

Canada's lot lies, increasingly, with the European Union

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JEREMY KINSMAN The Chinese Ambassador in Brussels said the other day, in that big-picture Chinese way, that the creation and success of the European Union is one of those transforming human events that happens every 300 or 400 years. It sounds like hyperbole if one's focus is on the day's bad news from Brussels and the EU capitals: quarrelling over voting rights; slow growth; a business environment where it's hard to borrow startup money or hire help; an aging population whose pensions threaten public finances; problems integrating migrants; trouble in the vital trans-Atlantic relationship over a war that divides Europe still.

The good news is that at least that war was not in Europe. The European Union was a political project meant to end those wars forever. That project has succeeded, not only in bringing peace, but also democracy across the continent. Apart from ending juntas in Spain, Portugal, and Greece, the carrot of eventual EU membership encouraged and mentored the transition from the regimes of the Cold War to a Europe mostly whole and free. The European Union has also extended an arc of growing stability, security and fairer governance around its vast perimeter.

It's not surprising that internal decision-making is ragged. As the greatest voluntary pooling of sovereignty ever, the EU process is complicated, uneven, controversial, political, and very human.

But it works. Member states may divide over the right mixes of enterprise and regulation, and the correct methods for freeing up capital and labour markets, but no one could deny the reality of European prosperity that attracts neighbours to the east and the south.

On May 1, the EU expands from 15 countries to 25, a powerhouse of a single market of 480 million people. All 25 are countries with which Canadians have real connections. But are these mostly past connections, part of our history? Many in Canadian business, who have had to take a position in both poles of the trans-Atlantic marketplace, don't think so. Our trade with the U.S. is massively greater than our trade with Europe, by a factor of about 17 to 1. But Canadians generally don't sell to Europe; they sell in Europe. So, investment figures tell a different story: The EU is one of Canada's fastest-growing investment destinations, about 50 per cent the size of our stake in the U.S. market. Our exports to the EU last year were about \$19-billion.

But the sales in Europe of Canadian-owned affiliates are four or five times greater: In 2001, they were a staggering \$76-billion.

The quarterly reports and share values of Canadian companies like Alcan, Nortel, Magna, or Quebecor World rely in no small measure on their performance in Europe.

This is only good news for all of us if EU companies are also investing in Canada. The EU countries are the world's biggest outward investor by far. As the trans-Atlantic marketplace deepened in the 1990s, we didn't get our share of EU investment into North America.

Partly, we weren't noticed as a NAFTA gateway that works. Today, after a decade of strong economic performance, a new commitment to excellence in science, and a society which runs pretty well, EU investment in the Canadian platform in North America is expanding rapidly.

Today, European and Canadian leaders will meet at a summit in Ottawa. Irish Prime Minister Bertie Ahern (the current EU President), EU Commission President Romano Prodi, and the EU's High Representative for foreign affairs, Javier Solana, will lead an EU team for a very political discussion about our economies, and about the world. This will be Prime Minister Paul Martin's first EU summit. It will be marked by a commitment to negotiate a trade and investment enhancement agreement, and to adopt a road map for co-operation across a range of common concerns.

But the summit will also emphasize Mr. Martin's particular interest in another area where Canada and the EU have a common interest: making the multilateral system and its agencies work more effectively against global threats and intractable poverty, including a demonstration that the international community can deal with hard as well as soft security challenges.

Today's great and destabilizing dangers -- poverty, disease, slavery, drugs, environmental change, as well as terrorism and the proliferation of weapons -- move without regard to frontiers. That means we must build coherent international strategies and work with reformed institutions to counter them.

Europe and Canada each operate within a still vital Atlantic community -- of values, of business, of people, and of perspectives and purposes in the world. The United States is the most important partner of each of us. In Canada's case, the EU relationship complements and supports our efforts to consolidate and strengthen our very complex and vital relationship with the United States.

But the Canada-EU partnership has its own increasing importance, in part because of the business we do together, but also because we share a special multilateral vocation. Canada has to be a vigorous partner of the very important and successful European Union of 25 if we are to be active and thriving in the 21st-century world. Jeremy Kinsman is Canada's ambassador to the European Union. On May 1, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia are set to join the EU's current members: Belgium, Germany, France, Italy, Luxembourg, the Netherlands, Denmark, Ireland, the United Kingdom, Greece, Portugal, Spain, Austria, Finland and Sweden.