meetings to the management of the bilateral relationship, will depend - as we have seen in the Community's reaction to a formal trans-Atlantic alliance - on how the Community views Canada's importance in its foreign relations. With its preoccupation with its own enlargement and the progress of Political Union, its movement towards incorporating the Western European Union into its independent security framework, and the message sent by Canada in removing its troops from European soil, it is difficult to see how Canada will figure largely on the EC's agenda in the next few years.

f) *How Many New Institutional Links Does TAD Really Create?*

In looking at Table 1 it can be quickly established that the two new links established by the TAD are a) the Canadian PM meeting with the President of the European Council and the President of the Commission (#4), and b) the SSEA meeting with the President of the Council of the European Communities (#5). The other stated links (i.e., the SSEA's meeting with the Commissioner for External Relations and Trade Policy and the contacts between Canadian missions and EPC) already existed. The Canadian SSEA and the EC Commissioner for External Relations and Trade Policy have theoretically been supposed to meet annually to discuss bilateral relations through the Joint Cooperation Committee established under the Framework Agreement (see Table 2).<sup>117</sup>

Another example of increased political cooperation is found in debriefings on EPC decisions for non-Member States. Canada has not had the same level of access to the EPC decision-making process as the US. As noted, Canada's links to EPC were formalized in the early 1980s when it began to receive a general briefing on the Community's final decisions along with other 'like-minded' (mostly OECD) non-Member States; since 1988 it has received more exclusive access through the bi-annual separate bilateral "political directors" meetings.<sup>118</sup> This being said, in the domain of EPC, it is unclear how much more Canadian access has been brought about through the TAD, although there are now presumably more ad hoc links between the Canadian Mission to the EC in Brussels and the EPC expert groups as well as between the Mission and the EPC Secretariat and the EC Council's Secretariat for EPC.

Also, with the additional links created as a result of the TAD there was

initially some doubt whether the practice of having "High-Level" Ministerials (which predate the 1976 Framework Agreement by 4 years) would need to be continued.<sup>119</sup> In establishing the net number of bilateral institutional linkages it becomes apparent that there is a fair amount of redundancy in the bilateral institutional structure. Of course, this can be expected in the short-term before some of the old linkages are either abolished outright, indefinitely suspended or subsumed under new institutional links. As of this writing, the "High-Level" Ministerials will continue. They have not been subsumed under the new links established by TAD. Again, it is as yet unclear what significant benefit that their continuation will bring to bilateral relations.

Decisions such as these feed the perennial criticism in the academic and corporate communities that the conduct of bilateral relations is over-bureaucratized. The creation of new institutional links represent an accretion of organizational mass; there is an inherent belief within the bureaucracy that more is always better. Although officials in Ottawa say that they recognize that Canada's relationship with the EC is considerably greater than the government-to-government dialogue that they are attempting to foster through the TAD, even a cursory examination of the history of bilateral relations and a review of the institutionalized nature of the relationship (see table 1 and table 2), would leave one with the impression that process appears to have become an end in itself. Indeed, our comments today do not differ greatly from those of Pentland et al., writing about the Framework Agreement in the early 1980s:

The largely exploratory and technical work undertaken within the Working Groups of the continuing machinery of the JCC constitutes, in a sense, its own justification. The product is the process...and not what might actually emerge from it in the form of contracts and deals in trade and investment areas.<sup>120</sup>

While the product of the TAD will entail more than commercial contracts, the problem remains the same. This assessment, however, must be qualified since the process-driven nature of bilateral relations results to an important degree from the inherent difficulties facing Canada in dealing with what is still a supra-national entity.

Finally, another problem highlighted by Pentland et al., is the reluctance by Canada to pursue a strategy whereby issues are linked. The present structure is still vulnerable to the charge that the combination of general reviews of the relationship (even though they may now be more regular) with

"intense, narrow and isolated exercises in trade negotiation and cooperation", may cause opportunities to be missed for the constructive linkage of issues in which both sides gain something.<sup>121</sup>

**g) *What About Private Sector Participation?***

There can be no doubt that the private sectors on both sides of the Atlantic will increasingly determine the shape of overall Canada-EC relations as economic security replaces military security as the cornerstone of Canada's European policy framework. Yet, surprisingly, encouraging dialogue among the private sectors of the Community and Canada did not figure in the TAD. Referring to the previous discussion on the role of the private sector in the consultative structure set-up under the Framework Agreement, a parallel can be drawn between the paucity of private sector involvement in that structure and the lack of reference to it in the TAD. There appears to be some discrepancy between this lack of reference to the private sector and the Government's own public exhortations to the organized business community to participate more actively in Canada's policy approach to economic integration in Europe.<sup>122</sup>

To be fair, the organized Canadian business community has itself not shown a sustained interest in becoming more involved in the foreign policy-making process vis-à-vis the Community, although there have been some small successes. For example, a "Europe 1992" Committee was established in 1988 as part of the Government's International Trade Advisory Committee (ITAC), a mechanism to elicit policy input from the Canadian business community; this committee has since been dissolved. In late 1991, the Canadian Chamber of Commerce (CCC) decided to attempt to transform its Canada-UK Joint Committee (an annual meeting of the CCC and the Canada-UK Chamber of Commerce) into a committee on Canada-EC relations that would be held once a year alternately in Canada and Europe.<sup>123</sup> Again, it is hard to see how a meeting held once a year with no follow up mechanism can serve to provide substantive private sector input into the policy-making process.

One overriding problem with the formulation of Canada's European Community policy framework, is that it has been affected by the bureaucracy's traditional reluctance to allow the provinces, business or Parliament to have an adequate say in decisions on Canada's foreign policy goals and interests.<sup>124</sup> This exclusion of views further narrows the range of possible options considered by federal officials in drawing up policy options in face of the process of European integration, and undoubtedly is reflected in the lack of

consultation with non-government actors on the TAD.

**h) *Bureaucratic Support in Canada***

The reference to the "privileged relationship" established by the 1976 Framework Agreement in TAD is somewhat curious since EAITC's own internal memoranda on Canada-EC relations rarely mention the Framework Agreement as an example of Canada's privileged relationship with the Community. In fact, on the contrary, there is a deep-rooted cynicism within the Canadian federal bureaucracy about the Agreement's ability to act as a focal point of bilateral relations. In the same way, there is also a cynicism that without an effective Framework Agreement to promote bilateral economic relations, how much value-added can be derived from having the opportunity for high level political contacts. This in turn throws open to question the bureaucracy's own faith in the ability of the TAD to fortify the Community pillar of Canada's European framework.

The TAD will be ineffectual if the foreign policy bureaucracy does not form a consensus on the predominant role that relations with the European Community will play in Canada's future policy towards Europe. As we have indicated there has been spirited discussion within EAITC on the priority that should be accorded to relations with the EC. The European Branch, not surprisingly, was of the view during the TAD negotiations that the "NATO flag was coming down, and the EC flag was going up".<sup>125</sup> But the reaction of the Department as a whole, according to some observers, was that while Canada "belonged" to NATO and the CSCE it did not "belong" to the EC. Thus, this lack of coherence at the bureaucratic level will have to be resolved for the TAD to have a meaningful impact.

**i) *Conclusion***

The EC-Canada Declaration is important because it brings grist to the mill. The question is whether it can be made into a vehicle of real cooperation in the 1990s. While it obviously cannot be compared to the roles played by NATO and the CSCE as pillars in Canada's European framework, maybe it can act as the foundation of a renewed effort to strengthen Canada's approach to the European Community. The TAD does refer specifically to improved dialogue on inter alia matters such as competition policy and standards. Already, there are some positive signs that the cooperation envisaged by the TAD is coming to fruition. For instance, Canada and the European Community are presently

negotiating an agreement on competition policy. The Standards Council of Canada and the European Organization for Testing and Certification (EOTC) are working on a Mutual Recognition Agreement (MRA) for products in non-regulated sectors that is due to be completed by the end of 1992;<sup>126</sup> for regulated products, Canada will negotiate MRAs directly with the Commission.<sup>127</sup>

More sceptically, and less generously, it is hard to see the immediate substantive results of the Declaration apart from institutionalizing high level political contact.<sup>128</sup> After all, the agreements that are currently being negotiated would have been negotiated irrespective of the TAD. Moreover, with regard to the big, highly politicized issues such as the offshore fisheries dispute and the bilateral trade irritants, it is at this early stage, unclear whether these issues will be settled more quickly because the Canadian PM now meets 'regularly' with the President of the European Council and the President of the European Commission. As we have pointed out, without some changes to the 9Framework Agreement or the creation of other dispute resolution mechanisms, it is hard to see whether the political links will have a discernible impact on bilateral trade and economic relations in the short-term.

