

Rapporteur's Remarks

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This report is not a summary of what was said, but rather some subjective reflections on the proceedings. I shall mention some points I picked up on the margins and try to identify areas where this event, even indirectly, may have encouraged action to improve transatlantic relations.

THE TRANSATLANTIC RELATIONSHIP

No one challenged the proposition, made at the outset, that the foundation of the transatlantic relationship is our common values of democracy, the market economy, and the rule of law, reinforced by a multitude of personal links. This proposition was strongly borne out by the proceedings; when I reviewed my notes without the benefit of accents, I often found it difficult to distinguish between the British and the Canadian participants. This did not stifle argument or frank speaking. Rather it encouraged it and there was a healthy purging of frustrations.

Everyone thought Canada and Britain could and should gain advantage from the transatlantic relationship, though some doubted whether they continue to benefit from it. A major cause of frustration was transatlantic asymmetry, seen as a complication in institutional arrangements. On one side are just two states of very unequal size, the United States and Canada, joined in a free trade area with Mexico; on the other is a larger group of European states in a much tighter union. The United States, present only vicariously at this colloquium, was viewed as an uneasy partner, so very big and inclined to like only those multilateral regimes which echo its own national arrangements. This has created problems with NAF'TA, with NATO, and has produced such extraterritorial measures as the *Helms-Burton Act*. The European Union was seen as a confusing partner: sometimes it has acted

supranationally, sometimes as separate member states, and sometimes it could not make up its mind.

Canada did not want to get cemented into the US pillar. But it felt a malaise in its relations with Europe. The fisheries crisis still cast a shadow over attempts to agree on an EU-Canada Action Plan to match the one between the EU and the US. This itself was seen as second-best — the preference was for Europe, the United States, and Canada to sit around the same table. The United Kingdom should be able to take advantage of transatlantic relations for itself, for Europe generally, and for Canada, but it has been hampered by its difficulties with the other Europeans.

TRADE AND INVESTMENT

We looked at economic relations in the context of globalization. No one tried to define globalization; we assumed it to be like the elephant — hard to describe but easy to recognize. Globalization was accepted as having arrived and was broadly welcomed as increasing choice and opportunity. But there was recurrent anxiety that it could provoke popular resistance in the US and parts of Europe.

There was clear evidence presented indicating that shares of merchandise trade — Europe in Canada, Canada in Europe -have been shrinking over a long period. Canada was shown to be a comparatively small market for Europe and Europe was felt to be a difficult one for Canada. Exporters' attention was portrayed as focused elsewhere, notably on Asia. This relative declining interest in trade was taken by some as a sign of weakening transatlantic relations generally.

But with investment, both direct and portfolio, the trend was quite the opposite. Speakers described investment between Canada and Europe growing very strongly, in both directions, much more than between Canada and the US. The UK was described as the largest European player for Canada, both as source and destination of investment, but a healthy diversification in progress to other parts of Europe was noted. Canadian investment in Europe was shown to be growing faster than Canada's investments elsewhere. But in North America, because of the great size of the US market, Canada has had to work hard to get a fair share of investment from Europe.

All this justified the assertion that the diversion of trade to within regional groups was compensated by the rise of investment **between** regional groups. Investment was seen as the source of wider trade (NorTel sells out of London into China, for example) and the basis for international activity in services. On a world scale, we are moving from a trade-dominated to an investment-dominated scene.

When we moved from performance to policy, it became clear that there was little enthusiasm in the private sector for new EU-Canada trade arrangements. No

one argued for a TAFTA. But there was support for the idea that Europe and North America could act as pathfinders in some sectors, solving bilateral problems in the process of promoting wider agreement in the WTO. There are proposals that British and Canadian officials should meet regularly to pursue this sort of agenda.

But this approach would probably not be helpful everywhere, for example, with investment. On US insistence, multilateral rules for investment were being developed in the OECD, although it would have been wiser to engage developing countries from the outset and thus forestall the suspicion emerging among them.

