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CANADA'S DEVELOPING RELATIONS WITH THE EEC

The following passages are from a statement by the Secretary of State for External Affairs, Mr. Mitchell Sharp, to the Standing Senate Committee on Foreign Affairs, Ottawa, on March 21:

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What is the actual state of our relations with the ten countries of the enlarged EEC? You are aware of the closeness of the ties forged during two world wars and our postwar alliance. The EEC now contains both our founding nations, and, as well, other countries of birth of many Canadians. The two most used working languages of the new Europeans are the two official languages of Canada. I do not suggest that this alone provides a basis for new relations. But I do think that we speak the same language as the Europeans in many important respects.

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In political terms, the entire Atlantic world is going to be affected by this new dynamic Europe which is taking shape before our eyes. Adjustments are going to have to be made in recognition of the

new balance which will come about in the Western world. For its part, the United States has long wanted the Europeans to assume a greater share of the burden of ensuring their own security. These two tendencies have a cumulative effect on the way the Atlantic alliance — as we have known it since the war — will work in future. European unity is by no means incompatible with stronger ties with Europe's major partners. Thus, there are problems of adjusting relations as between the Western countries. These require solutions not only for their own sake but also because solidarity in the West is as important as ever in an era of rapidly evolving relations with Eastern Europe.

As Western relations evolve, it is natural for Canadians to worry over the possibility that tension may develop between Europe and the United States. There is an interaction among relations between the United States and Europe, our own relations with the United States, and our relations with Europe. The Government's review of foreign policy sought to demonstrate that a policy that attempts to diversify Canada's relations, inevitably draws Canada closer to Europe. Equally — as the monetary and trade crisis of last year made us aware — a breakdown in the mechanisms governing relations between the United States and Europe can result in the isolation of Canada in North America.

CANADA'S EXPORTS TO EEC

From the economic point of view the new Europe raises equally far-reaching considerations. By 1980, the imports of the enlarged EEC from the outside world could soar to \$130 billion. Canada — the world's fourth exporter after the EEC, the United States and Japan — must take the Common Market very seriously. The ten countries already form what is by far the world's largest trading unit; they im-

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ported over \$70-billion worth of goods from the outside world last year. Of these \$70-billion worth, over \$2,000,700,000-worth of goods came from Canada. This represented 17 per cent of our total exports and about half of our exports outside North America, making the EEC our second largest trading partner by a considerable margin.

Yet we can do much better. We shall have to do much better. Since 1958, Canadian exports to the EEC have increased greatly. They have not, however, kept pace with the increase in total EEC imports from the outside world. Our share of those markets has declined. Just as important, our exports to the EEC have not followed the trend in EEC imports toward manufactures and processed goods and away from primary materials and commodities. It is here, particularly in sectors of intensive technology, that we shall have to improve greatly.

It has not been easy to assess the fault for our difficulties in this category of exports to the EEC. Access has been a problem for a number of products, including some of interest to Canada. But this problem should not be exaggerated. By and large, the common tariff of the European Community is low. In spite of protective policies in the agricultural sector, the Community remains a large agricultural importer. Other world traders have done very well in this EEC market. Certainly the Americans have, with their export of sophisticated manufactures to the EEC, although they have been helped by their massive investment in Western Europe. Much of the difficulty probably lies with our industrial structures and trading habits themselves. We can't sell too well what we don't make, obviously. For this reason, we are thinking about our general policies toward the EEC very much in terms of policies on which we are working in other areas: energy policy, investment policy, industrial policy generally - including policy on secondary industry and policy on research and development - and other related policy studies. Our success in realizing our own potential could well be related to some extent to the EEC's success in doing the same thing. We should develop a degree of interest in this expanding but difficult market in keeping with its potential and with what we are doing, say, in the United States market.

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In recent years, we have been trying hard to develop closer economic relations in the field of sophisticated manufactured goods. We have sent technological missions and trade missions to Europe. We have had some good results. But now I think that we shall begin to get better results. I don't know if the Europeans have had the political will in the past to make the effort necessary. They may have been inhibited by reservations about the degree to which Canadian interests were nationally distinct, and about our wish to co-operate in the

future. Until recently, I doubt if we demonstrated this clearly enough to the Europeans to distract them from their preoccupations with internal consolidation. Both Mr. Pepin and myself have brought this to their attention in our visits to European capitals over the last year and a half.