Furthermore, this paper's description of the process leading up to the issuance of the TAD reinforces the perception that the conduct of US foreign policy limits the options available in the conduct of Canadian foreign policy. This has both positive and negative consequences for Canada. On the one hand, without the cooperation of the US, Canada would not have achieved the institutionalization of high level political links in such a short time-frame. On the other hand, the process of achieving the TAD has also, in European eyes, no doubt reinforced the traditional "two pillar" theory of bilateral relations in which Canada must either be excluded entirely or included in the American pillar. Despite having provided the text for the TAD, Canada may continue to be viewed by the EC as an adjunct of the US; once more it will be difficult to for the EC to make clear distinctions between Canadian and US interests.

Another danger of the TAD exercise is that its significance will be exaggerated. Are false expectations once more being created? One cannot help being reminded of a former Liberal SSEA who, in reflecting on the disappointment of the Third Option, said he could not help being reminded about "sound and fury signifying nothing" and then changed the metaphor to the "mountain labouring and bringing forth a mouse". Because the TAD is a strengthening of Canada's European policy by another name, great care must

be taken that the public, politicians, and bureaucrats judge the declaration on its own merits, rather than on ulterior motives and desires that Canada and the EC have failed to agree on.<sup>129</sup> This may prevent the feelings of cynicism that have dogged the Framework Agreement for the past decade.

In short, it can be concluded that the formulation of TAD was Canada's attempt in light of the tremendous changes in Europe to create a lever; it was and is Ottawa's most visible attempt not to be left out of the Washington-Brussels axis.<sup>130</sup>

iii) **Does US TAD Create Greater Qualitative Change Than Canadian TAD?**

The collaboration between Canada and the US in drawing up the Declarations prompts a comparison of both countries' relationships with the Community. In other words, given our earlier discussion of EC-US relations and the analysis of the TADs' significance, have the TADs negotiated by Canada and the US affected their respective bilateral relations with the Community equally? The analysis engendered by this type of question could, however, result in specious conclusions since there are significant qualitative differences in these two relationships. For instance, the EC's relationship with the US has a different historical backdrop: until the coincidence of two unrelated events in the late 1980s and early 1990s, namely, the push towards Political Union and the decline of the Soviet threat, it was a patron-client relationship (i.e., the US provided the security umbrella and the West Europeans accepted it). Although the West Europeans as represented by the European Community may no longer think of the US as the patron, the power configuration between Brussels and Ottawa is clearly different than it is between Brussels and Washington where both sides are economic rivals. Simply put, the EC has more at stake in its relations with the US.

Given the importance of both sides to each other economically and now increasingly politically, the EC-US Declaration represents -- albeit somewhat belatedly -- the first comprehensive institutionalization of bilateral relations, something that has already existed in Canada-EC relations since 1976.<sup>131</sup> Based on this reason some analysts would conclude that EC-US relations have been moved further ahead by the EC-US Declaration than have EC-Canadian relations by the EC-Canadian Declaration. A more accurate assessment, however, would take into account the fact that those institutionalized links under the US TAD already existed de facto; thus, the US TAD may have moved EC-US relations ahead further in form than in substance.

## 7. The TAD: Exemplar of Leadership or Followership?

Implicit in this discussion about the evolution and significance of TAD is whether Canada was a leader or a follower. One likely interpretation, starting from the Bush and Baker speeches and moving through the more formal negotiations between the EC and the US beginning in June 1990, would conclude that the US led, while Canada followed. But as Cooper et al., assert, it is misleading to deduce leadership by looking solely at the leader's behaviour because it assumes that one need not bother "examining too closely what followers were actually doing, what is motivating them, what is driving their behaviour".<sup>132</sup> For this reason, in this paper we have examined in detail the Canadian responses to the increasing EC-US dialogue. What we are challenging is the tendency to paint a cynical portrait of Canadian participation in the formulation of the TAD in particular; and the suggestion that Canada as a smaller power is inherently reactive within the international system in general. To determine whether Canada played a leadership or followership role it is necessary first to define the terms and then to review the choices that were available to Canadian policy-makers.

It is useful first to distinguish between "leadership" as a political phenomenon from "dominance" and "naked power".<sup>133</sup> Accepting that American leadership on the TAD was political, there still remains the problem of using a leader-centred approach because it "seriously distorts how we understand the nature of leadership in international politics".<sup>134</sup> To see why one only has to look at the act of followership. As Cooper et al. state:

Those who look as though they are following may well be engaged in an act of followership...Then again, those putative followers may not be so much following a leader as finding themselves in step with a leader because of complementary interests. And finally, those who look as though they are following may also be engaged in an elaborate deception, purposely misleading those who are inclined to think...that they are leading.<sup>135</sup>

In the present case, Canada's followership role is not one resulting from coercion (since the US initially did not desire Canadian participation in a possible trans-Atlantic accord), but is closer to an act based on pragmatism (i.e., not wanting to be left out of a possible trans-Atlantic accord) reflecting the complementary political and economic interests of both Canada and the US vis-à-vis the European Community.<sup>136</sup> In other words, once Canada saw that the EC-US negotiations were moving inexorably toward some type of declaration, Canada insinuated itself into the process and made concrete recommendations on how the eventual declarations could

be structured. It moved EC-US discussions towards TAD in such a way that it included a meaningful role for itself.

As a player of modest size in the international system, Canada has had to move swiftly to ensure that its interests are taken into account. The EC's move towards economic and political union created structural changes in the international system and presented a number of options to Canadian decision-makers. Canada could have pursued a strictly national strategy and relied on its existing high level Ministerial meetings to enhance its political links with the Community; this, however, appeared unacceptable, especially from the perspectives of officials at EAITC who viewed the TAD as a unique opportunity to ensure that the Community would become a permanent fixture on the PM's and SSEA's calendars. In many ways Canadian officials cast a covetous eye at their American counterparts, who had succeeded — pre-TAD (e.g., Bush/Delors meeting in spring of 1990) — in institutionalizing at least an annual meeting between the US president and the EC Commission president.

Second, Canada could have done nothing as the US and the EC negotiated a declaration. But, this option had two significant counts against it: 1) the Europeans were quite willing to use Canada as an intermediary in their discussions with the US (indeed Canadian officials were leaked confidential drafts of the EC-US Declaration); and 2) neither Brussels nor Washington were exercising vigorous leadership roles in the drawing up of the Declarations.

The third option was for Canada to attempt to make use of its niche role as an intermediary for the Community and to structure the actual agreement; Canada could take on a more proactive role. In the end, by moving swiftly to provide a model of the eventual TADs, Canadian officials became "policy entrepreneurs".

So, it may be more accurate to say that while Canada may have been a follower throughout the EC-US preliminary discussions in the spring and summer of 1990, by October of that year Canada's role changed to that of leader. We conclude that just as the US possessed "structural" (i.e. political) and what can be referred to as "transforming leadership" that transformed the interests, priorities and expectations of Canada in its policy responses to increasing European integration and trans-Atlanticism, Canada also appeared to possess a certain "intellectual" leadership that allowed it to obtain the TAD on its terms — albeit in the format of a parallel agreement.<sup>137</sup>

## 8. POST-MAASTRICHT CANADA-EC RELATIONS

In the post-Maastricht environment, Canadian policy must recognize the greater relevance of the EC for the pursuit of Canadian interests in Europe.<sup>138</sup> Two years have passed since the Government stated publicly that it was reviewing its framework for relations with Europe. At that time, the primary emphasis was on reconfiguring existing multilateral security structures; Canada's relationship with the European Community, although recognizing the implications of a Single European Market, was still embedded in the post-war Western political/security bargain.<sup>139</sup> The Maastricht summit marked the culmination of an era in European integration and signalled the beginning of a new phase; it has prompted a re-evaluation of Canada's relationship with the Community.

