



STATEMENTS AND SPEECHES

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CANADA AND THE ENLARGEMENT OF THE EUROPEAN COMMUNITY - II

An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Union of Foreign Journalists in Belgium, Brussels, December 1, 1970.

I consider it an honour for me and for my country that I have been invited to address the first luncheon meeting of this group. It is also a great pleasure and a rare opportunity. The real purpose for my being here today is to answer your questions and exchange views with you, but first of all there are a few points I should like to make, very briefly.

In the course of my trip to Europe, I have visited London, and early next week I go to The Hague. The purpose of my visits to the British, Belgian and Dutch Governments and the Communities is to discuss the prospective enlargement of the Common Market by the entry of Britain and other EFTA countries and the effects this significant development of the Community might have on Canadian links with Europe in the field of trade and the impact this change may have on international relations. At the beginning of last week in Ottawa, I met with leading members of the U. S. Administration, led by Secretary Pogers, and discussed the same general range of topics with them.

The timing of my visits to Europe was determined by the NATO ministerial meeting which starts here tomorrow, so I should like, first of all, to say something about Canada and NATO. Canada has just completed a fundamental review of foreign policy, begun over two years ago. One of the questions that had to be faced and settled early in the review was our membership in NATO and related questions of force contribution in Europe. The result was that Canada is -- and will remain -- a fully-committed member of the North Atlantic alliance. Canada's security is inextricably bound up with Europe's, and Canada will continue to play its part in European security arrangements. These decisions were taken after exhaustive examination of factors and trends in Europe, attitudes in Canada and alternatives ranging from disengagement from current world power relations to increased involvement in collective security arrangements. Few, if any, NATO countries have subjected their membership in NATO to so thoroughgoing a study. That Canada has done so, and determined that Canadian interests call for continued membership and continued military

presence in Europe, strengthens the alliance. Against this background, the precise allocation of Canadian defence resources -- as between the European theatre and the North American and Atlantic regions of NATO -- is largely a matter of deciding where these resources can be used most effectively in the common interest. I can tell you, however, that the Canadian Government has no plans for any further reduction in the level of its military contribution in Europe in the foreseeable future.

The foreign policy review went well beyond considerations of security. Of necessity, much of it was devoted to the central problem facing Canada -- how to live distinct from but in harmony with the U.S.A., the greatest power on earth. The nations of Western Europe share this problem, but in Canada's case it is magnified by geographical proximity, economic interdependence, the shared defence of the North American continent and the pervasive influence of American culture on Canadian society.

The maintenance of an adequate measure of economic and political independence in the face of American power and influence is a problem we share with you. In dealing with this problem, there is at once a community of interest and an opportunity to work together. We seek to maintain close political, economic and social ties with Europe not as an anti-American measure but to create a healthy balance of relations within the North Atlantic community.

While many people in Europe have a full understanding of the historical and cultural links that bind Europe to Canada and of the great opportunities for a scientific and economic co-operation that can contribute to both our societies, there is a too-frequent tendency here to say to Canada: "Your interests are adequately taken care of by your close relations with the U.S.A.; accept the fact that you are a North American nation, sort out your problems with the U.S.A." For Canada this is not an acceptable option. The U.S.A. is our closest friend and ally and will remain so, but to say this is not to say that Canada will come to accept any kind of U.S. hegemony. Canada will remain sovereign, free and independent. In pursuit of this prime objective, healthy and strong relations with the nations of Europe are essential.

When Canadians look across the Atlantic, it is a changing, indeed a new, Europe that they see. The Iron Curtain is no longer so impervious to trade, the exchange of ideas and the process of negotiation. The European Economic Community has become a dynamic reality. We have been very aware of these changes, though perhaps not always aware enough of their meaning and their effects upon Canada.

We are learning fast. The enlarged Common Market of ten will encompass 40 per cent of the world's trade. It may be expected to import some 16 per cent of what it consumes. Canada cannot afford to stand aside from this great market, cannot ignore what it means in terms of our international trade, the trade by which we live.

This is one of the principal reasons for my visit to the European Communities in Brussels, as well as to some of the Capitals of The Six and for

my discussions with Britain and the U.S.A. It is vitally important for me, as Secretary of State for External Affairs, to take a first-hand reading of the important developments that are taking place or about to unfold in Europe and to meet personally and to renew acquaintance with the personalities who are engaged in changing Europe. For this is what you are in the process of doing; The Six, on the one hand, and the four applicants, on the other, which together would make up the hard core of the enlarged Community, will change the map of Western Europe, and perhaps to some extent the economic and political equilibrium as we have known it since the end of the war.

The enlarged Community is already the world's leading importing unit and The Six, as well as the four applicants, share a measure of responsibility for altering the balance of multilateral trading relations as we have known them. While it is true that the Community and the applicant countries are involved in very delicate, complex and time-consuming negotiations, those who will make up the enlarged Community should at some point take cognizance of their weight and importance in the new configuration of the Western World. Is the enlarged Community prepared to assume world responsibilities in keeping with its size and importance? Can we expect an enlarged Community to be a liberalizing influence in world trade?