HEAVY ADJUSTMENT BURDEN

Of course, we shall also be raising with them our export interests which have been adversely affected by Britain's joining the EEC: over 40 per cent of our 1971 exports to Britain of over \$1,300 million could now face more difficult entry. There are other issues as well. I won't document them here as you are familiar with them but you may be sure that they will be defended. Britain's entry into the EEC was a decision for Britain to take. While we welcome the EEC's success, the parties to enlargement must understand that the burden of adjustment thrown upon Canada is greater than that placed upon any other country outside the enlarged EEC. If EEC policies took a protectionist turn, there could be real damage to our trade. We have, therefore, been pleased to note the recent declaration of intent published by the United States and the EEC in which they make a pledge to enter into broad multilateral trade negotiations in about a year from now. If a new balance is necessary we want it at a higher not a lower level of trade.

So we intend to speak to the Europeans not only about the protection of our present interests but also to work now with them to develop our shared potential interests. We shall both benefit from outward-looking approaches and liberalizing tendencies in world trade, since our respective stakes in world trade are important. Closer relations will assist us both. Closer industrial ties would help.

In the end, of course, the possibilities of closer industrial ties are going to be only as large as the mutual interests and abilities of Canadian and European industry make them. We can't develop synthetic interests. I am convinced, however, that a closer examination of possibilities will reveal matters of ample potential interest, if the political will is there. I believe this is now more apparent on both sides.

Let me say, very forcefully, that there is nothing in what I've said which could be seen as being in any way "anti-American". Nothing I have said is intended to suggest that the closeness of our relations with the United States needs re-evaluation in the light of possibilities for closer economic relations with Europe. Indeed, it is because of the unusual closeness of our economic relations with the United States that we need energetically to explore the possibilities of other areas we may have underplayed. It is all the more necessary for us to do this in Europe now that Britain has joined the EEC.

PRESIDENT NIXON TO VISIT

The Prime Minister announced recently that the President of the United States would visit Canada from April 13 to 15 as guest of the Canadian Government. The Governor General and Mrs. Michener have invited the President to stay at Government House while he is in Ottawa. The visit, which has been in the planning stage since late last summer, will give the President and the Prime Minister an opportunity to review recent developments on the international scene and to carry forward the discussions they had early in December about Canadian-American relations.

FOREIGN-OWNED FIRMS IN CANADA

The Minister of Industry, Trade and Commerce recently tabled in the House of Commons Part I of the Corporations and Labour Unions Returns Act Report, according to which foreign-controlled corporations accounted for 35 per cent of total assets of non-financial corporations in 1969 - practically unchanged from the revised figures for 1968. Their assets increased in the year by \$3.6 billion to a total of \$45 billion. About three-quarters of this increase was in the manufacturing and mining industries.

In sales, foreign-controlled firms accounted for 36 per cent of the total of \$126.4 billion and for about two-fifths of the year's \$10.3-billion increase. About two-thirds of the foreign-controlled firms' gains were recorded in manufacturing, largely as a result of export gains in the automotive industry.

In net book profits, an increase of 11 per cent to \$3.7 billion raised the share of foreign-controlled firms to 47 per cent of the total (from 45 per cent in 1968). This increase came almost entirely from mining and manufacturing.

In taxable income, 48 per cent of the total accrued to foreign-controlled firms, virtually unchanged from the 1968 figure. A study of corporations with assets of \$5 million and over showed that in 1969 foreign-controlled companies in this group accounted for over 40 per cent of total corporate income taxes; Canadian-controlled companies of this size accounted for slightly more than one-quarter.

INTEREST AND DIVIDENDS

Payments to non-residents by reporting corporations of interest, dividends and business service charges accounted for one dollar out of every \$11 spent abroad by Canadians for goods and services in 1969. At \$1,806 million these payments were \$50 million higher than they were in 1968. An increase of \$62 million in interest payments mainly reflected larger net sales abroad in 1968 and 1969 of new bonds issued by Canadian corporations, larger borrowing abroad by sales finance companies, and sharply higher interest-

rates both in Canada and abroad. Dividend transfers were moderately lower in 1969 as Canadian subsidiaries reduced their payments to their foreign parents. Over four-fifths of payments to non-residents in 1969 were made by foreign-controlled corporations.