As the new European Union deepens and prepares to enlarge, the Canadian Government will have to wrench itself from its institutional and psychological attachment to military security as forming the basis of its European policy framework. Whereas previously the Government's focus was firmly focused on trying to expand the CSCE and reconfigure NATO in light of the decline of the threat from the former Soviet Union, there is now a realization among Canadian officials (although perhaps not yet among politicians) that the Member States and the EC will clearly constitute the primary locus of power in Europe, supplanting Canada's two traditional pillars.<sup>140</sup> Canadian foreign policy towards Europe is moving into an era where the emphasis will be on cooperative security (i.e., 'low' security concerns such as anti-terrorism, drug interdiction, migration etc.) and commercial and economic interests. The increased focus on economic security will make Canadian relations with Europe increasingly susceptible to trade irritants, especially with the force of a Single European Market, the creation of the European Economic Area and the further enlargement of the Community.

With economic security constituting the heart of Canada's interest in the Europe of the 1990s, there is now a search for mechanisms that will tie Canada securely to Europe in this area. With the undeniable fact that Canada's role in policy-making dialogue on matters of direct interest to it is slowly being eroded by the evolving consultation mechanisms and practices (e.g., rise of WEU) and the increasing tendency for non-Member State input to be sought at the end of consultations rather than at the beginning, there is an important role to be played by agreements such as the TAD.

*Canada's Leverage on the EC*

Canada now has four direct levers (viz., in addition to multilateral organizations at which both Canada and the EC are represented) at its disposal in dealing with an increasingly important and cohesive Community. As we have stated, the TAD functions as a framework within which Canada's existing and new mechanisms can be ordered; it now is the highest mechanism through which Ottawa deals with Brussels. The TAD may turn out to be a powerful top-down mechanism that will help to keep Canada on the EC's agenda.

Second, the 1976 Framework Agreement may also continue to provide a limited measure of influence on the Commission's decision-making process in the economic and trade area. We are not sure, however, if it will continue to even do this once the magnitude or number of trade irritants increases. There is also the more fundamental question of whether merely tinkering with the bilateral economic relationship through tagreements on competition policy, on technical standards and certification, and on Canadian participation in the Community's science and technology projects, is the best way of serving Canadian economic interests in Europe. It may be more appropriate to revisit SSEA Clark's call for a comprehensive trans-Atlantic free trade agreement after the Uruguay Round.

Third, Canada's links to EPC will permit more substantive consultations on foreign policy issues of mutual interest. The Treaty on European Union reached at Maastricht extends and preserves the principle of parallel intergovernmental cooperation outside the legal framework of the Treaty of Rome with decisions taken by consensus. Allen and Smith conclude that this method of integration will "continue to underpin progress towards a common foreign and security policy and...will be extended to cover cooperation between the member-states on a number of matters ranging from immigration and asylum policy to the fight against organized crime and drug trafficking".<sup>141</sup> In other words, although the Union Treaty represents a further development of the EPC mechanism, it does not represent a "leap into federalism" that placing the EPC within the framework of the Treaty of Rome would have suggested. Under these circumstances, as Allen and Smith point out, it is hard to see how the Member States will advance their collective foreign policy action beyond the plateau that EPC has already reached without the creation of either a European foreign ministry or a European diplomatic service staffing European embassies. Thus by preserving the principle of consensus within an intergovernmental framework, the EC Member States have, according to these authors, "undoubtedly chosen to continue to accept limits on their ability to act in the world as a single entity".<sup>142</sup> What does this mean for Canadian policy approaches to the Community

through EPC? It means that Canada cannot afford to lessen its attention to the particular foreign policy perspectives of individual Member States when consulting with the Community on foreign policy issues through the EPC framework.

And, fourth, in light of the above discussion, Canada's bilateral relations with the Member States of the Community, especially its relations with the "key" states such as the UK, France and Germany will be more important if the Community continues — as it has been suggested — to evolve along the lines of inter-governmentalism.<sup>143</sup> A new mechanism of influence on the Community that may be beneficial to Canadian interests is tactical alliances with third countries in some issues where Canada and these states share mutual interests (understanding that European NATO members will continue to be Canada's allies in the security and defence policy area). For it is undeniable that European political and monetary integration will have the effect of marginalizing Canada in the years to come. This is inevitable. But the tendency can be attenuated through third-country cooperation. As this study of the TAD has shown, it is not only natural but equally inevitable that Canadian relations with Europe will, to a significant extent, be shaped by cooperative efforts with the US.<sup>144</sup> However, given the danger of this association leading to a merging of Canadian and American policy in European eyes, there is great utility in using multilateral diplomacy in the pursuit of Canadian interests, starting with the G-7 and counting on the support of other non-European countries such as Japan.

Finally, as mentioned, increased cooperation between Canada and the new democracies of central and eastern Europe, some of whom are clamouring to become full Member States of the Community, could also be used to enhance Canadian influence. Thus, without becoming an advocate of third party interests at the expense of its own leverage, Canada must identify strategic partners and cooperate with them in occasionally directing the Community's attention to the world as a whole.

## **9. CONCLUSION**

Our objectives in this paper have been to probe the antecedents to the TAD; to demonstrate why the Declaration is a policy response to not only the pace of West European integration but also to increased US bilateralism; to demonstrate how, for domestic purposes, its release may reflect the Government's desire to fortify a 'counterweight' to its relations with the US; and how — despite the failure of gaining support for a trans-Atlantic free trade agreement — it may increase the likelihood of more balanced Canada-EC bilateral relations in the future.

We have come to the conclusion that Canada, to a considerable extent,

overcame its handicap of being constrained by its relative power in taking foreign policy initiatives. The use of multi-level analysis has demonstrated that domestic actors in Canada were able to manipulate systemic constraints to ensure that Canada obtained its TAD as an alternative mechanism to a bilateral or trilateral trans-Atlantic trade agreement. This was facilitated by the fact that the emergence of the European Community as an economic and political power has forced Canadian politicians to put Canada-Community relations on the Canadian foreign policy agenda. Without the personal involvement of the Canadian PM and SSEA it would not have been possible for Canada to achieve the qualified success that it did.

While the EC's decision-making procedure with regard to a common foreign policy still has the potential to contradict Member State competencies, and it is too early to fully evaluate the effectiveness of a common European foreign policy, Canada can nevertheless no longer neglect the EC as a foreign policy actor.

Since 1989 Canada has embarked upon a fundamental re-evaluation of its European policy framework. During the forty year period ending in 1989, NATO and then the CSCE played the dominant roles in Canadian policy approaches to Europe, but now the Community is becoming the predominant pillar. This is not to say that the traditional security mechanisms, which provided Canada with a political entrée into Europe are dead or will die any time soon, rather it suggests that the priorities in Canada's foreign policy-making as a whole may be changing as Canada begins to feel more comfortable dealing bilaterally rather than concentrating on multilateral mechanisms. A postscript may be in order: The announcement of a Canadian troop withdrawal from Western Europe by 1994, which has elicited notes of disappointment from Canada's NATO allies — especially the United Kingdom and Germany — will, by default, enhance the Community's role as the key pillar of Canada's European policy framework. This in turn will further challenge Canada to effectively utilize its new high level political access, stipulated under TAD, to replace the access to the Member States and the Community that will be lost as Canada's influence in NATO and the CSCE wanes.

## ENDNOTES

1. The author, who was the Norman Robertson Research Fellow at the Department of External Affairs and International Trade Canada in 1991-1992, benefitted greatly from frank discussions with both Canadian and Community officials. A special thanks to members of the Policy Planning Staff who commented on numerous drafts of this paper. The author would also like to thank Gretchen MacMillan, Edelgard Mahant, Hans Michelmann, Charles Pentland, Harold Potter and Panayotis Soldatos for their perceptive and helpful comments. Interviews, documents and ad hoc written comments given to the author have supported this endeavour. The author refers to them generally and anonymously, both to preserve the overall integrity of the paper and to respect the respondents' wishes for confidentiality. The author assumes responsibility for any remaining errors and for the views expressed in this paper.
2. Launched in 1989, "Going Global" is the Canadian government's attempt to develop a long-term trade development strategy. This initiative emerged once it had been established that the US would be Canada's primary market in the near and foreseeable future, and that diversification would be a natural byproduct of increased competitiveness engendered by the Canada-US Free Trade Agreement. The "Going Global" strategy concentrates on trying to create economic activity and jobs through export growth in key overseas markets; to strengthen export capacity by the acquisition of technologies and support for investment and strategic alliances; and to develop a "global trading culture" in Canada. This strategy is centred on the United States and reaches out to build stronger relationships with Europe, Japan and the industrialized countries in Asia Pacific. The "Europe 1992" component of "Going Global" is designed to prepare Canadian companies (primarily small- to medium-sized), through a variety of programs, for the Single European Market in 1993.
3. In this period Prime Minister Mulroney and the Secretary of State for External Affairs, Joe Clark, for the first time, met their counterparts at the Commission and the European Council in Brussels, rather than meeting them exclusively at the margins of other international gatherings.
4. Clarke and Smith point out that one of the most overlooked aspect of the analysis of foreign policy decision-making is the distinction between foreign policy output and foreign policy outcome. Certain uncontrolled for variables, i.e. the anarchic international system or the values of officials, may cause the outcome of a policy decision to be different from the expected policy output. Moreover, this change can be traced to the implementation of the decision. They point out that the involvement or follow-up by political decision-makers in the implementation of a strategy is one of the most overlooked aspects of the analysis of particular foreign policy strategies. See Michael Clarke and Steve Smith, *Foreign Policy Implementation* (London: Allan & Unwin, 1985), p.7.
5. The notion of middlepower statecraft was developed in Canada, most notably by John Holmes, to signify an approach to diplomacy geared towards mitigating conflict and building consensus and cooperation. See, for example, John Holmes, *The Shaping of Peace: Canada and the Search for World Order, 1943-1957* Vol. 1 (Toronto: University of Toronto Press, 1976).

