

The Main Issues

Let me turn now to some of the main issues raised for Canada by the United Kingdom decision to negotiate for membership in the European Economic Community. Like other countries of the Commonwealth we are facing two areas of uncertainty. First, what might United Kingdom membership in the European Economic Community imply for the future of Canada's trade and economic relations with the United Kingdom? Second, what could be the political and economic effects of such membership on the Commonwealth association itself?

Our trade and economic relations with the United Kingdom have steadily expanded in recent years to the benefit of both countries. After the United States, Britain is Canada's largest export market, taking now close to one billion dollars' worth of our exports annually. A great variety of products of interest to every region of Canada and to most of our industries makes up this total; for a number of these commodities, of which wheat and flour are outstanding examples, the United Kingdom is Canada's principal external market.

If you compare the terms of access which our exports enjoy in the British market with the common tariff of the European Economic Community countries, you will see that, of total Canadian sales of \$915 million to the United Kingdom in 1960, \$691 million, or 76 per cent, could be affected in greater or lesser degree if the United Kingdom were to join the Common Market. Much, of course, would depend on the terms of entry which the British proved able to negotiate. To illustrate, let us see what would happen on the extreme assumption that the United Kingdom adopted the Common Market tariff and the proposed common agricultural policy of the Community without any exceptions. In such a situation, we would lose the tariff preferences we now enjoy in the British market for a great variety of Canadian exports. We would be faced with tariffs where now there are none for virtually all our exports. Far from continuing to enjoy preferences ourselves, we would be treated less favourably than Britain's European partners who would be enjoying free entry in the British market. Perhaps most important of all, the United Kingdom would cease to be an open market for many Canadian agricultural products, especially wheat and flour. The Continental system in agriculture to which Britain would have to adapt is based on high price supports buttressed by tariffs, import quotas and other restrictive measures. With these considerations in mind, we have urged the United Kingdom in negotiating accession to the European Economic Community to secure the fullest safeguards possible to maintain our traditional access to this essential market.

In these discussions we were mindful not only of our own interest in keeping the United Kingdom market open for our goods, but also of the other Commonwealth countries and of the broad interests of the Commonwealth as an association. I need not