Foreign-owned companies maintained their leading role in research and development during 1969, reflecting their continuing dominance in many research-oriented industries. Some 58 per cent of expenditures on intramural research and development incurred by companies in Canada in 1969 was by foreign-owned companies.

The number of foreign-controlled corporations in the non-financial industries rose to 5,556 in 1969, (an increase of 535 over those of 1968) and accounted for 4 per cent of all corporations. The number of those 95 per cent or more foreign-owned expanded by 451 to 3,917 in 1969 or 71 per cent of foreign-controlled corporations.

Foreign takeovers of existing Canadian enterprises producing asbestos and manufacturing food and beverages, forestry products, electronics and steel were particularly evident in 1969. The year was also notable for the repatriation by Canadian interests of control of a number of corporations which were formerly controlled abroad.

WORLD HEALTH STAMP

The Canada Post Office will issue an 8-cent stamp on World Health Day, April 7.

The stamp, which was designed by Joyce Wieland of Toronto, incorporates the figure of a heart in keeping with the theme this year for World Health Day, "Your Heart is Your Health". The stamp is red and measures 40 mm by 24 mm.



WORLD HEALTH DAY

World Health Day is sponsored by the World Health Organization, one of the 13 intergovernmental organizations related to the United Nations. This year World Health Day is dedicated to the prevention and treatment of heart and circulatory diseases. Its purpose is to stimulate public interest in the problems of heart and circulatory diseases, to promote new measures to solve these problems and to reinforce international co-operation in this field.

CANADA'S CONTRIBUTION

Canada has made significant contributions to the research and treatment of heart diseases. In 1956, the Canadian Heart Foundation was created to co-ordinate the work of organizations and individuals interested in reducing sufferings and deaths caused by heart disease. The Foundation is managed by voluntary administrators, including members of the Canadian Cardiovascular Society, its medical counterpart.

Among the internationally-recognized Canadian innovations, five are noteworthy. There are the "pacemakers" pioneered in 1948, which have enabled many thousands of people throughout the world who suffer from heart disease to carry on with their normal activities. The procedure of transplanting arteries, first undertaken in 1950, was developed to relieve severe heart pain known as angina. The replacement of damaged heart valves by other human valves was first pioneered in 1938 and has been revived during the last five years.

The creation of coronary-care units in hospitals has been a significant Canadian contribution to the fight against heart disease. The death rate among patients admitted to hospital after heart attacks can be cut by 30 per cent if a coronary-care unit is available. Conceived and pioneered in 1962, coronary-care units have been established in thousands of hospitals throughout the world. Essentially they ensure that trained personnel is available within seconds if there is any unwanted change in the patient's heart rhythm or rate.

Lastly, in the care of "blue babies" who suffer from one of the major heart defects, the technique for the surgical realignment of the great blood vessels of the heart was developed about 1969.

STUDENT EMPLOYMENT ABROAD

Post-secondary students planning to take part in this year's international student summer-employment exchange with 11 European countries are making application now, to allow enough time for processing and distribution to foreign employers, and for the acceptance of jobs well before the holiday season begins.

Some 3,000 summer jobs, ranging in duration from six weeks to three months, will be available in a variety of occupations in Austria, Belgium, Britain, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden and Switzerland. Details about the type of employment offered in the various countries are being provided by Canada Manpower Centres.

The Department of Manpower and Immigration's role in the program is that of intermediary between

post-secondary students and foreign employers or agencies.

Students who accept job offers must be prepared to finance their own transportation between Canada and Europe. However, the Department will reimburse return travel costs within Canada for students who fulfil their work commitment in Europe.