6. It can be argued that realistically it is only in the context of the Community's evolution in the 1990s towards full union that it will be possible to establish fuller bilateral diplomatic relations. After all, at the time of the Community's establishment in 1957, the Treaty of Rome only provided the EC with competence over the Common Commercial Policy (CPP), agriculture (CAP), competition policy, and to a limited extent social policy. And, furthermore, with the creation of European political cooperation (EPC) in 1970, whose mandate it was to coordinate the foreign policy of Member States, this competency was still distinct from that of the Community and was only made more real much later through the Single European Act in 1986 and the resolutions passed at Maastricht in 1991.

7. The other two 'pillars' are NATO and the CSCE; the bilateral consultative mechanisms built under the Framework Agreement allow for closer collaboration on issues of economics and trade.

8. It should be noted that the TAD was 'issued' and not signed. This makes it less binding and inherently more symbolic than substantive.

9. See an excellent review of the literature on the political economy of trade and the levels-of-analysis problem by Benjamin Cohen, "The Political Economy of International Trade", *International Organization* 44 (2), p. 269.

10. This top-down approach to foreign policy-making can be contrasted to the bottom-up approach as represented by the "Going Global" trade development initiative which was a means for certain geographic bureaux (primarily Asia/Pacific and Europe) within External Affairs and International Trade Canada (EAITC) to get an increased budgetary allocation from Treasury Board.

11. It is unlikely that this would be the official assessment of the need for TAD in the post-Third Option era. Indeed, there was a strong voice within EAITC to deliberately drop the use of the word 'counterweight' when formulating Canada's European policy in the late 1980s since it was reminiscent of the attitudes of politicians and senior civil servants in the 1970s who, lamenting Canada's increased 'vulnerability' in face of its proximity to the US, sought to diversify Canada's foreign relations (primarily trade) through a policy known as the Third Option. One result of this foreign policy orientation was a great expectation that new Canadian-West European institutional links (e.g., Framework Agreement) would translate into greater commercial and economic gains for Canada. When this did not happen there was widespread disappointment with the direction of Canadian foreign policy. Not surprisingly, then, by the late 1980s with the general acceptance of the death of the Third Option as a foreign policy orientation and the economic integration of Canada more fully with the US through free trade, Canadian officials were reluctant to push the line that the new intensification of Canada's relations with the Community permitted the development of a 'counterweight' to US influence. The preferred spin was that Canada's European policy would now act as a 'complement' to Canada-US relations.

12. The assumption of this paper is that the specifics of Canada's foreign policy are determined domestically and located predominantly at the level of the state. For examples of this literature, see Kim R. Nossal, *The Politics of Canadian Foreign Policy* (Englewood Cliffs, New Jersey: Prentice Hall, Inc., 1985), Chs. 3 and 4.; David Dewitt and John Kirton, *Canada as a Principal Power* (Toronto: Wiley, 1983), esp. Ch. 5, 167-193; John Kirton and Blair Dimock, 'Domestic access to government in the Canadian foreign policy process,' *International Journal* 39 (winter 1983-4); and Tom Keating, 'The state, the public, and the making of Canadian foreign policy,' in Robert J. Jackson, Doreen Jackson, and Nicolas Baxter-Moore, eds, *Contemporary Canadian Politics* (Scarborough, Ont: Prentice-Hall, 1988), 356-73.

13. Riddell-Dixon points out that in defining the state, the principal divergence is between those who focus on institutions and those who emphasize the role of individuals. It is difficult to locate the case study of the TAD within the prevailing theories of Canadian foreign policy-making that can find their analogs in the American literature on the state: Should the TAD's origins be traced back to an institution, i.e., EAITC, which is consistent with Krasner's definition of the state as 'central decision-making roles and institutions'? Or, should its origins be traced back to the role of individuals as per Nordlinger's view that 'the state is made up of and limited to those individuals who are endowed with society-wide decision-making authority'? Riddell states that Nossal refines the Nordlinger approach by noting the institutional affiliation as a key explanation for individual preferences. See Elizabeth Riddell-Dixon, "Canada's Policies on Technology Transfers," *International Journal* Vol. XLVII, Winter 1991-92, p. 176; Kim R. Nossal, "Mixed motives revisited: Canada's interest in development assistance," *Canadian Journal of Political Science* Vol. 21, (March 1988) pp. 35-56; Stephen D. Krasner, *Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy* (Princeton NJ.: Princeton University Press, 1978), p. 13; and Eric Nordlinger, *On the Autonomy of the Democratic State* (Cambridge, MA: Harvard University Press, 1981), p. 11.

14. Indeed this lack of accountability to Parliament was the source of some friction during a House of Commons debate on May 31, 1990, in which opposition MPs accused SSEA Clark of not consulting them before embarking on fundamental changes in the directions of Canada's foreign policy. See *House of Commons Debates*, May 31, 1990, p. 12091.

15. European Political Cooperation was formally established in 1970 (as a result of a heads of an EC state summit held in the Hague in 1969). It is a system of intergovernmental cooperation, operated by the Member States of the EC with the participation of the European Commission, which provides for extensive consultations and where possible common statements and action on foreign policy issues. The 1973 Copenhagen Report strengthened EPC's institutional basis and committed the Member States to consult each other on all important foreign policy questions; it also heightened the sensitivity to the overlap between EC and EPC activities. EPC was given a legal base in the Single European Act (SEA) and is the basis of the chapter on a common foreign and security policy in the draft Treaty on European Union agreed at Maastricht in 1991.

16. At the apex of EPC's organizational framework is the European Council (as distinct from the EC Council of Ministers). This is an institutionalized summit of heads of state and government, established in 1974 and later codified in Article 2 of the Single European Act. The European Council is the ultimate forum for the coordination of foreign policy issues. The formal head of the EPC framework is the Conference of Foreign Ministers meeting in Political Cooperation. A permanent EPC Secretariat assists the rotating Presidency of EPC. The Secretariat and the Presidency function at three levels: Political Director - head of Secretariat; European Correspondent (follows-up EPC decisions and declarations) - national (Presidency) member of the Secretariat; and working groups - national (Presidency) member of the Secretariat. The Presidency's personnel in these link-ups act as gatekeepers, and their position is strengthened by virtue of their importance to the various EPC working groups. The latter mirror politico-geographic divisions of responsibilities as well as functional divisions aligned to foreign policy issue areas such as matters as CSCE, the Euro-Arab dialogue, and Yugoslavia.

17. See Juliet Lodge, "European Political Cooperation: towards the 1990s", in Juliet Lodge (ed.) *The European Community and the Challenge of the Future* (London: Pinter Publishers Ltd, 1989), pp. 223-240; see also Alfred Pijpers, Elfriede Regelsberger, and Wolfgang Wessels, eds., *European Political Cooperation in the 1980s: Towards a Foreign Policy for Western Europe?* (The Hague: Nijhoff, 1988).

