

Treaty, and in the United Kingdom proposal for the establishment of a Free Trade Area. The NATO meeting of Heads of Government in December 1957 reaffirmed the desirability of a closer economic association between the countries of Western Europe, which was deemed to be in the interest of all countries, and it was agreed accordingly that NATO would lend encouragement to the successful development of the European Economic Community and of a European Free Trade Area in which full account would be taken of the interests of the less developed member countries. At the same time, all NATO Governments declared that they attached particular importance to these initiatives being worked out in such a way as to strengthen not only the participating countries but also the relations within the Atlantic Community and the free world as a whole. They also recognized the interdependence of the economies of the members of NATO and of the other countries of the Free World. The Prime Minister, in the course of his report to Parliament on December 21, 1957 on the NATO meeting, spoke more particularly about the proposal for a Free Trade Area and explained that Canada's approval of this proposal depended on the exclusion of food, drink and tobacco products from the scope of the Free Trade Area.

At a meeting last October of the members of the General Agreement on Tariffs and Trade (GATT) at which the examination of the Common Market was initiated, the Canadian Minister of Trade and Commerce, while recognizing the important objectives which the Common Market Treaty was designed to achieve, expressed some concern and reservations about certain of the proposed arrangements. He said that it appeared possible that in important respects the new customs duties around the Common Market might turn out to be higher or more restrictive than the general incidence of duties at present; he urged that the principles governing the use of quantitative restrictions conform to provisions of the GATT and not reinforce existing discriminatory restrictions; he warned that the plans for agricultural trade among the Six, if they were to result in high tariffs, guaranteed prices, preferential long-term marketing arrangements and the use of quantitative restrictions against outside countries, would involve difficulties and conflicts with other countries such as Canada which had important agricultural markets in Europe; and he noted that the arrangements for the association of overseas territories, which did not seem in conformity with GATT, involved numerous potential conflicts of interests and were of concern especially to many less-developed countries.