

TWO CRUCIAL AFFILIATIONS

"Britain now wants to belong to both of these associations. The British have been the leaders of the Commonwealth. They hope to be among the leaders of the newly united Europe. Can these desires be reconciled? Can these two quite different associations be linked in this manner?"

"If they can be successfully linked without weakening the vital ties of the Commonwealth relationship, the combination could be an even stronger force for good in the world. If they cannot, serious problems will be created for Britain, for Canada, and for the Commonwealth.

"The British feel that an affirmative answer to this question regarding the possibility of reconciling their position in Europe and the Commonwealth is possible. We hope it is. Will the economic cement which adds cohesion and strength to the bonds of the Commonwealth hold against the strains which the British membership in the Common Market may place upon it?"

NO LOSS BY DEFAULT

"When it became obvious that the Government of the United Kingdom was seriously contemplating entry into the European Common Market, it became our duty not to allow consideration of the Canadian and Commonwealth interest in any such decision to be lost by default of representations. We made no attempt to question the right of our friends, the Government and people of the United Kingdom, to work out their own economic salvation according to their own best judgment.

"What we did do was to place before them, as forcefully as we knew how, the reasons why we believed it to be in their own, as well as the best interests of Canada and other Commonwealth countries, to safeguard those traditional relationships of mutual Commonwealth trade preferences which have worked so well for so many years...."

CANADA TO BENEFIT?

"I know you have heard statements from some business leaders that United Kingdom entry into the Common Market will benefit Canada. I can explain that. Some Canadian businessmen saw benefits for their industry. But Canadian interests as a whole must be considered.

"The importance of what is going on with the six nations making up the European Common Market is shown in the increasing market there in these countries for Canadian exports. Canada's sales have increased four times in the last ten years and are now running at about \$500 million a year.

"Trade with the United Kingdom has been steadily increasing. The increase from 1956 to 1960 was from \$1,293 million to \$1,514 million - 17 per cent. Commodity exports to the United Kingdom have increased from about \$817 million in 1956 to \$925 million in 1960 - a gain of 13 per cent; imports from the United Kingdom have gone up from \$476 million in 1956 to \$589 million in 1960 - or by some 23½ per cent. (The 1961 figures are not yet complete; hence the 1960 figures are used).

EFFECT OF EEC ON CANADA'S EXPORTS

"Canada's exports to the United Kingdom include agricultural products, industrial raw materials, manufactured and semi-manufactured products, and of this amount 76 per cent could be affected by the United Kingdom's entry into the Common Market unless there are terms in that entry which will preserve in considerable measure the Commonwealth preference system and the free entry of most Canadian products today which exist between Canada and the United Kingdom.

"With the vast surpluses of farm products one has just to realize what would happen unless there is some change made in the Common Market rules.

"What if a 20 per cent tariff against Canadian wheat is applied should the United Kingdom enter the Common Market today?"

"If the United Kingdom were to enter the Common Market without taking steps to protect Commonwealth interests, the result could be serious and Canada's trade could suffer enormous losses and dislocation.

"My hope is that Canada's representations - as well as those of Australia and New Zealand - will ensure that if Britain enters the Common Market it will do so on terms which will preserve a large measure of Commonwealth trade with the United Kingdom.

"Some have suggested that the problems posed for Canada by this European Community and Britain's possible entry into it could be resolved by Canada joining the Common Market.

"Membership for Canada is out of the question. The treaty is clear in specifying that only European nations can be members. Moreover, anyone aware of the realities must recognize that the entry of a major North American country, with its tremendous agricultural production, into the Common Market would be quite unacceptable to its present members, who have had difficulty enough in reaching agreement on a common agricultural policy.

ASSOCIATE MEMBERSHIP IMPOSSIBLE

"Some have suggested that we might be associate members. But again that is not possible, either in theory or in practice, for associate membership was designed for under-developed countries or dependent territories whose economies could fit reasonably into a special association with the Common Market. Canada does not come within this category at all.

"The Government of Canada is engaged in detailed study and discussions necessary to finding the best means of approach to these problems and to the negotiations necessary if some readjustments of our trade relationships are to be worked out as a consequence of a British decision to enter.

"We have always emphasized that the decision to join the Common Market is one which Britain itself must make, but we have stressed that it should only be made after there has been Commonwealth consultation on the subject. We are keeping the British negotiators informed of Canada's interests in the British market and the Common Market and providing the information necessary to enable the negotiators to take into account Canadian trade...."