18. The SEA confirmed existing goals for EPC, and opened the door for and legitimizes discussion of other related issues (such as security and technological and industrial aspects of defence) by members in the EC as well as in EPC. Title II exuded caution and new commitments with respect to security-related discussions appeared to lack direct operational implications for WEU and NATO. See Lodge, p. 235. Paragraphs 8,9, and 10(b) of article 30 provided for political dialogue and cooperation with third countries.
19. It is not surprising that EC decisions were immutable since they often emerged from tortuous intergovernmental consultations; in short, it was almost impossible to have them reversed or modified if they were contrary to US interests.
20. This procedure, while not permitting any direct American input into EPC, did foster through the development of personal relationships a sense of mutual sensitivity on issues affecting both the US and the Community.
21. A senior Canadian official provides an alternative view on the roots of the TAD. He avers that the idea to formulate a new treaty or declaration to bind the Atlantic allies came originally from Germany. According to this official, the story "really" begins in 1988 when Germany occupied the EC Presidency, and the experiences gained in the increasingly close consultation processes of that period were carried forward. He does concede, however, that this is difficult to prove with concrete evidence since this would require an insight into what Hans Dietrich Genscher, the German foreign minister, was thinking at the time.
22. Reprinted in *Europa-Archiv* 45/4 (1990), pp.D77-84.
23. For a discussion EC-US relations see Michael Smith and Stephen Woolcock, "The United States and the EC: Confronting the Challenge of Political and Security Order", Discussion paper presented at the International Studies Association annual meeting, Atlanta, Georgia, 31 March - 4 April, 1992 to appear in its final form as a chapter in a Chatham House Paper to be published in 1992; and Roy Ginsberg, "US-EC Relations", in Juliet Lodge (ed.) *The European Community and the Challenge of the Future* (London: Pinter Publishers Ltd., 1990), p.264.
24. Luxembourg was instrumental in the implementation of the idea to create a trans-Atlantic alliance.
25. Michael Calingaert, "The European Community's Emerging Political Dimension", *SAIS Review* Winter/Spring 1992, Vol. 12, No. 1., p. 82.
26. Confidential interview.
27. Horst Krenzler and Wolfram Kaiser, "The Transatlantic Declaration: A New Basis for Relations Between the EC and the USA", *Aussenpolitik* Vol. 42, No. 4, 1991, p. 366.
28. Confidential interview.
29. The last time there had been this sustained US attention to Europe was during Henry Kissinger's "Year of Europe".

30. See Roy H. Ginsberg, "US-EC Relations", in Juliet Lodge (ed.) *The European Community and the Challenge of the Future* (London: Pinter Publishers Ltd., 1990), pp. 256-278, the section on the historical evolution of relations is particularly useful; see also R. Talbot, *The Chicken War: An International Trade Conflict between the United States and the EEC* (Ames, Iowa: Iowa State University Press, 1978).
31. Confidential interview, February 1992.
32. Confidential interview, February 1992.
33. As a result of the US refusing to grant Canada an exemption from its unilateral effort to cut imports by imposing a surcharge on imports in 1971, Canada replied with its so-called "Third Option" in 1972. This option formally rejected closer integration with the United States in favour of diversified multilateral ties. The option took the explicit form of attempting to build a contractual link with the European Community which resulted in the EC-Canada Framework Agreement.
34. The death of the Third Option was heralded with the Government's announcement, in September 1983, of another orientation of trade policy that favoured closer bilateral relations with the US. This was confirmed by a private meeting of senior EAITC officials in 1983 who reviewed the progress of the Third Option.
35. This programme of action had an impact both in institutional and policy terms. For Canada's approach to western Europe this translated into the "Europe 1992" component of the "Going Global" initiative. In terms of eastern Europe and the Soviet Union, a separate bureaucratic structure (Task Force on Central and Eastern Europe) was set up at EAITC to provide long-term economic assistance.
36. Confidential interview, March 1992.
37. Confidential interview, March 1992. A year before the Government's exploration of a new policy framework for its relations with Europe that was undertaken at EAITC in late 1990, there had also been a comprehensive review of the trade irritants in bilateral Canada-EC relations.
38. A senior Canadian official has pointed out that the birth of a more clearly thought-out TAD proposal goes back to January 1990 when Genscher "first mentioned something along these lines when I called him prior to the Ottawa Open Skies Conference". The official further states that at that time Genscher was thinking in a CSCE context and was concerned with ensuring continued North American participation in Europe as counter-balance to a changing relationship with the USSR. As it turned out, the TAD idea never appeared on the agenda at the Open Skies Conference - but this did not mean that the Germans had dropped the idea. Indeed, policy planning officials in the German Ministry of Foreign Affairs had in the meantime been trying - somewhat unsuccessfully - to transform Genscher's suggestions into a coherent text. From confidential interview, April 1992.
39. Minutes of Proceedings and Evidence of the Standing Committee on External Affairs and International Trade, Issue No. 48, Thursday, April 5, 1990., pp. 6-7.
40. Minutes of Proceedings and Evidence of the Standing Committee on External Affairs and International Trade, Issue No. 48, Thursday, April 5, 1990., p. 9.
41. Confidential interview, April 1992.

42. Secretary of State for External Affairs, News Release No. 063, March 30, 1990.
43. The Canadian Embassy in Germany did raise the matter of picking up on Genscher's proposal and putting some flesh on Canadian thinking but no follow-up was taken by Ottawa until September. Confidential interview, 3 April 1992.
44. Numerous officials at EAITC indicated to the author that the centrality of Ambassador Burney to the current conduct of Canadian foreign policy should not be discounted.
45. The Under-Secretary of State is EAITC's top bureaucrat and is at the level of a deputy minister. Marchand started as USS in January 1990.
46. Confidential interview, March 1992.
47. Confidential interview, February 1991.
48. Confidential interview, February 1992.
49. Confidential interview, February 1992.
50. Confidential interview, February 1992.
51. From text of speech by Joe Clark, "Canada and the New Europe", Humber College, May 26, 1990, p.7.
52. Confidential interview, March 1992.
53. *House of Commons Debates*, 31 May 1990, p.12091.
54. The assertion by the SSEA of the desirability of a more formalized, open trading arrangement between Canada and the EC was added by the Minister's staff and did not come from officials at EAITC. The Minister's staff evidently believed that what was necessary was some "general yet decisive statement" that would indicate that Canada wanted to play a serious role in the future of Europe. Confidential interview with member of Minister's staff; see text of Joe Clark speech, "Canada and the New Europe", Humber College, Toronto, May 26, 1990, p. 7.
55. In the end, because the speech was a Ministerial initiative and had limited input from officials in EAITC, it was initially unclear how this trans-Atlantic trade idea would be developed.
56. Joe Clark, Notes of Speech, "Canada's Stake in Europe", presented at luncheon sponsored by the *Conseil des relations internationales de Montreal*, Montreal, 20 June 1990, p.2.
57. Hyman Solomon was one of the few Canadian journalists who picked up the potential significance and far-reaching nature of Clark's trans-Atlantic trade treaty proposal. See Hyman Solomon, "Trade deal with Europe becoming a major issue", *Financial Post*, May 30, 1990.

58. Confidential Interview, February 1992.
59. Confidential interview, February 1992.
60. Confidential interview, February 1992.
61. Confidential telephone interview with Commission official, February 1992.
62. Michael Hart, "Multilateralism and Professionalism" unpublished book manuscript, p. 525., unpublished.
63. There is, however, a countervailing force to this influence due to the organizational nature of the foreign service. With a rotational foreign ministry service, for example, the maintenance of a high level of bureaucratic support for a particular initiative can dissipate once the public servant with a vested interest in that initiative is re-assigned.
64. A sure measure of the working-group's diminishing priority was the absence of senior officials, i.e. Directors General, during the last two meetings of the no more than five meetings that were ever held.
65. A number of factors have made the Policy Planning Staff (CPD) the foreign policy bureaucracy's weathervane on the issues of greatest concern to the government in power: 1) the Director General of CPD reports directly to the Under-Secretary of State for External Affairs, and because this position affords the only overview of departmental operations and policy, it can be a position of considerable influence; 2) due to its advisory role CPD provides short-term forward planning briefs (at the request of the Minister or Cabinet) on the impact of international economic and political developments on Canadian interests; and 3) with its Cabinet liaison section CPD forms the institutional link between the foreign policy bureaucracy and the Cabinet.
66. Although it is true that Canada had initiated discussions for a World Trading Organization (WTO).
67. G. Bruce Doern and Brian W. Tomlin, *The Free Trade Story: Faith and Fear* (Toronto: Stoddart Publishing Co. Ltd., 1991), p. 278.
68. This is supported by a senior Canadian official's assertion that follow-up on Genscher's proposal was only taken by the Canadian side when "it appeared that the US was moving forward". Confidential interview, April 1992.
69. Peter Riddell points out that the American TAD was to be phrased in vague terms and confirm the action already taken by the Americans in 1990 to establish more regular meetings between the US president and the presidency of the Commission and the Council of Ministers. See Peter Riddell, "US-EC ties to be strengthened", *Financial Times of London*, 9 November 1990.
70. Translation of Genscher's speech in front of White House on April 4, 1990.
71. Confidential interview, April 1992.
72. Confidential interview, March 1992.
73. Confidential interview, April 1992.