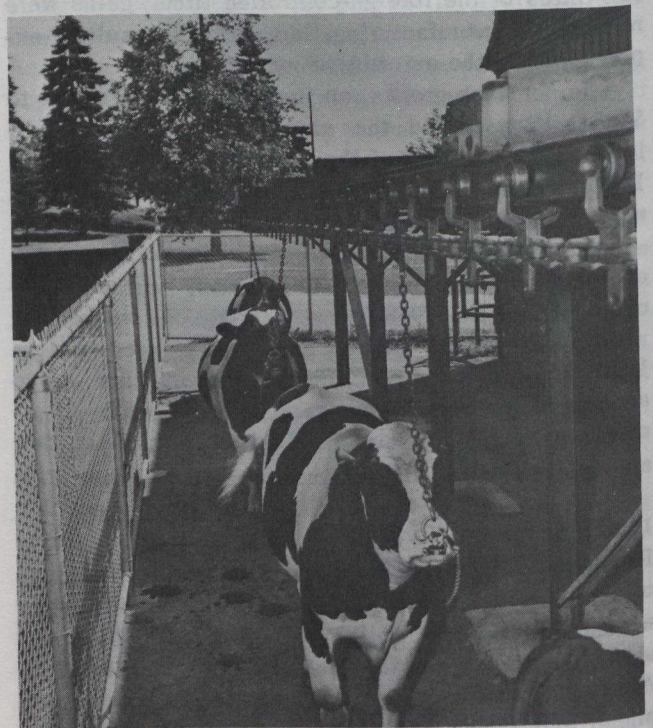
In a telephone survey of half of the some 1,000 Canadian students who participated in the Department's first international exchange program last summer, 77 per cent expressed satisfaction with the program.

AGRICULTURE MISSION TO U.S.S.R.

A recent visit by a group of Canadian agriculture experts may have opened the door to increased exports of Canadian livestock, agricultural products and equipment to the Soviet Union.

Heading the 12-member mission on its two-week tour of several Soviet cities was Dr. Rolland Poirier, Assistant Deputy Minister of the federal Agriculture Department. Members were from the Departments of Agriculture and Industry, Trade and Commerce, as well as from industry.

Increased exports of cattle and cattle semen may result from the talks. Soviet animal geneticists were also interested in the exchange with Canada of genetic stocks, particularly of Canadian Holstein, Shorthorn and Hereford cattle and Landrace hogs.



These Canadian holstein bulls in the exercise yard at the Canada Agriculture Central Experimental Farm in Ottawa may have a role to play in future Canadian exports to the Soviet Union.

POLICY RESEARCH INSTITUTE

The Prime Minister has announced the names of seven prominent Canadians who have agreed to serve as provisional directors of the proposed Institute for Research on Public Policy.

As proposed in a study by Mr. Ronald S. Ritchie, a vice-president of Imperial Oil Limited and former executive director of the Glassco Royal Commission on Government Organization, the Institute would be a private, non-profit corporation. It would carry out "research and analysis designed to improve the basis for informed choice and decision by the public of Canada and its leaders on questions of public policy".

DIRECTORS

The provisional directors, who will seek incorporation of the Institute under the Canada Corporations Act, are: Mr. Ritchie; Mr. J.V. Clyne of Vancouver, chairman of the board of MacMillan Bloedel Limited; Mr. Louis A. Desrochers of Edmonton, Chancellor of the University of Alberta; Mr. John P. Robarts of London, lawyer and former Premier of Ontario; Mrs. Jeanne Sauvé of Montreal, a widely-known writer and broadcaster; Mr. Louis H. Lorrain of Montreal, Canadian Director of the International Brotherhood of Pulp, Sulphite and Paper Mill Workers; and Rt. Rev. Joseph N. MacNeil, Bishop of Saint John, New Brunswick, and a member of the Atlantic Provinces Economic Council. Additional directors will be appointed following establishment of the Institute.

The Prime Minister stated that the Federal Government would make an initial grant of \$950,000 to the Institute and thereafter match dollar for dollar any funds raised from other sources by the Institute for its endowment up to a maximum of \$10 million during its first seven years.

The first proposal for the Institute was put forward by the Government in the Speech from the Throne in September 1968. This expressed the Government's interest in the establishment of an organization where research and thinking could be carried out into long-term governmental policy questions of all kinds. To assist the Government in developing this idea, Mr. Ritchie was requested to carry out a study on the feasibility of establishing such an Institute. Mr. Ritchie's report was published on August 11, 1971.

The report confirmed the need for an institution aimed at "improving understanding by Canadians and their governments of particular Canadian economic, social and political problems, domestic or international". It acknowledged the work being done by existing institutions created for research in limited areas of policy, but concluded that "the resources available in Canada are adequate neither in quantity nor in type to the requirements of the future".

