

A non-preferential trade agreement with Yugoslavia provides for economic co-operation and special Community treatment for Yugoslav baby-beef exports.

The Community has a preferential trade agreement with Spain.

The European Free Trade Association

The Community was anxious to prevent tariffs having to be raised between those members of the EFTA that were joining the Community in 1973 — Denmark and Britain — and those members or associates that were not — Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland. It therefore concluded industrial free-trade agreements with each of the latter group.

By 1977, under these agreements, some 300 million consumers will benefit from free trade in industrial products throughout 16 nations of Western Europe.

Other Industrialized Countries

The Community seeks to establish a constructive dialogue with other industrialized countries.

Canada

Since the Community's enlargement, Canada has become the third most important non-European trade partner of the Community of the Nine (after the United States and Japan). Before 1973, Canada was not a major trade partner of the Community of the Six, ranking behind most of the EFTA countries. Since then, the accession of Britain and the continuing increase of Canadian trade with the Nine have fundamentally altered this position.

Canada is working to diversify its external relations in order to reduce its vulnerability to economic and political events abroad. In its search for new markets, Canada sees obvious opportunities in Europe. The Community of the Nine is Canada's most important trading partner after the United States, taking 13.1 per cent of Canada's exports and supplying 9.6 per cent of its imports in 1974. In Canadian dollars, Canada's exports to the Community were worth \$3.96 billion in 1974, imports from the Community amounting to \$3.04 billion.

Canada is a major supplier to the Community of industrial materials, especially wood pulp, foodstuffs such as cereals, oilseed and fish products, and minerals such as nickel, zinc, copper and iron. The Canadian market absorbs a wide range of machinery and other manufactured goods from the Community, as well as fabrics and alcoholic beverages.

Recognizing Canada's importance, Community heads of state and government, at their summit meeting in Paris in October 1972, called for the initiation of a "constructive dialogue" between the Community and Canada.

Canada and the Commission subsequently agreed to hold regular bilateral consultations, alternately in Ottawa and Brussels. These talks, begun in November 1972, cover bilateral and multilateral relations, particularly commercial-policy matters and co-operation in the industrial-energy sectors, as well as issues of mutual concern such as development aid, export credits and joint action to protect the environment.

In addition, Canadian Parliamentary delegations meet delegations from the European Parliament once a year. To give further impetus to the strengthening of Canada-Community relations, the Commission, with the full support of the Canadian Government, has opened a delegation office in Ottawa. (Canada has had accreditation to the Community since 1958 and a full-time ambassador to the Community since 1973.)

In April 1974, in order to provide a juridical basis for Community-Canada relations, the Canadian Government proposed that negotiations be started between Canada and the Community with a view to concluding a direct contractual arrangement.

Following this proposal, intensive discussions have gone on between Canada and the Community seeking to identify the shape a formal relationship might take. These discussions were highlighted by meetings between the Prime Minister of Canada and the President of the Commission of the European Communities. As a result of these discussions, the Community and Canada started negotiating a framework for economic and commercial co-operation in March 1976.

It is the hope and expectation of each of the parties that such an agreement will support existing arrangements for economic and commercial cooperation between them and, at the same time, create new opportunities for extending the scope of this co-operation — for example, in the industrial sector.