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CROSBIE TO PARTICIPATE IN EVENTS HIGHLIGHTING
CANADA'S RELATIONS WITH EUROPE

International Trade Minister John C. Crosbie will visit Europe from January 27 to February 3 to assess the impact on Canada of the European Community's 1992 trade liberalization program and to encourage new trade and investment links between Canada and Europe.

The Minister will participate in the annual Davos Symposium in Switzerland and meet with senior representatives of the Italian and British Governments and the European Community (EC).

He will also meet with Arthur Dunkel, Director General of the General Agreement on Tariffs and Trade (GATT), and will explore the possibilities for further progress on multilateral trade issues left unresolved at the recent GATT negotiating meeting in Montreal.

The Davos Symposium, which runs from January 27 to January 29, brings world leaders together for informal dialogue on international economic issues. This year's theme is "Key Developments in the '90s: Implications for Global Business."

"The promising outlook for Canada under the Free Trade Agreement has attracted wide international attention," said Mr. Crosbie. "Both at Davos and elsewhere, I will be encouraging business decision-makers to consider investment in Canada. At the same time, I will be emphasizing our commitment to further international trade liberalization through GATT."

Mr. Crosbie added that in discussions with senior European representatives he would also strongly restate Canada's dissatisfaction with the threat posed to the Canadian fishery by European overfishing.

On the Italian leg of the trip, from January 30 to February 1, the Minister and Italian Foreign Trade Minister Renato Ruggiero will preside at the inaugural meeting of the Working Group on Canadian-Italian Trade and Economic Cooperation.

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The two governments have agreed that, high-level sessions of this type will take place annually involving leading representatives of business and industry in both countries. Mr. Crosbie will be accompanied by Presidents of 12 Canadian corporations. The Italian agreement follows the pattern of similar consultative agreements with the EC and France.

Mr. Crosbie will also address industrial associations in Rome and Milan.

During his stay in Britain February 1 to February 3, he will meet the British Secretary of State for Industry and Trade, Lord Young and the Right Honourable Cecil Parkinson, Secretary of State for Energy. Mr. Crosbie will hold discussions on the Canadian investment climate and on energy with businessmen and government representatives. He will also lend his support to Canadian trade development efforts during visits to the International Food and Drink Exhibition and a special event promoting Canadian fashions.

The Minister noted that Europe will increasingly be a focus of Canadian business interest as the EC proceeds towards its goal of eliminating all barriers to trade by 1992. Canadian businesses will have a chance to learn more at a series of seminars and symposia across Canada in February and March. These will be sponsored jointly by the Department of External Affairs and the Canadian Exporters Association, and will involve senior Canadian Government representatives based in Europe.

For more information, contact Media Relations Office,
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EUROPEAN VISIT OF MINISTER OF INTERNATIONAL TRADE

MEDIA BACKGROUNDER

Major changes in both Canada and the European Community (EC) have combined to initiate a new era in our trade relations. With the Canada-U.S. Free Trade Agreement (FTA), Canada has assured access to a broad North American market. With the EC Internal Market program (Europe 1992), the European community has undertaken to dismantle by 1992 all barriers to the free circulation of people, capital, goods and services, to create a single market of 320 million consumers among its 12 member states. These changes will give rise to new trade and investment opportunities between Canada and the EC.

The visit to Europe by the International Trade Minister, John C. Crosbie, not only highlights the increasing importance to Canada of the EC - our second largest trade and economic partner, but also provides a platform for discussing the advantages of European investment in Canada in light of the FTA. Canada has a highly developed economy with an industrial climate where trade, investment and high technology can flourish within the expanded context of a North American market. While pursuing free trade with the United States, Canada will strengthen and nurture its traditional links with Western Europe and will forge new ties of mutual benefit with the increasingly dynamic economy of Europe.

The gathering of international government and industry leaders at the Davos Symposium offers a prime opportunity for investment promotion. That message will be reinforced by Mr. Crosbie in Rome, Milan and London.

The Minister will also be in a position to follow up on the Multilateral Trade Negotiations which were the subject of the recent GATT meeting in Montreal. He will continue to take a leading role in attempting to achieve progress on a number of pending issues. It was agreed at Montreal that the most difficult issues would be the subject of further consultation prior to a high-level GATT meeting in April.

