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NOTES FOR A SPEECH BY THE
SECRETARY OF STATE FOR
EXTERNAL AFFAIRS,
FLORA MACDONALD,
TO THE CANADIAN INSTITUTE
OF INTERNATIONAL AFFAIRS
AND THE CENTRE FOR
INTERNATIONAL STUDIES
OF THE UNIVERSITY OF TORONTO,
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"CANADA'S RELATIONS WITH EUROPE"

Shortly after the election, I announced that the government would be re-examining foreign policy. Since then, I have made several suggestions about the questions I believe such a review should address. The Prime Minister has called for "the widest possible review in the most public possible place" and we shall be establishing a parliamentary committee for this purpose. It is the government's firm intention to ensure a thorough discussion, involving all interested Canadians. The contribution that organizations like the Canadian Institute of International Affairs can make to this process hardly needs underlining. Your contribution will be welcome, both individually as citizens and experts outside government, and collectively, as members of the leading private Canadian organization in the field of foreign affairs. I also invite members of the academic community to take this opportunity to share their knowledge and opinions with the broader Canadian public and the Parliament and Government of Canada.

The review will be thorough. It cannot be interminable. Parliament will need the report of the committee by mid-year of 1980. Meanwhile, some decisions must be taken, and we are taking them: about Rhodesia; about Cambodia; about Iran. Crisis management must not, however, be allowed to pre-empt serious reflection about the kind of world in which we seek to serve Canada's interests. I want on this occasion to reflect about one important part of this world: Europe. This you might look on as a personal contribution to the discussion for which I hope the committee will find time on its heavy agenda.

It is, I think, particularly opportune that we should address this subject here in Toronto. The European origins of our country are nowhere more evident, the cosmopolitan quality of the city a constant reminder of the vitality which immigration has brought to this country. It also reminds us of Canada's unique character. We live comfortably with Europe's culture, history and languages, but Canadians of European descent are particularly conscious that in Canada we have a more open society than the older European countries, one that is less status and clan-conscious, in which there is perhaps an unique opportunity for self development and the fulfilment of family ambitions. We can look at our European relationship, therefore, recognizing these profound ties of history and culture, but confident in our separateness.

The government has said relatively little so far in specific terms about policy towards Europe. Certain broad lines have been sketched out; however, the emphasis has been on continuity: continuity in adhering to our obligations in NATO; continuity in the search for closer relations with the evolving European community; continuity in confirming and extending *détente* as the framework within which East-West relations

should be pursued; and continuity in developing the rich variety of possibilities Canada can exploit in its bilateral relations with European countries.

The emphasis on continuity makes sense. It tells our allies and partners that they can count on Canada as a steady and reliable friend. It says to all European countries that Canadian interests are deeply engaged in Europe. It says that Canada approaches the problems of security and co-operation in Europe not in a mood of pugnacity and confrontation, but with sober realism and a deep consciousness of the human dimension of these problems.

At the same time there is also a need for reappraisal. It has been clear for some time that the expansion and consolidation of the European Community pose complex problems for Canada that require our serious attention. You will recollect that the last systematic consideration of the European relationship resulted in the so-called third option, which in turn gave birth to the framework agreement called the "contractual link".

Whatever the intention, the implication that there was a choice to be made between Europe and the United States was unfortunate. The relationship with the United States will continue to be, by a wide margin, Canada's most important single foreign relationship. It is inconceivable that we should attempt to conduct this relationship in any spirit other than one of closest co-operation. This said, the industrial democracies of Western Europe, both individually and through the European Community, will have a place of large and permanent significance in our foreign policy as economic partners, as allies, and as sharers in a common heritage of history, culture and institutions.

Once this is accepted, there are, I think, three broad questions that should engage our attention in the months ahead. *First*, how do we make the Community aware of our views and interests at a time when the energies of the members focus on the internal harmonization of their policies? *Second*, what steps can we take to enhance our joint benefit in the areas of trade, investment and the exchange of technology? *Third*, how can we draw together our security and economic interests in Europe so that they are mutually supportive or at least so that the major components of our policy are not in conflict with each other?

The answers to these questions would, I think, reinvigorate our relations with Europe, and open exciting possibilities in the years to come.

Let us explore for a moment the question of consultation. The kind of policy problems that Canada faces in the EEC have their counterpart in relations with the NATO and in bilateral

relations. Our problem is simply how best to make our weight felt in support of our interests. The problem has been with us every since Canada has had an independent policy: think, for example, of the difficulties the wartime government had in ensuring that Canada received a hearing in Allied Councils commensurate with its economic and military contribution to the collective war effort. One of the main reasons why Canada strongly supported the creation of NATO, and has continued ever since to be a tireless advocate of consultation within the alliance, has been simply to ensure that the great issues of peace and war were not decided over our head and without regard to our interests. The same thought has been behind our participation in the OECD: the hope that steady, structured consultation between close economic partners would produce a permanent sensitivity to each other's special concerns.