74. Confidential interview, February 1992.

75. The visit to Canada provided an opportunity for discussions on German re-unification, the state of bilateral relations, and the "historic changes under way in Europe". See Press Release, Office of the Prime Minister, August 9, 1990.

76. Confidential interview, March 1992.

77. Again it may be entirely coincidental that the Assistant Deputy Minister, Europe, at EAIRC and the Assistant Deputy Minister, Political and International Security Affairs at EAIRC were both in Washington on 18 September and also met with Seitz.

78. Confidential interview, April 1992.

79. See Arnold Wolfers, *Discord and Collaboration: Essays on International Politics* (Baltimore: The Johns Hopkins Press, 1962), Ch. 5, pp.67-80. Wolfers discusses national goals under the categories of milieu goals, general possession goals, and specific possession goals. The former seeks to influence the nature of the international environment beyond the country's borders (e.g., the UN, the multilateral trade system), while the last two goals seek to protect and promote the things that are possessed by the country.

80. As a measure of the amount of responsibility that is devolved to select officials in the making of Canadian foreign policy, it should be noted that the first draft Canadian declaration was the product of 4 officials in two bureaus at EAIRC. It does not appear that the document was a product of consultation with other bureaus within EAIRC or other federal government departments. Nor does it appear that the SSEA's own staff had any direct involvement (much less the Prime Minister's Office or the Privy Council Office) with a document that was going to be hailed as a new mechanism to reinforce Canada's trans-Atlantic ties.

81. Howard Balloch, who was then the Director General of the Policy Planning Staff, was one of the drafters of the Canadian text. In terms of the reporting relationships within EAIRC during the period when the TAD was being drafted, Balloch and his counterpart in the Europe Bureau, Assistant Deputy Minister (ADM), David Wright, had direct access to the Under-Secretary of State, De Montigny Marchand, through a once-a-week operations committee meeting and a policy committee meeting. All other contacts between the USS and his senior officials would have been *ad hoc* or through the USS's executive assistant. (Under the current USS, Reid Morden, there is now a daily operations committee meeting which includes all ADMs and the DG of CPD and a once-a-month policy committee meeting.)

82. Confidential interview, February 1992.

83. Confidential interview with Comissoin official, February 1992.

84. Confidential interview, March 1992.

85. Confidential interview, March 1992.

86. Confidential interview, March 1992.

87. Confidential interview, April 1992.

88. Government of Canada, "Canada-European Community Agree on Transatlantic Declaration", *News Release*, 22 November 1990.
89. "Declaration on EC-US Relations", in *European Political Cooperation Press Release*, 23, November 1990.
90. These reviews resulted in more resources devoted to the Canada's trade development programs for eastern and western Europe.
91. Clark Speech, May 26, p. 6.
92. Confidential interview, February 1992.
93. Confidential interview, February 1992.
94. Confidential interview, February 1992.
95. The Canadian Minister not only has Cabinet responsibilities but must also manage constituency duties and run a federal department. In fact, the Canadian Cabinet Minister has more responsibilities than his US counterpart who does not have constituency responsibilities.
96. Confidential interview, April 1992.
97. Witness the initiative within EAITC spearheaded by A. Gotlieb between 1979 and 1981 to review Canada's key bilateral relationships. Although reports were commissioned and a study group struck no recommendations ever made it past the SSEA to Cabinet. Confidential interview, February 1992.
98. For an analysis of the connection between the dynamics of reform and unification in Europe and the intensification of transatlantic contacts. See for example Reinhardt Rummel, "Modernizing Transatlantic Relations," in *The Washington Quarterly*, Vol. 12, No. 4 (1989), pp. 83-92.
99. For a discussion of the US-EC relations in the light of the EC-US Transatlantic Declaration see Horst G. Krenzler and Wolfram Kaiser, "The Transatlantic Declaration: A New Basis for Relations Between the EC and the USA", *Aussenpolitik*, Vol. 42, No. 4, 1991, pp.363-372.
100. Confidential telephone interview with Commission official, February 1992.
101. See for example, Services of the Commission of the European Communities (ed.): *Report on United States Trade Barriers and Unfair Practices 1992: Problems of Doing Business with the US*, (Brussels: 1991).
102. These threshold levels do not, however, apply to investment coming from US firms who only have to make application to Investment Canada if value of Canadian firm is over \$140 million. Agreement)
103. What has become apparent when doing interviews in EAITC and questioning officials about their views of the utility of the Framework Agreement to enhance bilateral economic relations, is their almost uniform cynicism towards it. Yet departmental memoranda rarely reflect this cynicism and instead refers to the Framework Agreement as a useful mechanism that represents Canada's "privileged access" to the Community.

104. Although it should be noted that President Bush was not initially in favour of having bi-annual meetings.
105. Confidential interview, February 1992.
106. Confidential interview, March 1992.
107. The State Department pushed very hard to have NATO included as the binding security mechanism; the Europeans preferred the CSCE. This was point of difference when Bush and French President Mitterand had discussions in Europe prior to the release of the US TAD.
108. Confidential interview, February 1992.
109. Jacques Delors, *Presentation of the Annual Programme of the Commission for 1990, Report of Proceedings*, European Parliament, 17 January 1990.
110. An intergovernmental conference (IGC) is usually called when the Member States wish to amend or extend significantly the Treaty of Rome. In 1985, an IGC was established which culminated in the signing of the Single European Act. In 1990 two intergovernmental conferences were established to consider respectively, economic and monetary union and political union. At Maastricht in December 1991 these IGCs were concluded with the draft Treaty on European Union. Amendments to the Treaty of Rome negotiated in an intergovernmental conference must still be ratified by the national parliaments of all the Member States.
111. The Commission recently announced the doubling of the its foreign policy budget.
112. For a good discussion of Atlanticism see Robert Wolfe, "Atlanticism without the wall: transatlantic cooperation and the transformation of Europe", *International Journal* 46 (Winter 1990-1991).
113. Kim Richard Nossal, "A European Nation? The Life and Times of Atlanticism in Canada," Paper presented at the Conference on Canadian Foreign Policy, Toronto, 10-11, December 1991, p. 31.
114. Michael Hart, "Canada discovers its vocation as a nation of the Americas," in Fen Osler Hampson and Christopher J. Maule, eds., *Canada Among Nations, 1990-91: After the Cold War* (Ottawa: Carleton University Press, 1991), p. 83.; see also Donald S. MacDonald, "Should we break our bond with Europe?", *Globe and Mail*, Friday, April 10, 1992, p. A17. In the same article, from an Atlanticist perspective, Gijs M. De Vries, a Dutch member of the European Parliament, argues that Canada's withdrawal of its troop commitment to Europe is a mistake considering that it could become an important economic partner for the Community.
115. See Daniel G. Roseman, "Canada-European Community Relations: An Agenda for Action", *Behind the Headlines* Vol. 46, No. 3, Spring 1989, pp.8-10.
116. Roseman, p. 9.
117. Since 1989 the Minister for International Trade (MINT) has accompanied the SSEA to the JCC meeting.

118. We again note a certain amount of hubris on the part of Canadian diplomats every time Canada establishes a formalized link with the EC that is not made available to some other industrialized non-Member State. For example, Canadian officials were quick to point out after signing the 1988 Agreement with the German Presidency that provided them with enhanced access to the EPC, that this exclusivity was not available to other like-minded non-Member States such as Australia and Japan. There is a sense of one-upmanship as third countries vie to see who can create more mechanisms to enhance their access to the Community. However, we are not sure that Canada's influence on the Community's decision-making process is automatically enhanced by the more bilateral consultative mechanisms that it can claim.

119. Since 1976 the practice has been to have the "High-Levels" on the same day that the JCC meets. as part of the

120. Robert Boardman, Hans J. Michelmann, Charles C. Pentland, and Panayotis Soldatos, *The Canada-European Communities Framework Agreement: A Canadian Perspective* (Saskatoon, Sask.: Canadian Council for European Affairs, 1984), p. 57.

