

domestic problems in the field of agriculture. I do not think, however, that the solution to any country's problems lies in a policy of bilateral or regional arrangements requiring discrimination. Dr. Luebke argued forcefully that discriminatory import controls on agriculture were necessary to enable Germany to maintain the export of her industrial goods to certain countries. This concept, if generally accepted, would surely run counter to all the principles and objectives of the GATT. Canada, for example, has a vast overall imbalance in her trade and we are of course concerned about this. However, we are anxious to resolve this situation, not by seeking out special privileged markets for ourselves by means of bilateral or by regional policies, but rather by joining with all other countries to expand world trade on a multilateral basis. We hope that Germany - as one of the world's major trading and industrial countries - will follow a similar course of action.

I wish now to refer to the Rome Treaty. I again take this opportunity to assure the participating countries that the Canadian Government fully appreciates and has every sympathy for the broad objectives of their initiative. An economically stronger and more integrated Europe can make an important contribution to a stronger world economy.

Since last year the European Economic Community has set about establishing its institutions and formulating its policies. Next January, the first step in the gradual reduction of tariffs among members is due to take effect and thus, for the first time, outside suppliers to the Six will face a tariff disadvantage vis-à-vis their competitors in the Community. This is, of course, the natural consequence and result of the formation of a Customs Union and we accept this situation, provided that we can be assured that the arrangements and policies of the Six, with respect not only to tariffs but also to other aspects of commercial and agricultural policy, are such that the trade-creating effects of the new Community clearly outweigh and counteract the trade-diverting effects. I pointed out at the last session of GATT the difficulties that could arise for world trade from the creation of the European Common Market. There is the possibility of more restrictive tariff barriers against many important traditional exports to the Six; there is the danger of a more extensive system of discriminatory import restrictions.

We are also concerned at the possibility of more restrictive arrangements for agricultural imports from outside the Community. We could not be expected to acquiesce to regional agricultural arrangements in Europe which intensify restrictions, increase tariffs or aggravate discrimination against our exports, and which might place outside countries in the position of marginal suppliers, to be permitted entry only after surpluses within the Community have been marketed. With respect to the problems raised by the association of overseas territories, procedures were recently agreed for joint consultations with the Six. The purpose of these consultations is to forestall and