The story repeated itself with the creation of the European Economic Community and the expansion of the Six to the Nine. We were outside this time. How could we ensure that our interests were not overridden or ignored? This was one of the motives behind the negotiation of the Framework Agreement between Canada and the EEC. While I have been critical of the Agreement in other respects, I find no fault with it as a device for ensuring that a permanent consultative mechanism permits -- indeed obliges us -- to confront problems in economic relations between Canada and the EEC systematically.

Economic summitry at the outset raised the same sort of problem. Initially, although of the same economic weight as at least one other participant, we were excluded. Canada had to assert a claim to be heard directly at the summit, and after some difficulty, the Canadian claim was conceded.

You may find nothing special in all this, since every country has to find ways to ensure that its voice is heard and its interests are not ignored. True enough. But the problem has been a persistent one in our foreign relations, especially with the countries of Western Europe. This is a particularly powerful group of states. Large and powerful states are tempted to pursue their own interests while paying no more attention than they have to to the interests of others. They are at the same time automatically aware of the interests of the United States: people are not normally inclined to overlook a super-power. But they are not automatically aware of Canadian interests and are sometimes inclined to assume -- incorrectly -- that all North Americans are alike and that Canada's interests, when revealed, will turn out simply to be an extension of United States' interests.

This problem, which is fundamental to our European policy, is not going to go away. On the contrary, I believe it will recur and could even become more acute in future. The EEC is on the verge of another extension of its membership. With whatever difficulty, it is evolving towards greater unity both in its economic and its political dimensions. This is a movement full of hope for the future, which Canadians applaud. But it does carry the risk for us that some of our closest friends will increasingly be working out common positions on major questions among themselves -- positions which, without our having been consulted -- we will be urged to accept or support.

I do not want to exaggerate. We have many ways of discussing problems when they arise, and an accumulated experience of consultation. Nonetheless the problem remains, and purposeful diplomacy will be required on the Canadian side to ensure that our voice is heard within the Community. The same need for the conscious and purposeful direction of our relationship is evident if we turn to economics. Despite some disappointing figures on trade expansion, the advanced industrial democracies of Western Europe are one of the world's few sources of high technology. As such, they offer Canada innumerable opportunities for co-operation. Examples could be multiplied endlessly; let me give just one.

Europe, energy short, looks increasingly to Canada as a secure source of supply. And Canada is prepared to develop and export new energy sources surplus to its needs. France and Germany, for example, have invested heavily in uranium exploration in Saskatchewan and elsewhere. The first generation technology used to exploit the tar sands is German in origin, developed and adapted to Canadian conditions. When the "MANHATTEN" made its pioneering voyage to test the feasibility of routing tankers through the Arctic, its hull had been modified as a result of research in Finland and France. If we come eventually to ship liquefied natural gas through the Arctic, the technology we use may well be French, the development capital and the market European. And if a nuclear ice-breaker is needed to lead the way, its propulsion system is likely to be European, too. In short, energy developments in the next generation may produce new and extensive links between Canada and Europe. But in this and other areas, our task is to ensure that the exchange benefits are long-term development and bring significant advantage to the Canadian people. I hope very much that a review process will stimulate innovative suggestion and analyses of this problem.

Third, let me look briefly at the security dimension. One of the tasks we have to confront in consultation with our allies, and in as constructive a dialogue as we can arrange with the countries of Eastern Europe, is the management of *détente*. *Détente* attracts its sceptics. Even so, it fixes the framework within which East-West relations are supposed

to develop. Authoritative voices tell us there is no alternative to *détente*; that *détente* must be confirmed and extended; that it is, or must be made, irreversible.

It is true that there are many who find cause for grave doubts about *détente* in Soviet conduct, particularly where that has involved the accumulation of new weapons systems and the long-range projection of Soviet power.

We need to take these matters seriously, but not despairingly. So long as there is no real progress towards disarmament, large armed forces will continue to exist. Their weapons will grow old, and have to be replaced by newer ones from time to time. This will be as true for the Soviet Union and its allies as for NATO. It is necessary to cut into the arms race at a particular point; agree that some kind of rough balance exists; and try to halt and eventually reverse the process. This is difficult, not impossible. At the level of intercontinental weapons systems, indeed, this is what SALT I and SALT II are all about. If the United States' Senate acts soon to ratify SALT II, we may see the beginning of a halt to the nuclear arms spiral, at least in some of its manifestations. The problem then will be to continue and extend the process, to see that it comes to apply to new weapons systems as well as old ones, to theatre nuclear weapons as well as intercontinental systems, and to conventional arms as well as to nuclear arms.

