

Enlargement Negotiations and Canada

...Britain has already told the EEC that it is prepared in principle to accept the Common External Tariff and the Common Agricultural Policy.

As regards accommodation for outside interests, the only specific issues Britain has raised in the negotiations relate to access for New Zealand butter and lamb and Commonwealth sugar and to relations between Commonwealth developing countries and the enlarged Community.

Certain arrangements which Britain is seeking in its own interest could help some of our exports. For example, as I have already told the House, nine of the 12 industrial materials for which Britain has requested special arrangements are of interest to Canada. These are aluminum, lead, zinc, newsprint, wood pulp, plywood, phosphorus, ferro-silicon and silicon carbide. Together they account for more than one-fifth of our sales in the British market.

There would also be, in case of enlargement of the EEC, a transitional period during which Canadian exporters could adjust to the new situation. The British have proposed that the application of the common tariff on industrial goods be staged over three years and that there should be a transitional period of six years for agriculture.

On the basis of my discussions with European leaders, I can say that Britain and the EEC are prepared to explore with us areas where their interests may to some extent coincide with our own. They are also willing to maintain a two-way flow of views and information with Canada throughout the negotiations. We hope that their agenda will not be too rigid to allow them to do these things in a meaningful way.

It would, however, be misleading for me to suggest that there is prospect of any major accommodation of Canadian trade interests in the short term. Apart from whatever possibilities may exist for adjustments based on mutuality of interests, we must assume that, if the negotiations succeed, Canadian exports to Britain will eventually be subject to a Common External Tariff and a Common Agricultural Policy.

The general situation as far as access for Canadian goods is concerned would be significantly improved if the trading countries of the world undertook, during the enlargement negotiations or before the end of the transitional period, a broad negotiation to reduce tariffs and non-tariff barriers to trade. This would mitigate the trade-diverting effects of EEC enlargement in much the same way as the Dillon and Kennedy Rounds eased the impact on third countries of the original formation of the EEC.

For the present, however, European energies are being concentrated on the reshaping of Europe. In Brussels, it was emphasized that *élargissement* is only one of the current preoccupations of the EEC -- the other being *approfondissement*, the progressive transformation of the Community from a customs union into a full economic and monetary union. We suggested that they should give more thought to the need for a *mondialisation* -- or adaptation of the results of the enlargement negotiations to the requirements of world trade.