Perhaps in the past Canadians have seen the growing Common Market too much in terms of the difficulties and constraints it seems to pose and not enough in terms of the challenges and opportunities it offers. In pursuit of our own national aims and interests, we intend to take advantage of this great and growing market, not just as a place where we should wish to sell increasing quantities of agricultural products and raw materials from our forests and mines but also as an outlet for our manufactures. The Common Market can absorb, to its benefit and to ours, far more Canadian manufactured goods. It is essential for us to build up our secondary manufacturing industry, particularly at a time when unemployment in Canada is close to 7 per cent -- and regrettably higher in certain areas, including the Province of Quebec. The extractive industries may bring wealth to Canada, but they cannot provide enough jobs for our growing population.

At the same time, we have very real fears about some of the effects of the enlargement of this great market. These I am now discussing with my European colleagues. British entry into the Common Market will bring about disruptions and shifts in Canada's exports, particularly of agricultural products. I do not suggest that the growth of the Common Market should be arrested or delayed for Canadian reasons. I do suggest, and am impressing strongly on my colleagues here, that the enlargement of the Community should not be and need not be achieved at the expense of countries such as Canada.

There is also the very real danger of market polarization between Europe and North America. It has taken a generation to begin to alleviate the polarization of power politics that led us into the Cold War; to recover from the effects of trade polarization leading to trade war might be even harder. The effects of such a polarization on Canada would be dire indeed. We stand to lose perhaps more than any other country from U.S. protectionism and from retaliation by others. We could be left with the choice between moving totally into the embrace of the U.S.A. or out into the cold. Neither prospect delights us.

The problem as I see it is this. In the process of broadening and deepening the Common Market, a new kind of trading bloc is emerging, composed not only of countries that are members of the European Community but of a large number of other countries associated in one way or another with the Community by preferential trading arrangements. The principle of non-discrimination in trading relations is being breached on a broad front. This is happening at the same time as protectionist tendencies are reasserting themselves in the U.S.A., most recently in the form of the new legislation now before Congress. I believe one is justified in being concerned that these two European and American phenomena may come to feed upon one another.

It will be recalled that the formation of the European Economic Community was accompanied by the negotiation of the Kennedy Round. At that time, Europe and the world moved together in harmony in what was a most impressive advance towards freer trade. Today there is little evidence of this kind of harmonious relations -- indeed, quite the contrary.

When I saw Sir Alec Douglas-Home and Mr. Heath in London, I urged upon them the need for Europe, as it moves toward economic and political unity, not to forget the wider unity of the world, a unity in which all nations have a vital concern.

I do not think I am being alarmist; such a confrontation is apprehended by expert observers on both sides of the Atlantic. It cannot be allowed to take place. Last week in Ottawa, I made this point most strongly to the leaders of the U.S. Administration. I am doing the same here in Europe.

Think for a moment about the kind of world in which such a confrontation would take place. In the Far East there is the economic miracle of Japan. The Japanese are beginning to dismantle their import restrictions. They will not be encouraged to continue by retrograde developments in the West. China is emerging upon the world scene as a potential super-power, and, in terms of population, as a market potentially greater than Europe. By 1972, if not, indeed, in 1971, the Peking Government could be seated at the UN. Certainly, this is what Canada hopes to see happen. The changes that could flow from this development are incalculable. Little is known of China's intentions. One thing is certain -- if Europe and North America are directing their energies to a sterile trade conflict, they will have difficulty in meeting the challenges and seizing the opportunities presented by China's full participation in world affairs.

The developing nations of the Third World must be watching any drift in this direction with deepening concern and apprehension. Recent studies have reinforced the conviction that a maximum effort is required in the next decade, in terms of aid and trade, to enable these nations to escape the treadmill of poverty, hunger and over-population. This calls for a concerted effort by all the developed nations.

Trading opportunities with the nations of Eastern Europe are opening up at an accelerating rate. We must be in a position to take full advantage of these, not just because of their economic benefits but because

they can make an important contribution to the improvement of East-West relations. More trade means more contacts, better understanding and increased opportunity for effective negotiation of issues. The search for a better accommodation with the U.S.S.R. must be pursued with skill, patience and determination by Europe and America working together, not at odds in trade or anything else.

I hope I have said enough to stimulate some lively discussion. For my own part, and speaking on Canada's behalf, I regard the kind of confrontation I have envisaged as unthinkable. The world cannot afford such a costly mistake. We must learn to use the earth's resources rationally and imaginatively if we are to survive and live useful lives in human dignity. Surely the political imagination and ingenuity that have characterized the formation and enlargement of the Community can be brought to bear in a world context.

The nations of North America and Europe are not answerable only to themselves. As custodians of a great part of the world's knowledge, technological resources and wealth, they must account for their stewardship to the developing nations. Politically mature and experienced, they must engage their energies in the search for a lasting settlement of world tensions.

The markets of the two continents of which I have been speaking must live in harmony, not in conflict. They must accept their responsibilities, not only to their own peoples but to all the peoples of the world.

In the course of my visit to Europe, I am learning a great deal about the Community and its concerns, as did my colleague the Minister of Industry, Trade and Commerce, Jean-Luc Pepin, when he was here recently. I am getting frank and full answers to all my questions and a courteous and sympathetic hearing of the Canadian concerns I am expressing. This kind of continuing exchange is essential to understanding. It is for this reason that I am encouraged by the fact that Signor Malfatti, President of the European Economic Community, has accepted my invitation to come to Canada next spring.

I have said that in Canada we have very real fears. This is true, but in Canada we also have faith that reason will triumph over the search for temporary advantage and that the nations of North America and Europe will continue to work together for the greater good of all mankind.

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