

EC surpasses \$9 billion. EC trade policies can therefore have a significant impact on the Canadian economy.

Canada's interest in the EC goes beyond its importance as a trading partner. Western Europe has been a major source of immigrants to Canada since Confederation. The skills these immigrants have brought to Canada have enhanced the wealth of the nation, while their varied ethnic backgrounds have profoundly enriched the Canadian cultural mosaic.

These links, both in culture and in trade, have created in Canada a special interest in the affairs of the member states of the European Community and an interest in what role the European Community plays in Western European affairs.

Formation and Evolution

The European Community of today is actually an amalgamation of three communities: the European Economic Community (EEC); the European Coal and Steel Community (ECSC); and the European Atomic Energy Community (Euratom). These organizations were born out of the anxieties that followed World War II. The countries of Western Europe were uncertain of the Soviet presence in Eastern Europe, and they were equally concerned about Western Europe's future stability. The best solution seemed to be to integrate the economies of the Western European nations so that armed conflict between them would become impractical.

Six nations — Belgium, France, Germany, Italy, Luxembourg and the Netherlands — formally established the first community, the European Coal and Steel Community, in 1951. Britain was asked to join but opted not to. The ECSC abolished customs barriers in the two basic industries of coal and steel and established a High Authority to supervise production. As a result, internal trade in steel climbed 129 per cent in the first five years.

Encouraged by this success, the same six countries signed the Treaty of Rome in 1957, establishing the European Economic Community. At the same time they signed another treaty establishing Euratom.

With the Treaty of Rome launching a new era of economic co-operation in Europe, a timetable was set for removing tariffs for goods travelling across Community borders. The members further pledged to progressively harmonize their economic activities.

No one can dispute the immediate results. Trade between Community member states leapt by close to 30 per cent annually between 1958 and 1968, compared to an annual increase of 10 per cent in imports from other countries. All internal tariffs were removed by July 1, 1968, 18 months ahead of schedule. At that time, a common external tariff came into effect, replacing the various tariff levels each member had once applied.

Economic success led other countries to petition to join. The U.K. applied as well, but successive vetoes by French President de Gaulle kept Britain out until 1972. Ireland and Denmark also joined in 1972. A referendum in Norway narrowly rejected that country's bid for membership.

In recognition of the increasingly important role of the European Community, particularly in external trade, Canada established a mission to the EC at its headquarters in Brussels in 1973. The European Community reciprocated in 1976, opening a delegation office in Ottawa.

The 1970s proved to be as difficult for the European Community as for the rest of the industrialized world. Though membership had increased from six to nine countries, and the population of the EC's internal market from 190 to 255 million, the economic recession that followed Organization of Petroleum Exporting Countries (OPEC) oil-price hikes created a host of problems. The ranks of the unemployed swelled to 16 million. The member states could not agree on a common