

Framework Agreement

The immediate result of Britain's accession to the Community was a protracted negotiation for compensation in terms of certain reductions in Community tariffs to offset the loss of British preferences. Although the outcome of these negotiations, conducted under the terms of Article XXIV: 6 of the General Agreement on Tariffs and Trade, was fully satisfactory, the government considered that a basis should be found for a more positive, dynamic relationship with the Community.

The negotiation of a Framework Agreement was primarily a declaration of intent. We knew that in the rapidly changing environment of economic relations among the industrialized countries in the 1970s, economic growth would be particularly dependent on international trade and the transfer of technology. If the Canadian private sector were to be able to gain access to European markets and to exchange new technology with European firms, it could benefit greatly. But this would not happen automatically. Achievement of this goal, together with the achievement of closer co-operation at the government level in such areas as research and development and environmental protection, would require a co-ordinated effort involving federal and provincial governments as well as the private sector in Canada. The Framework Agreement of 1976, then, can be seen as an innovative document, a statement of intent that we would organize ourselves to see what opportunities might exist and to proceed to realize these.

In addition to being viewed in the context of Community enlargement, the Agreement should also be seen in the context of other developments in the 1970s — especially the rising price of oil and the Tokyo Round of Multilateral Trade Negotiations. The effects of higher energy prices will take at least another decade to filter through the world economic system, but in terms of Canada's external relations, I think one effect is already clear: the economics of upgrading resource exports prior to shipment out of the country is greatly improved.

The Tokyo Round may have been a partial disappointment as it did not provide us with all the improvements in access for which we had hoped — particularly with respect to non-ferrous metals and government procurement in certain high technology areas — but it did open new opportunities.

The 1970s, therefore, were an eventful decade for our economic relations with Western Europe. The Community enlargement strengthened the European economy, but forced a change in trading patterns. The rise in energy prices altered the underlying comparative advantages between Canada and Western Europe. And, as already noted, the Tokyo Round had an effect on access both to the Community and to Canada. The Framework was a statement of intent that while these changes were under way, the Community and Canada would examine together how to tap the potential for each other which these circumstances offered. The negotiation of the Agreement was not easy, and the result reflected a desire to break new ground without establishing difficult precedents for relations with third countries.

Of course, it never was intended that all the activities we would undertake would fit directly under this umbrella. The Agreement expressly provides for bilateral arrangements with member states, and many of the industry and commerce development