SOUR NOTE - SOUR LOOK



The Globe and Mail

Paul Zafer's feelings are obvious as he plays a note off key in his violin solo, Beethoven's Minuet in G. Paul is a student at the St. Christopher House music school, Toronto, which held recitals recently in the Charles R. Sanders on Library.

CANADA-BELGIUM LITERARY AWARD

The second Canada-Belgium Literary Prize has been awarded to Montreal poet Gaston Miron, according to a Canada Council announcement. The presentation of the \$2,000 award was made on March 16 during a conference on Belgian and Canadian literature at the Brussels Book Fair in Belgium. The Canadian poet Jean-Guy Pilon received the award on Mr. Miron's behalf.

Co-sponsored by the Canadian and Belgian Governments, the Canada-Belgium Literary Prize is awarded in alternate years to French-language Belgian and Canadian writers and is made on the basis of all of a writer's literary work, rather than a single book. Last year's winner was the Belgian poet Géo Norge.

Gaston Miron has been recognized as one of the outstanding poets of French Canada. In 1970 he was awarded the Prix France-Canada and the *Etudes françaises* prize of the University of Montreal Press, and the following year received Montreal's Grand Prize for Literature. Born in 1928 in Sainte-Agathe-

des-Monts, north of Montreal, Gaston Miron came to Montreal in 1947 and first began to publish his poems in the Montreal newspaper *Le Devoir* and the journal *Amérique française*. In 1953, with a group of friends, he founded the *l'Hexagone*, where he published a collection of poems with Olivier Marchand, called *Deux sangs*. His work appeared only in newspapers, journals and anthologies from 1953 until 1970, when the University of Montreal Press published a collection of his poems and articles under the title *L'homme rapaillé*.

The winner of this year's prize was chosen by a literary jury of Belgians appointed by the Belgian Ministry of French Culture and Canadians designated by the Canada Council. Members of the Canadian jury were Mr. Jacques Godbout, Mr. Naïm Kattan, Mrs. Claire Martin and Mr. Jean-Guy Pilon. The Belgian jury was made up of Mr. Roger Bodar, Mr. Roger Brucher, Mr. Jacques Gérard Linze, Mrs. Jeanine Moulin and Mr. Paul Willems.

CANADA'S DEVELOPING RELATIONS WITH THE EEC

(Continued from P. 2)

EEC AND NORTH AMERICA

Never before have so many questions been raised about Canada's relations with Europe. Until now, Europe has been too busy re-organizing itself to pay much attention to how it is going to arrange its relations with the rest of the world. This is changing, and with this change there is an opportunity to improve our relations. Europe is now going to have to devote some attention to deciding how it wants to maintain the links it has with others — above all, with its closest and most important partners in Canada and the United States.

I believe that it is in Europe's interest that Canada remain independent, prosperous and united.

Europeans should be convinced of this fact. I believe the Europeans have come to realize this more clearly in the past few months than ever before. Because of their own preoccupations, because of distance, because perhaps we did not explain ourselves often enough — for many reasons — they were inclined in the past to assume that the view they took of their relations with the United States would do more or less for their relations with Canada. The Government has worked to change this attitude, with some success. It is a fact of considerable importance that the next European "summit" will have specifically on its agenda the question of the European Community's relations with its major economic partners which I have no doubt will include Canada.

For our own part, we should try to keep as open-minded an attitude as possible to the new forms of multilateral co-operation the Europeans are trying to work out among themselves. We have to look to our interests, and we will. But their success is our success. Both bilaterally with the European capitals, and multilaterally with the institutions of the Community itself, we wish to build upon the multiple dialogue we have begun.

There will be much hard work before we can develop the sort of relations with the new Europe that will suit our interests. This is why I welcome all contributions to the dialogue, including those of your Committee. The Government also looks forward to receiving shortly a visit from Mr. Dahrendorf, the Community's Commissioner for Foreign Affairs. Many of the themes I have touched on above will be discussed with him. The EEC with Britain and Ireland, Norway and Denmark is a developing economic power of great strength and wide-ranging political significance. Canada has much at stake in the Community. Canada has much in common with the Community. And I am convinced both our stake and our common interests will grow.

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