

TELEGRAM

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From THE HIGH COMMISSIONER FOR CANADA IN GREAT BRITAIN  
To THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

- 4 -

LONDON.

5. The authorities here believe that all their energies should be concentrated on making the OEEC a success and that this organization provides the best place for hammering out practical measures of cooperation. You will know from Commonwealth Relations Office telegram Circular K. 171 of the 5th May that it has been decided not to set up any economic consultative body under the Treaty of Brussels, as was originally proposed, for fear that such a Committee might detract from the importance of the organization in Paris. Similar reasoning has led to the conclusion that the work of the European Customs Union Study Group might be gradually soft-pedalled and to the proposal mentioned in paragraph 7 of Commonwealth Relations Office telegram Circular D. 151 of the 19th June that the next meeting of the Economic Committee of the Study Group should be postponed until the end of the summer.

6. In a number of messages (particularly in my letter of the 7th January to Mr. Pearson) I have argued that a reduction of tariff barriers should be a major object of economic policy of the countries of Western Europe, but I have suggested that this could be accomplished in a more practical way and with less danger of complications overseas if a piecemeal procedure were adopted. Nevertheless, it is undeniable that any change in European tariff arrangements, whether by way of the formation of a customs union or of a free-trade area or by the application of such a commodity-by-commodity method as I have advocated, would be a tangential approach in present circumstances to the problem of increasing production and trade in Western Europe, since tariff barriers at present form a comparatively slight impediment to the movement of commodities when set beside other obstacles to trade such as exchange controls and quantitative restrictions.