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NOTES FOR A SPEECH BY
THE SECRETARY OF STATE
FOR EXTERNAL AFFAIRS,
THE HONOURABLE MITCHELL SHARP,
TO GERMAN-CANADIAN BUSINESS
AND PROFESSIONAL ASSOCIATES
TORONTO, SATURDAY, FEBRUARY 16, 1974 3

Mr. Chairman, Ladies and Gentlemen,

Encouraged by a good dinner and congenial company I propose to defy the traditional wisdom of ministerial speech making--that a Minister should address himself to the most topical issue of the day. The most topical issue or, if you wish, the burning issue of the day, and, indeed of the last five months is, of course, energy. This evening, I propose not to talk about energy--at least to avoid the current concentration on this subject. I am going to talk about other important subjects--ones which I can discuss in much more positive terms--relations between this country and the Federal Republic of Germany and more generally between Canada and the European Community.

In a word, Canadian-German relations are "burgeoning". Ten years ago, trade between Canada and the Federal Republic, amounted to about 315 million dollars. At last count the figures were approaching a billion dollars annually. Over the 10 year period, this is an increase of 160%. Over the past year, there has been an increase in both directions of 25%. Germany has become our fourth largest trading partner. These are impressive figures and I am sure that in large measure, they reflect the vision and hard work of many members of the German-Canadian business and professional community.

However, left as they are, these figures do not tell the whole story. There is, in fact, an imbalance. While our exports to the Federal Republic have been increasing they have not kept pace with the volume of imports from that country. For our part the Government is trying to reduce this imbalance by encouraging increased sales to the Federal Republic, not only of raw or semi-processed material but also of a range of manufactured and processed goods. In a free society this is a co-operative enterprise and further success will depend to a great extent on the support and initiative of Canadian business.

Trade is, of course, only one aspect of Canadian relations with the Federal Republic. Other common interests are reflected in agreements on Science and Technology, Defence Research and Production, Social Security and in a proposed agreement on cultural co-operation. An agreement on bilateral consultations, on matters of common concern, was signed by Herr Scheel and myself this last September. In Science and Technology alone the results have been very satisfying to both sides. Industrial co-operation is already taking place in marine technology and there are prospects of useful collaboration in communications satellites.

With The Federal Republic, as with Europe as a whole, our relations have never been exclusively nor are even primarily, based on trade. History, common values, and for many of us, common European origins are the source of continued and potent links.

The links are strong, but the relationship is not static. The problems and perspectives of the European Community are subject to change. Canada's approach to the Community, particularly under the Diefenbaker

administration, was not always enthusiastic. But when the administration of which I was and am a member took office and as the Community itself developed-- as its institutions and its outlook expanded, there has been a responsive evolution in the Canadian attitude--the attitude of the people of Canada as well as its government--toward the Community.

The Canadian attitude has also been shaped by recognition of the world stature of the European Community. The development of the nine is not simply a matter of new institutional arrangements in Europe. Despite inevitable disagreements and internal abrasions evident, as you know, at the Energy Conference I attended in Washington this week, it also represents a growth of real power--self confidence and influence which has significantly altered the pattern of world economic relationships.

The European Community is the second largest of our trading partners-- and we are confident that the volume of trade between Canada and the Community will continue to grow.

In another very practical way, an expanding relationship with Europe is an essential feature of one of the Government's most fundamental policies. This is the policy to diversify--to reduce the vulnerability of the Canadian economy to one continental market--to maintain our freedom of action in the international scene--and equally important to preserve and nourish our individuality.

At the same time, let me be clear in stating that we were not thinking in terms of substituting Europe for the United States as a trading partner. We are North Americans and the United States, of course, remains our most important partner.

But the mere acknowledgement of this fact does not lead us to accept the constraints of any so-called continental determinism. We believe we can multiply our exchanges with other countries, particularly in Europe, with a view to promoting the cultural life and economic prosperity of Canadians without loosening in the process our vigorous ties with our Southern neighbours.

