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MEMORANDUM TO THE PRIME MINISTER

The meeting of the E.R.P. Commonwealth Liaison Committee, held on June 22, was attended by Robert Burns of the Board of Trade, who spoke on the work of the Economic Committee of the European Customs Union Study Group. The report of the High Commissioner for Canada in the United Kingdom is outlined in his telegram No. 939 of June 24, a copy of which is attached. The Canadian representative gained the impression at this meeting that the United Kingdom Government were losing their enthusiasm for a European Customs Union. The United Kingdom attitude, at present, seems to be that the formation of a European Customs Union would not automatically achieve the type of European economic integration necessary for recovery, and that such economic integration could best be achieved on an ad hoc basis through the Organization for European Economic Cooperation.

The ideal method of integration would be to allow freedom for the movement of goods and services within the broad area of the participating countries and at the same time to protect their markets from "outside" competition. Such a goal, Mr. Robertson feels, is beset with a great many practical difficulties and cannot be achieved within a reasonable length of time. As all of the OEEC countries, to some extent, have planned economies, a Customs Union would merely raise in a different form the problem of coordinating European economies.

Mr. Robertson is of the opinion that the coolness which the United Kingdom authorities have adopted

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