121. Pentland et al., p. 26. There have been explicit linkages of issues in the history of bilateral relations such as the purchase of Leopard tanks by Canada which assured Bonn of Canada's commitment to NATO and hence the political acceptability of the Framework Agreement in the first place.

122. The Government in internal documents has repeatedly made reference to the integral role to be played by the Canadian business community in furthering bilateral EC-Canada relations.

123. The Canadian Chamber of Commerce will be holding a Canada-European Community Business Forum in June 1992 to determine the interest among the business community in creating this committee.

124. Daniel P. Roseman, "An Analysis of the Canada-EC Framework Agreement", Ph.D. dissertation, (University of Geneva, 1983), p. 296.

125. Confidential interview, April 1992.

126. To provide a focal point for European testing and certification activities and to promote voluntary MRAs based on common criteria, the EOTC was founded in 1990 with the signing of the Memorandum of Understanding by the Commission of the European Communities, the European Free Trade Association, CEN and CENELEC. The EN45000 and EN29000 series of standards relating to the requirements for test laboratories and certification bodies, as well as quality systems, will be used as the basis for these agreements. The Standards Council of Canada is negotiating an MRA on laboratory accreditation between the Council's National Accreditation Program for Testing Organizations and the EOTC.

127. See "Canada and EC Mutual Recognition Agreements," *Europe 1992 Trade Winds* (Ottawa: Standards Council of Canada, January 1992). The regulated products are under EC technical harmonization directives and corresponding to CEN/CENELEC/ETSI standards. The EC Commission is presently awaiting its mandate from the EC Council of Ministers to open discussions with third countries.

128. As a postscript, officials in EAITC would counter this less positive appraisal by saying that the TAD by pointing out that the TAD has already had a positive impact — witness the visit to Canada by the Portuguese Prime Minister and Commission President Delors on April 24, 1992, to meet with Prime Minister Mulroney as part of the process of formal political consultations. The Canadian officials further point out that in the practice of Canadian foreign policy although a foreign policy issue may not rank high on the SSEA's agenda, it is a fact of life that once it lands on the Prime Minister's agenda it pulls with it the attention of the entire Cabinet.

129. For instance in negotiating the 1976 Framework Agreement records show that the European interest was mainly resource-oriented whereas on the Canadian side the most important element of the agreement was industrial cooperation. Thus it should come as no surprise that once the Europeans were no longer faced with a situation in which their resources supplies were threatened their interest in the Framework Agreement waned.

130. Whenever bilateral special relationships within NATO — between London and Washington, or Washington, or Washington and Bonn, or as in this case US-EC dealings substituted for international regimes, Canada has felt immediately, directly and adversely affected. See Gustav Schmidt, "The Political and Economic Dimensions of Canada's External Relations, 1947-72" in C.H.W. Remie and J.-M. Lacroix (eds.) *Canada on the Threshold of the 21st Century: European Reflections upon the Future of Canada* (Philadelphia: John Benjamins Publishing Co., 1991), pp.473-485.

131. An example of the changing nature of EC-US relations is the fact that the preamble in the US TAD mentions an EC-US partnership "on an equal footing...without prejudice to their [EC and US] respective independence".

132. For a good theoretical discussion of leadership and followership see Andrew F. Cooper, Richard A. Higgott, and Kim Richard Nossal, "Bound to Follow? Leadership and Followership in the Gulf Conflict", *Political Science Quarterly*, Volume 106, No. 3, 1991, pp. 391-399.

133. Cooper et al., p. 396.

134. Cooper et al., p. 395.

135. Cooper et al., p. 397.

136. We dismiss the notion that Canada's contribution to the TAD was one of elaborate deception, since without US and EC cooperation it would not have been able to press for inclusion in a transatlantic Declaration.

137. See Oran R. Young, "Political Leadership and Regime Formation: The Emergence of Institutions in International Society" (Paper presented to International Studies Association, Washington, DC, 10-14 April 1990).

138. The Maastricht Treaty on European Union has as its objectives: 1) to promote economic and social progress, particularly through creating a Single Market and economic and monetary union; 2) to assert its identity on the international scene, particularly through the implementation of a common foreign and security policy; 3) to introduce citizenship of the union; to develop close cooperation on justice and home affairs; and 4) to maintain and build on the body of Community law.

139. See Robert Boardman, "European Responses to Canada's Third Option Policy", in Marie Fleming (ed) *The European Community and Canada-EC Relations* (Ottawa: European Politics Group, 1979), p. 126. There is some debate both within the academic and government communities on how much weight can be attributed to linking Canada's security commitment to Europe and the evolution of trade and economic relations. Some analysts point out, for example, that Canada would never have been able to get the Europeans to negotiate the Framework Agreement if, under pressure from Bonn, it had not reversed an earlier decision to reduce troop commitments to Europe.
140. It is interesting to note that in the speech delivered by Joe Clark at Humber College in May 1990, of the 10 page text, one page was devoted to discussion of Canada-EC relations and rest looked at the roles of NATO and the CSCE.
141. David Allen and Michael Smith, "The EC in the new Europe", *International Journal* Vol. XLVII, Winter 1991-1992, p. 8.
142. Allen and Smith, p. 11.; see also Christopher Hill, "The European Community: towards a common foreign and security policy", *World Today*, Vol. 47, (November 1991), pp. 189-93.
143. See Keohane and Hoffman's introductory chapter in Robert O. Keohane and Stanley Hoffman, *The New European Community: Decisionmaking and Institutional Change* (Boulder, CO: Westview Press, 1991), pp. 1-39.
144. There is a history of the EC not negotiating any agreements with Canada without gaining prior 'approval' from the US. This was certainly evident in the negotiations leading up to the Framework Agreement and reflected the US's role as protector of Western Europe. It will be interesting to see whether in the coming years as Europe adopts an independent security and defence structure whether the Europeans feel it will continue to be necessary to continue to sound out the Americans whenever they negotiate with the Canadians.



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# news release

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Date November 22, 1990  
For release Immediate

## CANADA-EUROPEAN COMMUNITY AGREE ON TRANSATLANTIC DECLARATION

Prime Ministers Brian Mulroney and Giulio Andreotti today agreed on a "Declaration on European Community-Canada Relations".

The Declaration establishes principles of partnership and common goals for Canada and the European Community. It calls for regular consultations among the Prime Minister, his counterpart in the European Presidency, and the President of the European Commission.

The Declaration builds on existing agreements and establishes a political framework for Canada-EC relations in the years to come.

Commenting on the adoption of the Declaration, the Prime Minister stated that it emphasizes common values shared by Canada and the European Community and underlines the importance Canada attaches to strengthening transatlantic links.

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## DECLARATION ON EC-CANADA RELATIONS

The European Community and its member States on one side, and Canada on the other,

- bonded by their common heritage and close historical, political, economic and cultural ties,
  - guided by their faith in the values of human dignity, intellectual freedom and civil liberties and in the democratic institutions which have evolved on both sides of the Atlantic over the centuries,
  - considering the recent revolutionary changes that have transformed the face of Europe and the new hope for durable peace and cooperation among nations on the basis of those universal values,
  - recognizing that transatlantic solidarity has played a historic role in preserving peace and freedom and can greatly contribute in the future to the continued stability and prosperity of Europe and North America,
  - resolved to strengthen security, economic cooperation and human rights in Europe by every possible means, both in the framework of the CSCE, and in other fora,
  - noting the firm commitment of Canada and the EC member States concerned to the North Atlantic Alliance and to its principles and purposes,
  - determined to strengthen peace, foster economic well-being and social progress throughout the world, and cooperate in meeting the challenges confronting all their nations,
  - building on the privileged relationship established by the Framework Agreement for Commercial and Economic Cooperation between the European Communities and Canada, signed in 1976, as well as by the arrangements agreed in 1988 on a political dialogue,
  - bearing in mind the accelerating process by which the European Community is acquiring its own identity in economic and monetary matters, in foreign policy and in the domain of security,
  - determined further to strengthen transatlantic solidarity through the variety of their international relations,
- have decided to endow their mutual relations with a long-term perspective.

