

● (1600)

There are several forces within this country, Mr. Chairman, that ensure the respect of contingencies inherent in that continental determinism which seems to represent the true guarantee of prosperity for this country. It is obvious that our ties with the United States are very close and they cannot and must not be weakened. However, we must reconcile the fact of belonging to North America and of wanting independence. It is in that context that Europe has an important role to play in Canada's evolution.

Perhaps it would be a good thing to take a closer look at that enlarged European Economic Community now totaling nine countries of Western Europe. Taking a quick look at the statistics concerning the European economy, one realizes that it now regroups 256 million people, 20 per cent more than the United States, and a little more than the total population of the U.S.S.R. It also represents the largest trading entity in the world. The European Community now transacts 40 per cent of world trade while, for example, the participation of the United States in world trade is around 20 per cent and that of Japan around 7 per cent.

On the other hand, the European community is the largest importer in the world. In 1973, its imports totalled \$100 billion, 25 per cent more than those of the United States.

Where do we stand relative to that commercial and demographic unit? Though our total trade with the community totalled \$7 billion in absolute figures for 1974, this in terms of percentage was only 11 per cent of our international trade. Our finished product exports are minimal, accounting for only 10 per cent of exports to the EEC.

The same imbalance exists in the area of investments. The European bloc, the biggest trade partner in the world, is our second largest source of investment capital. But in actual figures investments in Canada are 80 per cent of American investments, while the community share is only 15 per cent.

The same dichotomy exists in Canadian foreign investments, with 52 per cent of our foreign investments going to the United States, while 14 per cent only involve the European community.

Considering the importance of that trade bloc, now a growing concern, we must make every possible effort to establish ever closer links. We already made significant steps in that direction, with our participation for example on a somewhat larger scale than the EEC's at the Conference on European Security and Co-operation. We also are a party to the Vienna talks, aimed at a mutual and balanced reduction of forces in central Europe. Further, we have been since 1973 full members of the United Nations Economic Commission for Europe, and in 1974 we became members of UNESCO's European regional group. In addition to all those multilateral relations, we enjoy excellent bilateral relations with everyone of the member countries.

We must therefore ask ourselves, in the face of all those achievements and participation with Europeans in multilateral bodies: What is our first objective, what is the basic reason for most of the Prime Minister's (Mr. Trudeau) European trips this year?

### *Business of Supply*

For some time Canada has been conducting negotiations with the European community for a more formal relationship. This is one of the direct consequences of our foreign policy, which aims at diversifying our external relations and especially our trade relations. We wish to establish an agreed link with the EEC. We wish to develop industrial and economic co-operation, in order to obtain for Canada a more effective penetration into that large unified market, such as we are now lacking because of our small 23 million population.

Better relations with Europe, relations better established and better defined are the major component of the objective of our present external policy. The Canadian government has implemented this policy of diversification with the European Community through various approaches in these last years. The most recent approach was to hold a series of preliminary discussions between Canadian and European officials to define the possible content of an agreement to be negotiated between Canada and the community. This approach was the result or the direct consequence of the discussions between the right hon. Prime Minister (Mr. Trudeau) and the President of the Community, Mr. Ortolí, in Brussels last October.

The opening of those negotiations points to promising progress toward the establishment of contractual relations with the community.

During the preliminary talks, according to the press releases and the various statements of the Secretary of State for External Affairs (Mr. MacEachen) and the right hon. Prime Minister, it seems that a large range of common interests have been identified in very general terms. Apparently, Canadian and European officials have recognized that a possible agreement could contain three main points: trade relationships, economic and industrial cooperation and consultations.

Such an agreement would open new perspectives for a multidisciplinary framework to ensure economic cooperation, trade, investment and technology. Furthermore, this agreement would establish a parallel on a community basis to the undertakings we already have in the field of industrial cooperation with each member of the European community. This approach allows also to study on a sectorial basis the opportunities for industrial cooperation.

The commission has conveyed to the Council of Ministers of the Community a formal proposal requesting the authority to negotiate a framework for economic and trade cooperation with Canada. The ministers' council will study this proposal on next June 24 and maybe again during summer or in early fall, at which time we hope a decision will have been made.

I hope that the support for a contractual tie given to the right hon. Prime Minister during his visit in various European capitals will soon be concretely expressed through approval of the commission's proposal by the Ministers' Council of the Community, and that negotiations for an agreement between Canada and the community can begin shortly.

At the various press conferences given by the Prime Minister either on his return from his European visits or in Europe, the reporters kept asking one question, which seemed also to have caused some concern in Europe and