SECURITY

The security debate revealed a strong identity of view between Canada and the UK on their post-Cold War objectives. We were agreed on the continuing value of NATO, on updating it to new circumstances, on enabling it to respond to more low-intensity threats, and on making it a force for stability in Eastern Europe. For this, Russia had to be reconciled to the admission of new NATO members and enough had to be done for those not so admitted. Participants recognized that these initiatives are new for NATO and contain some inconsistencies; there was naturally some uncertainty about whether it could pull them off.

More serious were some differences of perception or misperception. The Europeans feared Canada was losing interest in NATO. The Canadians vigorously contested this, adding that Canadian public opinion was ready to support NATO if it were properly adapted to new tasks. The Canadians feared that developing a European defence identity would weaken the transatlantic element of the alliance. The British side argued that a stronger European effort was the price of continued American engagement. The latest proposals enabled this greater European effort to be made within NATO.

It was considered worth taking action to dispel these fears. The aim would be to have British and Canadian officials build on the good cooperation developed between our forces in Bosnia. We could use this to help other East European countries come to terms with NATO and to develop jointly doctrine and training for peacekeeping within NATO.

CULTURE

Globalization raised its head again when we got to culture, with not such a benign visage. Technological change has clearly transformed cultural activity, by vastly increasing the range of choice. There were no worries here between Europe and Canada — certainly not between Britain and Canada, where the cultural currents

were vibrant. (My own best memory is of seeing a Scottish company put on a play by Michel Tremblay, *Les Belles Soeurs*, translated into Glaswegian.) But the overwhelming presence of the United States, and its capacity to impose its own values, was viewed as a problem. This was especially so for Canadians who live so close to the US and strive to **define** a national identity that could accommodate the divergent strands of English-speaking and French-speaking culture and reflect the extraordinary variety within the country as a whole.

The lively exchanges on this topic — on how to define national identity, on the roles of government and of the market, on cultural protection in trade policy, on the differences between public and commercial broadcasters, and on the international projection of culture — should be regarded as ranging shots for the full-scale engagement planned for next year's colloquium. It leads me to think that we shall need some Americans there next year, so that we can have it out with them directly.

REGULATION IN EUROPE AND NAFTA

We came back to more economic areas when we looked at contrasting regulatory systems in the EU and NAFTA. There were strong theoretical grounds for not relying wholly on formal instruments -laws and treaties -but making more use of informal techniques which build on common understanding. We had a practical example of this in examining how Europe had addressed removing barriers to economic activity, going beyond tariffs. Trying to harmonize the rules within Europe had led to 30 years of very little movement. But accepting mutual recognition of national standards and trusting each state to conduct proper home-country control had rapidly accelerated liberalization.

In NAFTA, there was a tendency for everyone to converge on US practice. But external pressures might bring even the Americans to accept home-country control. In general, it was accepted that trade and investment were growing faster than the rules or institutions governing them. In these conditions delegates agreed there was plenty of scope for like-minded countries such as the UK and Canada to get together informally to drive thinking among governments — even in areas that fall strictly within the competence of the European Community.

CANADA AND BRITAIN IN THE TRANSATLANTIC AGENDA

The scope for common action by the UK and Canada across a wider front was the theme of the last session. After some debate, we ascertained that there is a great deal going on between Canada and Britain, all over the landscape, in and out of government. Much of this happens in a spontaneous, not very systematic way, so

that our **official** representatives see only the tip of the iceberg. There is also a tendency for British and Canadians to gravitate toward each other in external contexts, as would be expected from this corner of the transatlantic relationship.

But this cosy, middle-aged picture wavered a bit when we considered the question, "What is all this common activity for?" I concluded that it is to make both our own populations and our major partners more internationally minded. Our principal target was the United States. There we found persistent difficulty in cementing parliamentary links, but we had to keep on trying. We had to recognize that the Pacific was more fashionable than the Atlantic. We had therefore both to be present in the Pacific and to go on reminding people of the merits of the Atlantic link. We also need to interest a younger generation, which future colloquia must address. I recall that previous colloquia have concluded with a public session open to a wider audience. It would be good to do that again when we meet in 1997 at Keele University.