CANADA AND THE EC

A major reorganization in the industrial and business structure of Western Europe is already taking place in anticipation of 1992. Some estimates indicate the single market could bring about a 4.5 to 6.5 per cent growth in Gross National Product, two to five million new jobs, and a significant drop in prices. With its strong theme of intra-community industrial co-operation, the project will likely result in stiffer competition worldwide from consolidated European companies.

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The task for Canadian companies is thus to become better informed and to take a pro-active approach in securing access to this new unified market. To that end, the ministerial visit will be concerned with encouraging technological partnership, supporting ongoing investment and promoting new avenues for expanded trade and investment within both Canada and the EC.

The European Community is our second largest trade and investment partner. Canadian imports in 1987 were \$13.5 billion; exports, \$9.1 billion. Trade is rising steadily in both directions: exports were up 19% in 1986, 16% in 1986 and 6% in 1987.

EC investment in Canada in 1985 was \$14.2 billion; Canadian investment in the EC, \$6.5 billion.

CANADA AND ITALY

In Italy, the prospects for strengthening our bilateral trade relations are favourable, given the linkages that exist, including participating in international economic groupings such as the G-7 Finance Ministers and the existence of a strong Italian community in Canada.

Relations will be further enhanced by meetings of the Working Group on Canadian-Italian Trade and Economic Co-operation. Twelve senior executives of Canadian companies will accompany the Minister to explore various economic interests and to build up new trade and investment links, particularly in the area of high technology.

The following corporations and associations will be represented:

Council of Forest Industries (British Columbia)
Potash Corporation of Saskatchewan
UTDC (Ontario)
MENASCO (Ontario)
CAE Electronics (Quebec)
Conpak Seafoods Inc. (Newfoundland)
John Labatt's Ltd. (Ontario)
DMR Associates (Quebec)
PARTEC LAVALIN (Alberta)
J. H. Lock & Sons Ltd. (Ontario)
Canadian Manufacturers' Association (Ontario)
Corporate Properties Management Ltd. (Ontario)

Trade between Canada and Italy has undergone considerable expansion in recent years. Pulp wood, wheat, barley, iron products, aircraft motors and softwood lumber are our major exports.

Canadian Trade promotion activities in 1989 in Italy will be centered on a number of traditional products, as well as new high technology sectors, including telecommunications, data processing, other electronics, and cooperation with Italian companies on capital projects in third countries.

It is expected Canadian sales to Italy in 1989 will continue to show growth. There is a favourable outlook for expansion in the high-technology sectors of electronics, data processing, radioactive elements/isotopes, and synthetic rubber and plastics.

Canada's exports to Italy in 1987 were \$836 million and imports increased to \$1.7 billion resulting in a Canadian trade deficit with Italy of \$857 million.

CANADA AND THE U.K.

With the U.K., there has been an upsurge of bilateral economic activity with increased trade, investment and tourism, and numerous examples of Canadian and British businesses co-operating in marketing, technology and product development following the relatively quiet period of the economic recession of 1981-82. A new bilateral air agreement, greatly liberalizing air traffic, was signed in 1987, and in the Organization for Economic Co-operation and Development, General Agreement on Tariffs and Trade, Economic Summit and G-7 Finance Ministers Meeting, the two governments have co-operated closely on a number of initiatives, especially on trade, agriculture, and international debt problems.

During his London stay, the Minister will pursue the possibilities for linkages between Canadian and U.K. firms in the field of energy. He will meet with the Right Honourable Cecil Parkinson, Secretary of State for Energy, with Peter Morrison, Britain's Minister of State for Energy and will host a breakfast for representatives of firms interested in Newfoundland's offshore.

The ties are vital. One hundred and fifty Canadian firms are established in the U.K., while 650 British firms have subsidiaries in Canada. The U.K. is Canada's third largest market for exports and a major buyer of Canadian primary products and manufactured goods. Continuing the trend begun in 1986, Canadian exports to the U.K. rose by 11 per cent in 1987, with major increases in lumber, wood pulp, precious metals, copper alloys and fish products. Canadian exports to Britain of telecommunications, office computer and scientific equipment now exceed \$200 million. In 1985, Canadian investment in the U.K. stood at \$3.9 billion.

While strong economic growth in the U.K. should support higher export volumes, Europe 1992 will present both opportunities and challenges in our continuing trade relations.

The volume of two-way trade in 1987 was \$7.2 billion and is expected to continue to increase. The U.K. had a trade surplus of \$1.4 billion with Canada in 1987.