

dian exports to these important Community markets must be expanded. The existing commercial, cultural and linguistic ties which Canada has with Western Europe should facilitate this task. Enlargement has, moreover, brought the European Community physically to within 20 miles of Canadian shores—the distance separating Canada's Ellesmere Island from Greenland, an overseas extension of Denmark.

The Committee was impressed by the statement of the Minister of External Affairs, Mr. Sharp, that enlargement and, in particular, British entry, would throw a greater "burden of adjustment" on Canada than on any other country outside the enlarged EC (2:7; 1972).<sup>1</sup> A 1971 study has estimated that over \$600 million worth of Canadian exports to the U.K. would be affected after a transitional period, by more difficult access conditions into the British market due to loss of a zero tariff or a preferential tariff arrangement; this included such major export items as wheat, aluminum, lead, zinc, barley, tobacco and linerboard. For \$450 million of this \$600 million, Canada loses not only the existing preferential arrangement but faces "reverse preferences" which the U.K. grants its new Community partners behind the Common External Tariff (CET) wall. For 90 per cent of a total of about \$300 million of agricultural exports to Britain, Canada will face the highly restrictive Common Agricultural Policy (CAP) of the Community. Further, the conclusion last year of a free trade area in industrial goods between the EC and the non-applicant countries of the European Free Trade Association (EFTA)—Austria, Norway, Sweden, Iceland, Portugal and Switzerland<sup>2</sup>—will give these countries a competitive advantage in the Community markets and place Canadian products at a disadvantage.

Convinced that the enlarged Community and its future development are of prime importance to Canadian interests, the Committee therefore turned its attention to an examination of the nature of the Community, its institutions, its accomplishments, its shortcomings, the questions it is facing, its limitations and its potential.

The Committee sought to examine how Canada can increase its ties, commercial and others, with the Community. What measures can be taken to bring the importance of the Community to the attention of Canadians—so many of whom already have links of origin, language and culture with member states in the EC? How can Canadians and Community members alike be made aware that if trade polarization takes place around the major world trading entities of the United States, Japan and the EC, Canada would be an "odd man out" or would become part of a North American economic and trading regional bloc?

Paralleling these inquiries, the Committee also looked at a range of Canadian-Community relationships, intergovernmental, business and personal with a view

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<sup>1</sup> This, and similar subsequent notations, refer to the issue and the page number of the Proceedings of the Standing Senate Committee on Foreign Affairs during the fourth session of the 28th Parliament (1972) and the first session of the 29th Parliament (1973).

<sup>2</sup> It is probable that Finland will conclude a similar agreement with the EC.