

Community or Common Market. GATT permits the formation of common markets under specified conditions. Accordingly, The Six are, over 12 or 15 years, abolishing trade restrictions of every kind between themselves and developing a common tariff which they would apply to imports from the rest of the world.

While these developments were understandable, it is also understandable that the other European countries, which participated in the earlier post-war European initiatives but which, for political or economic reasons, were unable to join with The Six, should regard the plans of The Six with mixed feelings. If they could not share in all the political activities of The Six, could they not at least share in the economic arrangements? Hence emerged the proposal by the United Kingdom for a Europe-wide industrial free trade area. Unfortunately, however, the two movements, one for a close association of six and the other for a much looser association of 17, reached an impasse at a ministerial meeting of the OEEC in December, 1958.

Faced with this situation, seven European countries including the United Kingdom, Sweden, Norway, Denmark, Switzerland, Austria and Portugal, quickly decided to form a free-trade area among themselves. They did this partly for the benefits it would bring to its members but also in the hope that, in due course, The Six might find the idea of a Europe-wide free-trade area more acceptable, and in the fear that without such an arrangement The Six, from a position of strength, might make separate trade arrangements with each of the seven individually. Thus, by the end of last year, the 18 full members of OEEC were divided into The Six and The Seven, and a remaining five have no special association with each other.

Since the breakdown of negotiations in OEEC in December, 1958, no common ground has been found for substantial discussions between The Six and The Seven, and growing concern was expressed about a possible split between European countries with effects running far beyond the economic field.

Politically as well as economically, Canadians must be apprehensive of any division that emerges amongst our partners in NATO. We depend in no small measure for our common defence on the strength and solidarity of Western Europe. Although, of course, the Paris meetings were not in any sense, and by their composition could not have been, NATO meetings, Canada naturally approached last week's meetings having in mind article 2 of the North Atlantic Treaty, requiring members to "seek to eliminate conflict in their international economic policies".

Our economic concern was twofold. We feared lest the situation developing in Europe should lead to trade barriers against outside goods more restrictive than were necessary or indeed justifiable. We also feared that some new form of discrimination against Canadian goods, some new European preferential system from which we were excluded, might emerge to the detriment of our exporters.