

## European Views

In both Brussels and London, there was a tendency to agree that the Canadians were exaggerating the impact of EEC enlargement on their trade. I was told that many of our exports would benefit from the dynamics of growth of the enlarged Community and its rapidly expanding import needs. Reference was made to the fact that the EEC's imports have more than doubled since 1958, when the Community came into being. It was also pointed out that the average level of the Common External Tariff on industrial goods was lower than that of the United States. Other favourable factors, including inter-company arrangements, could, some Europeans believe, ensure continued exports to an enlarged Community of some of our industrial goods.

In our meetings in London, the British sought to convince us that there would always be a large market for Canadian hard wheat in Britain because it was needed to maintain the right balance in milling operations.

We were repeatedly assured by all that the policy of the EEC (and perhaps even more so of an enlarged EEC) would be responsible and outward-looking. In fact, all said Europe "would not be comfortable with an inward-looking orientation".

We listened carefully to these reassuring assertions. I said we sincerely hoped that events would bear out the assumption of faster European economic growth, following enlargement. This would not help us, however, we emphasized, in those cases where their tariffs or other trade barriers were highly restrictive, as in the agricultural sector.

If Europeans are going to continue to need our industrial materials to sustain efficient economic growth, why impose on themselves the burden of paying significant customs duties on some of these products? If the enlarged Community will continue to need our wheat, should not the relevant regulations of the Common Agricultural Policy be adjusted to facilitate such trade?

I welcomed their predictions that an enlarged Community would be outward-looking and said that we hoped to see this reflected in the progress of the GATT work program and in future initiatives toward trade liberalization.

## Canadian Strategy

What will be the Canadian attitude in the months and years to come? We shall continue, as I indicated, to keep considerations of this kind before our trading partners in Europe throughout the negotiations. We shall continue to seek areas of mutuality of interests. We shall continue to urge the EEC and the applicant countries, when they are weighing the merits of alternative solutions, to include in the balance the interests of their countries and the future of the world trading community.

...My colleague Mr. Sharp is now in Europe and will be discussing the implications of EEC enlargement for broad Canada-Europe relations.

Our discussions will be pursued in the coming months with all present and prospective members of the Community. In our consultations with them, we are placing considerable emphasis on the kind of relations an enlarged Community would have with Canada and other countries and trading groups.