

Nordic Economic Co-operation

Even before the beginning of the free trade area discussions, the four Nordic countries (Denmark, Finland, Norway and Sweden) had been examining the possibilities of "widening the scope of economic co-operation" amongst themselves, and by July 1957 had already prepared a detailed plan (including a common external tariff) for a Nordic Market covering 80 per cent of total inter-Nordic trade. The studies have since been extended to cover the remaining 20 per cent of inter-Nordic trade, with the exception of agricultural commodities for which a proposal is under preparation. In view of the status of the free trade area negotiations, in which Denmark, Norway and Sweden (but not Finland) were participating, no political decision had been taken by any of the four countries up to the end of 1958 on the adoption of these proposals. But at its sixth session in November 1958 the Nordic Council, which is a consultative body only, had recommended to the four governments that they "enter into negotiations for a Nordic economic co-operation and with a view to placing the matter before the Parliaments when the conditions permit a decision to be taken."

Relations with Outside Countries

The movement for European economic integration has received its impetus from two separate but complementary motives: the wish to strengthen the political cohesion of Western Europe and the belief that one way of doing so is to create a free-trading zone comparable in size and efficiency with that in the United States. Third countries such as Canada, which have important economic links with the countries of Western Europe, while supporting the objectives mentioned above, cannot remain indifferent to the manner in which the second of them is carried out. In other words, a European trading area which erected unreasonable barriers of various kind to imports from the rest of the world or which appeared to aim primarily at self-sufficiency would be undesirable in itself, tending merely to re-channel world trade rather than increase it absolutely, and would mark a departure from the objectives of freer multilateral world trade stated in the Bretton Woods' Agreements of 1945 and made the basis of the General Agreement on Tariffs and Trade. Since all these members of the European Economic Community are signatories of the GATT, and since Article XXIV of that Agreement laid down the conditions by which contracting parties may form themselves into customs unions, the provisions of the Treaties of Rome have been submitted by their signatories for examination and discussion in the GATT forum. The examination, which has already begun, will be detailed and in view of the wide scope encompassed by the treaties is expected to be prolonged. Should a European free trade area eventually be established, it too would be the subject of a similar examination by the GATT.

In conclusion, it will not be out of place to quote the following statement of the Canadian view made in the House of Commons by the Minister of Finance in his budget speech on June 17, 1958:

The Canadian Government is following with sympathy and interest these European efforts to integrate their economies and to develop a broader and more competitive system of production. The countries of the six together would make up an economic unit comparable in population to that of the United States. The looser free trade area group would be very much larger. On the basis of these enlarged internal markets European countries can be expected to achieve stronger and more efficient economies.