

Brussels, 6 June 1984

CANADA

The semi-annual high level consultations between the Commission and the Canadian authorities will take place in Brussels on 7/8 June 1984. The delegations will be led, on the Community side, by Mr Gianluigi GIOLA, Deputy Director General for External Relations, and on the Canadian side by Mr Daniel MOLGAT, Assistant Deputy Minister, External Affairs.

EEC-Canada Relations

Canada and the European Community conduct their relations both within the multilateral framework of the GATT and OECD and other international bodies and at a bilateral level.

Following the Summit of Community leaders in Paris in October 1972, which called for closer links between the Community and the other industrialised countries, Canada raised the level of its diplomatic representation in Brussels by establishing a separate mission to the European Communities. The Commission established a delegation in Ottawa in 1975 which was only the third of its kind after Washington and Tokyo.

In November 1972, the Canadian government suggested to the Commission the establishment of regular contacts on economic and other matters. This was well received by the Commission and a series of semi-annual high level consultations began. The high level consultations take place alternately in Brussels and Ottawa and the delegations are normally led by senior officials. They have provided a regular forum for exchanging ideas, coordinating the position of the two parties in international organisations and explaining respective positions on bilateral problems.

In April 1974 Canada proposed the negotiation of an agreement with the Community to "foster the development of long-term commercial and economic relations". In reply to this the Community, proposed the establishment of a link which would constitute a framework within which economic and commercial ties between the parties could be strengthened. In the course of the visit of Mr Pierre Trudeau, the Canadian Prime Minister to Brussels in 1974 it was agreed that exploratory talks should take place on this basis. This led to the Council giving negotiating directives in February 1976 and to the rapid conclusion of negotiations in June 1976. The Framework Agreement on Commercial and Economic Cooperation was signed on 6 July 1976 and came into force on 1 October 1976.

The main features of the Framework Agreement are as follows:

- Both parties grant each other most favoured nation treatment.
- They undertake to promote the reciprocal development and diversification of trade at the highest level.
- They agree to foster economic cooperation in all fields deemed suitable.
- A joint cooperation committee is set up to promote and review activities inaugurated under the agreement.

Canada remains the only developed country with which the Community has a cooperation agreement.

The relationship between the Community and Canada has been maintained at a particularly close level by the frequent high level visits which have taken place. Among European visitors to Canada have been President Malfatti in 1971, President Ortolini in 1976 and President Jenkins in 1978. Sir Christopher Soames visited Canada in 1973 and 1976, Mr Haferkamp in 1981, Mr Cheysson in 1980 and Mr Vredeling in 1979. Among many Canadian ministers to visit Brussels have been Mr Trudeau in 1974, Mr Mc Guigan, Secretary of State for External Affairs, in 1980 and 1981, his successor, Mr Mc Eachen, in 1983, and Mr Levesque, Premier of Quebec, in 1980. There have also been annual meetings between delegations from the European Parliament and the Canadian Parliament.

Operation of the Framework Agreement

The Joint Cooperation Committee, at its first meeting in Brussels on 10 December 1976, set up two sub-committees which would meet regularly, to identify any specific cooperation activities. Particularly noteworthy among these activities was the symposium organised jointly by the two parties and Quebec on the environmental aspects of the use of asbestos, (in Montreal in May 1982), and the energy bus project (this project involved a visit at the beginning of 1980 by a Canadian "energy bus" to seven EC countries to demonstrate new methods of energy conservation and inspired the construction of similar busses in the Community). The Joint Committee has itself met on five occasions in Brussels (1976), Ottawa (1978), Brussels (1979), Ottawa (1981) and Brussels (1983).

The agreement is seen by both sides as a framework within which relations between economic operators in the Community and Canada can come closer together. In this context the essential role of the Joint Committee is to identify suitable areas for cooperation between industrial enterprises as well as cooperation at governmental level. This success of the agreement depends on how the economic operators use it.

SECTORIAL AGREEMENTS

Nuclear Cooperation

An agreement on Nuclear Cooperation, concluded already in 1959, provides for research and other cooperation on the development of nuclear power for peaceful purposes. Canada now provides the Community with one third of its natural uranium needs. Following negotiations between the European Commission and Canada, a new agreement between Euratom and Canada on the reprocessing and storage of nuclear material was signed in Brussels on 18 December 1981.

Fisheries

An agreement allowing access for Community fishermen to use Canadian waters, was signed on 30 December 1981. This agreement regulates fishing rights for the period 1982-87. As a counterpart, the Community commits itself to offer tariff concessions within GATT for certain varieties of cod of particular interest to Canada. This agreement was completed by a Protocol in January 1984 which simplifies the management of Community fishermen's operations in Canadian waters and improves the tariff concessions offered to Canada by the EC.

Environment

The Community has decided after long discussions with the suppliers concerned and with effect from 1 October 1983 to ban the imports of baby seal skins from all destinations. Canada is one of the major countries concerned.

TRADE RELATIONS

Trade between the Community and Canada is non-preferential in nature and is based on the GATT Most Favoured Nation clause.

The trading relationship between the two sides is characterised by a high degree of complementarity which has led to a relatively calm and cooperative relationship. However, in certain areas where Canada and the Community's interests are divergent, such as EC imports of newsprint or Canadian imports of shoes, it is natural that disagreements should occur. In these areas both sides have stated their intention to make use of their rights under international trade rules.

The main Community exports to Canada are machinery and transport equipment (34% of total value in 1982), other manufactured goods (33%), chemicals (9%) and food, beverages and tobacco (11%). Community imports from Canada comprise principally pulp, paper and wood products, wheat, iron ore, copper and nickel ore.

Community Trade with Canada

(Million ECU)(*)

	1973	1976	1978	1980	1981	1982	1983 (10 months)
IMPORTS	2862	4365	3975	6108	6697	6521	5223
EXPORTS	1904	2775	3186	3389	4444	4503	4050
BALANCE	-888	-1590	-789	-2720	-2253	-2018	-1173

Source: EUROSTAT

(*) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981 and US\$ 0.98 in 1982.