In relative terms our relationship with Europe is more important to us than the United States' relationship with Europe is to the Americans. Forty-two percent of our immigration continues to come from Europe. Our national fabric is composed of distinctive ethnic groups--most of them European. These have not been assimilated into a Canadian homogeneity. As in this organization, they preserve and value their links with Europe as they do their Canadian nationality.

Security is another bond. Canada's security is indivisible from that of Europe. That is why we are members of NATO. We do not have troops in Europe (in fact in the Federal Republic) solely for the purpose of defending Europe, but to defend Canadians. A strong and independent Western Europe is vital to the independence of Canada. Complementary to our NATO purposes is our agreement with the Federal Republic for the training of battalion-size groups of German forces on the Canadian Forces Bases at Shilo, Manitoba.

Canadian interest in the attitude which the Community will take to its responsibilities to the world community is, of course, natural. Canada, perhaps more than any of the other industrialized nations, is dependent on an increasingly free and open world order, particularly in the economic and trade

spheres. It is clear that we have "a vested interest" in the increasing liberalization of conditions of trade throughout the world. It is highly important to us that bloc confrontations, about which there has been some recent concern, be avoided. The importance of a generally outward looking world view from the European Community cannot be underestimated. In any confrontation between economic giants such the enlarged Community, the United States and Japan, we would all stand to lose--Canada more than most.

It follows that our interests in the Federal Republic are not just those of a close trading partner, a nation with whom we share many cultural and political values, a colleague in NATO and the OECD. We are vitally interested in the role the Federal Republic is playing in the enlarged European Community. As the most populous and economically powerful member, the Federal Republic's role will continue to be very significant. As anywhere else, power can be exercised badly or constructively. In the case of the Federal Republic, that power has, in our view, been used with imagination and with the wider interests of the world community at heart. The Federal Republic has been a leader in trying to shape responsible and outward looking policies for the nine.

Shortly before he came to Ottawa this fall Herr Scheel and I were both in New York at the United Nations General Assembly. His visit was an historic one. The admission to the United Nations of both German states was an outstanding achievement. For the Federal German Republic it was a difficult decision. For the United Nations, it brings that organization much closer to the long cherished goal of universality. For Europe it gives greater substance and meaning to détente. When the process began it meant the opening of talks leading to the establishment of diplomatic relations with the German Democratic Republic.

For our part this process began on December 22, 1972 when the Canadian Government announced its willingness to establish diplomatic relations with the government of the German Democratic Republic and to hold discussions for this purpose. Our announcement constituted recognition of the GDR by Canada. Through our respective ambassadors in Warsaw, we have been discussing the establishment of diplomatic relations since February, 1973. In so doing, our interest has been in achieving complete mutual understanding before entering into any agreement on diplomatic relations. We wished to obtain clarification on a number of matters we thought should be completely understood before any agreement was concluded. We have asked questions and the GDR has asked questions and through this process we have clarified a number of important issues.

On two occasions, the most recent being in New York in September, I have discussed this matter with my GDR colleague, Foreign Minister Otto Winzer. Although the talks have taken longer than we would have liked, the end result, we hope, will have been worth the perseverance and patience that have been required. One of our principal preoccupations has been the matter of the reunification of families which we would like to see dealt with expeditiously on a humanitarian basis.

In making its announcement the Canadian Government also made known its intention to propose negotiations on a suitable basis for trade between Canada and the GDR once diplomatic relations are established.

In my own remarks to the United Nations General Assembly, I made the point--not just of welcoming the two German states--but of applauding the

statesmanship, the breadth of mind, that had brought about this achievement. The statesmanship to which I was referring was that of "Ostpolitik"--pursued with skill, determination and courage by Chancellor Willie Brant and the Government of the Federal German Republic.

I commend this outlook. It is the longer rational view, which acknowledges world responsibilities as well as national responsibilities. This outlook characterized the Federal German participation in the Washington Conference earlier this week. I think I can say that it applied also to Canada's role in the Conference. There is no doubt in my mind that this is the approach we shall all need to meet the very serious challenges ahead.