

On June 22 and 23 Dr. Hallstein, the President of the Commission of the European Economic Community, Mr. Hirsch, the President of the Euratom Commission, and Mr. Finet, the President of the High Authority of the European Coal and Steel Community, paid a courtesy visit to Canada and met with ministers and officials in Ottawa. Towards the end of the year arrangements were also started to accredit a representative of the Canadian Government to the European Communities, in order to ensure that Canada was kept fully informed of developments in these institutions and that Canadian interests continued to be brought effectively to their attention.

Following the breakdown of the free-trade area negotiations towards the end of 1958, the United Kingdom and Sweden took the initiative in negotiating the formation of a European Free Trade Association comprising Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom. The EFTA Convention was signed in Stockholm on November 20 and it is expected that ratification procedures will be completed by March 31, 1960. The Convention aims to achieve free trade in industrial products and closer economic relations generally among its members. To this end, it provides for the elimination, within a period of ten years, of tariffs and quantitative import restrictions on industrial goods in the trade among member states. A first tariff reduction of 20 per cent is scheduled for July 1, 1960. Member states, unlike those belonging to the EEC, will not have a common external tariff; they will maintain their own national tariffs in relation to countries outside the EFTA area. Agricultural and fish products were in general excluded from the obligations in the EFTA Convention, but special arrangements for such products were envisaged.

When the Convention was signed, the seven countries of EFTA reaffirmed their willingness to resume negotiations with the EEC on a European-wide arrangement. The EEC, for its part, proposed a series of steps designed to minimize difficulties within Europe, including the extension to GATT countries, again, in 1960, of their internal tariff and quota measures, subject to reciprocal concessions being made to them. They also proposed the establishment of a special contact committee of the EEC and the EFTA to examine specific trade problems that might arise between them, and suggested that the major trading countries of Europe, and Canada and the United States, should hold discussions on the co-ordination of their domestic economic policies and on the question of aid to under-developed countries. Pressures were also developing among The Six during the year for an acceleration of the timetable of the Common Market. Consideration was given to the possibility of advancing the target date for the completion of the Common Market to perhaps as early as 1967.

During the year a number of Western European countries took further steps towards trade liberalization, which benefited exports from the dollar area. Discrimination through use of import quotas against dollar goods in European markets was considerably narrowed and substantial progress was also made in removing restrictions on trade generally. The measures taken by France reflected the success of the French stabilization programme and brought the level of liberalization in that country close to that achieved in other European countries. Important steps of liberalization were also announced by the United Kingdom and similar steps were taken in other European countries.