

establishment of the European Common Market gave to the growth of intra-Community trade, and the degree to which European enterprise accorded priority in their marketing and investment decisions to exploiting opportunities afforded by the forging of a unified market among first six and then nine European countries. (And I will not dwell on the negative impact that the elaboration of the Community's Common Agricultural Policy has exerted on the competitive position of Canadian agricultural exports to Europe, and indeed in certain cases in third markets.) And finally, closer to home, we must bear in mind that the years since the formation of the European Community have coincided with the progressive integration of the North American economies, and the rapid expansion in our trading, investment and corporate relationships with our powerful neighbour south of the border. During years when the economic environment in North America has offered such attractive prospects to Canadian business, it is perhaps small wonder that so many Canadian firms have been reinforced in their natural predilection to look first to the United States when considering new opportunities, and have tended to devote relatively less attention to penetrating the European market.

I am sure you will agree that if, in the past, for whatever reason, Canadian business has neglected export possibilities in Europe, both Government and the private sector should take vigorous corrective action. For surely the importance of the European Economic Community on the world scene is such that by any yard stick it should rank very high indeed in our calculations about the directions Canada's trade and economic strategies should take in the future. The EEC is now established as the world's largest trading entity, accounting for over 30 per cent of global exports and imports. With 260 million inhabitants, its GNP is second only to that of the U.S.A. Its population has enjoyed rapidly rising living standards to a point where *per capita* incomes on a community-wide basis approach North American levels, while in the case of the more prosperous member states they already surpass Canadian figures.

While the history of Europe's construction has been marked by hesitations, when one looks back over the past two decades one is struck by the inherent dynamism of the process, and by the fact that it is irreversible. Progressively the European Community has assumed a genuine international personality, exploiting its economic and political weight effectively in international trade negotiations. It has instituted a continuous dialogue with the major industrial powers, and plays an influential role in the debate on the crucial problems that exercise the international community today: the world energy crisis, the international financial and monetary order, and relations with the third world. As regards the last of these, it has concluded preferential and co-operation agreements with the countries of the Mediterranean basin, and with the 55 African, Caribbean and Pacific countries party to the Lomé Convention. It is reaching out towards the countries of Latin America, and is cultivating a dialogue with the Arab States. Recognizing that their shared economic responsibility and power on the world stage logically demand greater concert at the political level, the nine member states of the Community have set in motion procedures to harmonize their positions so as to speak, whenever possible, with a single voice on major foreign-policy issues.