So far as Europe is concerned, it is not visionary to foresee that something like this may happen. There are many strands. Some pass through the Vienna talks on Mutual and Balanced Force Reductions; others through the machinery of the Conference on Security and Co-operation in Europe; still others through the machinery of the two military alliances. We may see further channels opened yet to deal with all the aspects of arms control and disarmament in Europe. At present, the prospects are confused and obscure.

Two things, however, stand out: There is general agreement that a stable balance of security could be established in Europe at lower levels of force; and in recent months there has been an extraordinary proliferation of proposals from both sides as to how such a balance might be achieved. Does this mean that, some appearances notwithstanding, there will be a better chance to make progress in arms control and disarmament in Europe than at any time in the past generation? Perhaps so. We must certainly lose no reasonable chance to test the possibility. These are the issues that will underlie the debates in the North Atlantic Council in which I will be participating next week.

But the process will be neither short nor simple, and while it continues, we shall have to see to it that our own forces meet the requirements of a balance at existing levels in both quality and number.

It is here that we must take some time to examine our national contribution. The question as to our appropriate contribution to NATO is an old one, but not for that reason irrelevant to the present situation. I suggest that three principles should guide our discussion. First, our contribution must be relevant to the needs of NATO as perceived by our allies, as well as by ourselves. Second, it must be compatible with our overall perception of our needs in defence policy. Third, it must be an effective reminder that the security and economic fields are intertwined. While we fulfil our responsibilities in the one, we must be sure that our European allies are fully sensitive to our needs in the other.

Meanwhile, what can we hope for in other aspects of our relations with the countries of Eastern Europe? Since the Soviet bloc clings to the view that an ideological struggle between East and West is in the nature of things, there will presumably continue to be an underlying element of tension in all these relationships, whether Western countries want it or not. But there is no reason why this tension cannot find its release in civilized competition. I do not myself share the view that the communist and non-communist societies of Europe are fated to converge, some of them, at least, simply have histories too divergent for that. Yet it is possible to see ways in which many of the same problems -- energy shortages, inflation, consumer expectations, protection of the environment -- press on any society, regardless of ideological bent.

In this sense, new opportunities for co-operation with the countries of Eastern Europe will arise, ideological differences notwithstanding. Indeed, as relations with these countries have acquired substance, it has already become difficult to generalize about them. For the first time, Canada has recently made major sales of high technology products in Eastern Europe; nuclear equipment to Romania, pulp and paper technology to Czechoslovakia and Poland. Elsewhere, progress has been steady, but less spectacular. And in return, these countries, which have not historically been important trading partners for Canada, are finding better ways of selling their products in the unfamiliar Canadian market -- witness the Lada car.

With human contacts -- family reunification, family visits, visa questions and the like -- progress also escapes easy generalization. With some countries of Eastern Europe, for example, family reunification has virtually ceased to exist as a problem, with others, we seem to be dealing with a hard core of intractability. Despite a great deal of effort, we have yet to succeed in concluding satisfactory consular agreements with these countries. A basic stumbling block

is dual nationality, where a bridge has to be found over a wide gap in legal and social systems. This is a problem of intense concern to thousands of Canadians, as reaction in this country to recent changes in Soviet and Czech citizenship laws demonstrated. Yet we persist in negotiation, and I have by no means given up hope of placing consular relations with the Eastern European countries on a more satisfactory footing.

These and other matters will be evoked collectively when the signatories of the Final Act of Helsinki meet next year in Madrid to follow up the Conference on Security and Co-operation in Europe. Canada will be able to report that, in the implementation of the Final Act, useful if modest progress is being registered here and there, to which we contribute our share. At the same time, we shall no doubt be pointing to the serious failures of implementation which mar the record, and calling once again on governments to respect the commitments they have themselves undertaken in freely subscribing to the Final Act. We have the difficult task of persuading others that our championing of human rights is not a disguised programme for subverting the regimes of Eastern Europe, but a plea for respect for those individual freedoms inscribed in a number of international charters, including the Final Act of Helsinki. Public support for *détente* in the West cannot otherwise be sustained. There is strong public and parliamentary interest in the preparations for the Madrid meeting, which I hope will find its focus as well within the framework of the foreign policy review.

I end, therefore, as I began, with the review of foreign policy. This is surely an appropriate time to take stock of our relations with Europe. I have suggested that it should be an assessment that proceeds from acceptance of our fundamental friendship to a search for new and innovative ways to develop. I invite you, and your colleagues across the country, to be an important and actively contributing part of this process.