

EXPANDING TRADE IN A FREE WORLD
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"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 \$1 billion-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.

"Comparing the terms of access which our exports enjoy in the British market with the common tariff of the European Economic Community countries, I would observe 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. 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 Canadian goods, but also of the other Commonwealth countries and also of the broad interests of the Commonwealth as an association. I need not elaborate on the reasons for Canada's wholehearted attachment to that unique association which is the Commonwealth of Nations. Spanning five continents, linking with common bonds peoples of different races and creeds, the Commonwealth is not only the first but, to date, the only example of a real family of nations. As such it is a major factor in international stability and peace.

"Our attachment to the Commonwealth, however, would be nothing but empty sentimentality if it did not find expression in a determination to preserve the strength and vigour of the Commonwealth that it may play its ever-increasing and beneficent role in international affairs....

PROTECTING COMMONWEALTH INTERESTS

"The British Government has made it clear to us that in their negotiations with the European Economic Community they are determined to safeguard Commonwealth interests. Indeed, they have assured us and the other members of the Commonwealth that, unless they can secure terms which will adequately safeguard the essential interests of Commonwealth countries, they will not join the Common Market. We do not doubt, and we have never for one moment doubted, the determination of the United Kingdom to endeavour to obtain the necessary safeguards.

"We must recognize that, even at best, Canada and other Commonwealth countries would have to face some trade adjustments should the United Kingdom join the Common Market. In the new pattern of international trading relationships which is likely to

emerge, losses in one direction will have to be offset by gains in another if we are to succeed in expanding international trade and in raising living standards throughout the world.

"Some Canadians have suggested that a solution for Canada might be found in joining or associating ourselves with the European Economic Community....

"...The Treaty of Rome provides in the plainest terms for the accession of European countries alone to membership. As regards association, a group of articles of the Treaty (Part Four) make provision for the associate membership of overseas territories. A further article provides that: 'The Community may conclude with a third country, a union of states or an international organization agreements creating an association embodying reciprocal rights and obligations, joint action and special procedures.' The Six have made it quite clear, however, that the countries to which this last article applies are the less-developed countries of Europe, such as Greece, which has already signed a treaty of Association with the European Economic Community.

CANADIAN MEMBERSHIP PROHIBITED

"I have myself heard the opinion clearly expressed by high-ranking and influential European statesmen that membership or association for such a non-European country as Canada would radically change the entire character of the Community and would be inconsistent with its most cherished objective: a tightly-knit, politically unified Europe. Needless to say, we have not been asked to join and, let's face it, we would not be welcomed if we sought to apply for membership or association.

"Those who have advocated that Canada join the European Economic Community have evidently not been aware of these plain facts. Nor have they really examined the terms of the Treaty of Rome or what the economic and trade effects would be for Canada. There is no doubt that we would be expected to remove all tariffs against the Community. The European Economic Community, on the other hand, would never consent to opening up their markets to the free flow of our agricultural products. What sort of bargain would it be for Canada if some of our major exports could not receive access comparable with their access to our market? Quite apart from the balance of the bargain, it is difficult to see how we could pursue our national objective of promoting a balanced economic structure in this country in circumstances where our markets for manufactured goods were wide open to the unrestricted competition of the highly efficient and low-cost industries of Europe....

"Canada has vital and growing trade interests in the six countries of the Common Market. At almost half a billion dollars, our exports to the countries that now form the European Economic Community were four times greater in 1960 than ten years earlier. We shall seek to preserve and expand the opportunities which this important market offers to us, but we shall not attempt to do this on the basis of a regional association.

"In this connection, I am reminded of the words President Kennedy used when he addressed the Na-