Export Development Act

Now, Mr. Speaker, it seems to me that in the Canada-U.S. auto pact we have an example of trade of mutual importance to our two countries. Even to these nationalists, it should cause some thought. It indicates that Canada cannot live alone or be entirely unsupported by its neighbour to the south. Indeed, it might well appear that in time of international crisis the automobile facilities of Canada would be denied to the United States in pursuit of its national interests. In my opinion, those who say that there should be a total ban on the export of energy resources, such as natural gas and oil, do not realistically recognize that Canada will have to trade in the world.

I would like to point out what will be one of the most important problems facing us in the coming years. At present the way seems to be under preparation for a long trade war between the United States and the European Common Market. The Americans have been considering protection by means of the Mills bill. There have been talks on the problem of the Mills bill, and the general problem of quota restrictions on U.S. imports, as well as voluntary restrictions on the exports of supplying countries. There has been some talk that the European Common Market governments might prepare another round of discussions at Geneva on imposing reprisal restrictions on the import of American goods. In return, the United States has its worries about the Common Market.

The United States is worried that the European Common Market is organizing a free trade area, or at least a preferential trading area, stretching from Iceland to Zanzibar, and from the Arctic Circle to south of the Equator. Four new prospective Common Market members, including Great Britain, as well as other western European countries are anxiously waiting for the preferential trading arrangements that the Common Market can offer. Already in the Mediterranean area there is a preferential trading system which includes Greece, Turkey, Israel, Spain, Morocco and Tunisia, and there are widespread trade preferential arrangements in Africa with 18 countries, as well as Nigeria, Kenya, Uganda and Tanzania. So far as Washington is concerned there is a vast zone of discrimination, actual and potential, against American trade, and it seems that the Geneva experts in GATT can offer little comfort.

As well, Mr. Speaker, many big American companies have invested enormous sums in European subsidiaries, relying on the Treaty of Rome which guarantees them the same status and treatment as local companies. But these six countries now seem to be creating a new class of European company which will have privileged access to finance and official procurement orders. Access is to be limited to corporations for which the ultimate sources of decision are in the European Common Market. Although this has not been finally decided, big American corporations are angrily facing exclusion from some of the largest markets that they supply.

Then there is the agricultural policy of the European Common Market with high prices, ultra-protection, and equalizing levies. The European Common Market farmer has had eight years of subsidy market support, and assured sales without a ceiling. European farmers costs have risen with their earnings so that they cannot readily face a change in the system. They have attempted to resist market changes, and are not really as efficient as their farmer colleagues in North America and Australia.

So, Mr. Speaker, the stage seems to be set for a trade war between the European Common Market and the United States. Canada cannot hope to escape the effects of this. It would seem that this may be one of the moments in history when mankind's reactions may be favourable to mankind's future. Opportunities of this kind occurred in 1951, with the coal and Steel Community, which was the predecessor of the European Common Market, and again in 1958 when the Treaty of Rome was ratified. Britain remained aloof on both occasions, but it would seem it is now ready to join.

The twin issues that will determine the future of the western world are the political cohesion of Europe and the expansion of world trade. Opportunities now exist for both to occur, but at the moment Europe has lost its momentum toward reunification. West Germany is not an equal negotiating partner, and neither the United States nor the Soviet Union is enthusiastic about a strong European trading bloc. As a result of the Moscow-Bonn Treaty, the Soviet Union could veto certain steps towards European unity.

As I have stated previously, there are considerable political difficulties between Washington and the European Common Market over agricultural surpluses. The problems of agriculture and of non-tariff barriers, unless both are tackled together in comprehensive commercial negotiations, could reverse the trend of expanding world trade. There has been an increase in non-tariff barriers, which in many ways have become more important than tariffs. Indeed, some experts fear that the world economy may be at the start of wholesale conversion from tariff to non-tariff protection which would wipe out the trade liberalization achieved to date.

A publication on hidden barriers to international trade lists as priorities in future negotiations on the expansion of world trade the removal of quantitative restrictions, or voluntary restraints on products from Japan, as well as Japanese agricultural protection. Protection benefits certain privileged producers, but is paid for by the community at large through higher prices. Thus the twin issues of a strong united Europe and strong free trading world are closely linked.

Canada, by virtue of its great stake in the trade of the world, and the importance of trade to its own position, will have to be alert to what is happening in the world about it. I think we should have been more energetic in following closely the progress of the British entry into the European Common Market. Mr. Speaker, I have somewhat more hope than the preceding speaker that Canada will be able to preserve an independent position in the world, but we will need to use all our ingenuity to preserve that position.

Mr. G. W. Baldwin (Peace River): I think, Mr. Speaker, that it is five o'clock. If it were not five o'clock, I would have something to say, but now I am quite prepared to let the House wait until eight o'clock when I will make my comments.