### Common goals

Canada and the European Community and its member States solemnly reaffirm their determination further to strengthen their partnership; in accordance with their common values and their commitment to the aims and principles of the UN Charter, they shall in particular work together to :

- support democracy, the rule of law, and respect for human rights and individual liberty,
- safeguard peace and promote international security, especially by cooperating with other nations of the world against aggression and coercion and other forms of violence by strengthening the role of the United Nations and other international organisations, and by contributing to the settlement of conflicts in the world,
- pursue policies aimed at achieving a sound world economy marked by sustained economic growth with low inflation, a high level of employment, equitable social conditions and a stable international financial system,
- promote market principles, reject protectionism and expand, strengthen and further open the multilateral trading system,
- reaffirm their commitment to help developing countries in their efforts towards political and economic reforms by improving development assistance, broadening market access, strengthening the debt strategy and encouraging the efficient use of foreign assistance and national resources,
- provide adequate support, in cooperation with other states and organisations, to the countries in Europe undertaking fundamental economic and political reforms and encourage their participation in the multilateral institutions of international trade and finance.

### Principles of partnership

To achieve their common goals, they will consult on humanitarian, political and economic issues to ensure that their efforts will have maximum effect. On matters of mutual interest, and in particular within international bodies, they will exchange information and seek close cooperation, in the spirit of this declaration.

Ad hoc consultations, to be held as the need arises, will greatly benefit from the mutual knowledge and understanding acquired through the regular meetings listed in the last section of this Declaration.

## Economic, scientific and cultural cooperation

Both sides recognize the importance of strengthening the multilateral trading system. They will support further steps towards liberalization, transparency, and the implementation of GATT and OECD principles concerning both trade in goods and services, and investment.

They will further develop their dialogue, which is already underway, on other matters such as technical and non-tariff barriers to industrial and agricultural trade, services, competition policy, transportation policy, standards, telecommunications, high technology, and other relevant areas.

They will support the activities of the IBRD, IMF, OECD, G.24, EBRD and other multilateral fora.

Their mutual cooperation shall also be strengthened in various other fields which directly affect the well-being of their citizens, such as exchanges and joint projects in science and technology, including space, research in medicine, environmental protection, energy conservation, and the safety of nuclear and other installations, and in communication, culture and education, including academic and youth exchanges.

## Trans-national challenges

Canada and the European Community and its member States will join their efforts in meeting transnational challenges in the interest of their own peoples and of the rest of the world. In particular, they assign a high priority to :

- the combatting and prevention of terrorism,
- the fight against the production and consumption of drugs and related criminal activities, such as illegal trafficking and the laundering of money,
- the control of the proliferation of the instruments of war and weapons of mass destruction,
- the protection of the environment and the pursuit of sustainable development within each country as well as the preservation of the fragile global ecosystem, which calls for effective international action and multilateral cooperation,
- appropriate measures concerning large-scale migration and the flow of refugees.

## Institutional framework for consultation

Both sides will make full use of the mechanisms established under the EC/Canada Framework Agreement and enhance their consultative arrangements through :

- regular meetings, in Canada and in Europe, between the Prime Minister of Canada on one side and, on the other, the President of the European Council and the President of the Commission;
- bi-annual meetings, alternately on each side of the Atlantic, between the President of the Council of the European Communities, with the Commission, and the Secretary of State for External Affairs of Canada;
- annual consultations between the Commission and the Canadian Government;
- briefings by the Presidency to Canadian representatives, following EPC meetings at the Ministerial level.

Both sides are resolved to develop and deepen the existing procedures for consultation in the light of the evolution of the European Community and of its relationship with Canada.

Both sides welcome the actions taken by the European Parliament and the Canadian Parliament in order to improve their dialogue and thereby bring closer together the peoples on both sides of the Atlantic.

## PRESS RELEASE

P. 83/90

Brussels, 23 November 1990

DECLARATION ON EC-US RELATIONS

The United States of America on one side and, on the other, the European Community and its member States,

- mindful of their common heritage and of their close historical, political, economic and cultural ties,
- guided by their faith in the values of human dignity, intellectual freedom and civil liberties, and in the democratic institutions which have evolved on both sides of the Atlantic over the centuries,
- recognizing that the transatlantic solidarity has been essential for the preservation of peace and freedom and for the development of free and prosperous economies as well as for the recent developments which have restored unity in Europe,
- determined to help consolidate the new Europe, undivided and democratic,
- resolved to strengthen security, economic cooperation and human rights in Europe in the framework of the CSCE, and in other fora,
- noting the firm commitment of the United States and the EC member States concerned to the North Atlantic Alliance and to its principles and purposes,
- acting on the basis of a pattern of cooperation proven over many decades, and convinced that by strengthening and expanding this partnership on an equal footing they will greatly contribute to continued stability, as well as to political and economic progress in Europe and in the world,
- aware of their shared responsibility, not only to further common interests but also to face transnational challenges affecting the well-being of all mankind,

- bearing in mind the accelerating process by which the European Community is acquiring its own identity in economic and monetary matters, in foreign policy and in the domain of security,

- determined further to strengthen transatlantic solidarity, through the variety of their international relations,

have decided to endow their relationship with long-term perspectives.

### Common goals

The United States of America and the European Community and its member States solemnly reaffirm their determination further to strengthen their partnership in order to:

- support democracy, the rule of law and respect for human rights and individual liberty, and promote prosperity and social progress world-wide;

- safeguard peace and promote international security, by cooperating with other nations against aggression and coercion, by contributing to the settlement of conflicts in the world and by reinforcing the role of the United Nations and other international organisations;

- pursue policies aimed at achieving a sound world economy marked by sustained economic growth with low inflation, a high level of employment, equitable social conditions, in a framework of international stability;

- promote market principles, reject protectionism and expand, strengthen and further open the multilateral trading system;

- carry out their resolve to help developing countries by all appropriate means in their efforts towards political and economic reforms;

- provide adequate support, in cooperation with other states and organisations, to the nations of Eastern and Central Europe undertaking economic and political reforms and encourage their participation in the multilateral institutions of international trade and finance.

### Principles of US-EC partnership

To achieve their common goals, the European Community and its member States and the United States of America will inform and consult each other on important matters of common interest, both political and economic, with a view to bringing their positions as close as possible, without prejudice to their respective independence. In appropriate international bodies, in particular, they will seek close cooperation.

The EC-US partnership will, moreover, greatly benefit from the mutual knowledge and understanding acquired through regular consultations as described in this Declaration.

### Economic cooperation

Both sides recognize the importance of strengthening the multilateral trading system. They will support further steps towards liberalization, transparency, and the implementation of GATT and OECD principles concerning both trade in goods and services and investment.

They will further develop their dialogue, which is already underway, on other matters such as technical and non-tariff barriers to industrial and agricultural trade, services, competition policy, transportation policy, standards, telecommunications, high technology and other relevant areas.

### Education, scientific and cultural cooperation

The partnership between the European Community and its member States on the one hand, and the United States on the other, will be based on continuous efforts to strengthen mutual cooperation in various other fields which directly affect the present and future well-being of their citizens, such as exchanges and joint projects in science and technology, including, inter alia, research in medicine, environment protection, pollution prevention, energy, space, high-energy physics, and the safety of nuclear and other installations, as well as in education and culture, including academic and youth exchanges.

### Trans-national challenges

The United States of America and the European Community and its member States will fulfil their responsibility to address trans-national challenges, in the interest of their own peoples and of the rest of the world. In particular, they will join their efforts in the following fields:

- combatting and preventing terrorism;
- putting an end to the illegal production, trafficking and consumption of narcotics and related criminal activities, such as the laundering of money;
- cooperating in the fight against international crime;
- protecting the environment, both internationally and domestically, by integrating environmental and economic goals;
- preventing the proliferation of nuclear armaments, chemical and biological weapons, and missile technology.

### Institutional framework for consultation

Both sides agree that a framework is required for regular and intensive consultation. They will make full use of and further strengthen existing procedures, including those established by the President of the European Council and the President of the United States on 27th February 1990, namely :

- bi-annual consultations to be arranged in the United States and in Europe between, on the one side, the President of the European Council and the President of the Commission, and on the other side, the President of the United States;
- bi-annual consultations between the European Community Foreign Ministers, with the Commission, and the US Secretary of State, alternately on either side of the Atlantic;
- ad hoc consultations between the Presidency Foreign Minister or the Troika and the US Secretary of State;
- bi-annual consultations between the Commission and the US Government at Cabinet level;
- briefings, as currently exist, by the Presidency to US Representatives on European Political Cooperation (EPC) meetings at the Ministerial level.

Both sides are resolved to develop and deepen these procedures for consultation so as to reflect the evolution of the European Community and of its relationship with the United States.

They welcome the actions taken by the European Parliament and the Congress of the United States in order to improve their dialogue and thereby bring closer together the peoples on both sides of the Atlantic.

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