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OF THE EUROPEAN COMMUNITIES  
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Mr. Sharp, ladies and gentlemen.

I am delighted to be with you here in Ottawa, and privileged to have been invited to address such a distinguished gathering, in which so many different talents and interests are united. The theme of your Conference, "Canada and the EEC", is one to which it is a particular pleasure for me to speak on my first official visit to Canada as a European.

I should like to begin by offering you a few thoughts on the enlargement of the EEC. It is perhaps forgivable for a Britisher to fall into the temptation of regarding 1973 as "Year Zero" for Europe, as if its real history only began with British entry. This is of course far from the case. It was, after all, Britain which joined the Community and not the other way round, and we from the new Member States are the first to recognise the debt which we owe to the imagination and steadfastness of purpose of an earlier generation of European statesmen. We have embarked this year upon an enterprise already well founded. Our aim, therefore, if I may paraphrase one of our political leaders, is change with continuity. But the Community of Nine is different from the Community of Six, and nowhere is this more evident than in our relationship with the outside world and in particular with countries of the Commonwealth which have had such

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close historical, cultural and economic links with one of the new Member States.

What will be of concern to you now is where this new enlarged Community is going and how will it touch the interests of Canada. The far-reaching objectives which the Nine Member States set themselves at the European Summit a year ago showed clearly their determination to make a quantum leap forward. The aim of the Nine in the course of this decade is to achieve a European Union, and in the process to transform the whole complex of their inter-state relations. This energy and ambition does not call a halt at the frontiers of Europe, for the Community sees its vocation as world-wide. "Europe", said the Summit Communiqué, "Europe must be able to make its voice heard in world affairs and to make an original contribution commensurate with its human, intellectual and material resources". Or, as Mr. Heath put it at the same meeting:

"Together we are setting out today to build something that will be greater than the sum of our individual efforts. We are seeking not to submerge our national personalities but to combine them together into a European personality that will make its weight felt, that will speak for peace and moderation, that will serve and protect the values we share."

These, then, are the aims for the future. But what of the present reality? Has it not often been said of the Community, up to now at least, that it has been an economic giant, but a political dwarf? There is truth in this. I would be the first to admit that the lack of

/ common policies

common policies in many important fields is a handicap to Europe. And we have to acknowledge that much of the impact of the Community on the external world has hitherto tended to be a second-hand and in some ways haphazard consequence of internal decisions, rather than the result of a deliberate and responsible effort on our part to work out our place in world affairs. Put another way, there have up to now been few examples of a systematic and comprehensive Community approach to external relations.

In the early years of the Community, a certain preoccupation with its internal development was natural and perhaps inevitable. Over the next few years, we shall I think be seeing a number of changes in the Community's international style and bearing. This was what the European Summit meeting of October 1972 was about. And the year that has passed since then has confirmed the trend towards a more purposive definition of the Community's relationships with its main international partners.

The new dynamic impulse within the European Community has come at a timely point in the affairs of the Western World, where a new and more fluid economic, political and security situation is emerging. In the economic and commercial field, new problems and challenges are with us, and others will be upon us before very long. The mere list of them is eloquent. An effort must be made further to liberalise

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world trade and to resist the forces of creeping protectionism which might otherwise divide the world into separate and perhaps hostile economic blocs. The international monetary system must be overhauled and renewed; for Bretton Woods is now a museum piece. We must take account of the new strength and dynamism of Japan. The poor are still with us, and the gap between rich and poor nations growing rather than diminishing. So there must be a sustained effort to promote greater understanding of the problems facing the developing countries. Can we guarantee future supplies of energy and raw materials? Can we maintain growth and still safeguard the environment? All these are issues which the large industrialised countries have an interest in considering together.

In all these matters, Europe owes it to herself and to others to play a full and active part and to rise to the responsibilities of her economic size and strength, which is very considerable.

The Community of the Six continental countries was already an entity of economic consequence. With the entry of Britain and two other new Members this year, the Community has now become very big business. I will give you a few figures to illustrate my point. The enlarged Community accounts for roughly 40 per cent of world trade and of world monetary reserves. It is responsible for over a quarter of the Free World's merchant fleet and virtually a third of the Free World's development aid to the poorer countries. It produces nearly a quarter of the world's / steel.

steel. Its population is larger than that of either the United States or the Soviet Union.

Now this New Europe may not, for the reasons I have mentioned earlier, be a monolith, and it may not yet have moved very far along the road to its own internal unification; but it is nevertheless clearly an economic giant. As seen from Canada, I imagine the question must be, "What sort of giant?" Will it be a gentle and well-intentioned giant, or some selfish and tyrannical creature? As the organisers of your Conference have phrased it: "Will it be a dynamic community leading to a new wave of prosperity in the world? or will it be an inward-looking regional bloc?"

I personally have no doubt about the answer to this question. I maintain that the European Community is not today, and never could become, an inward-looking regional bloc. There are many reasons for this. But I will illustrate my argument by reference to the Community's position and record in international trade and to our policies with regard to the developing world.

Let me take international trade first. The enlarged European Community stands today at the crossroads of the world's trading system. It does not have the means, even if it had the desire, to be a self-sufficient economic unit. It simply does not have the resources to become one. For our energy, for our basic raw materials, for many of our requirements for manufactured goods, for some of our food and

/ for certain areas

for certain areas of our technology, we need to look beyond the frontiers of the Nine. This interdependence with the outside world is reflected in the pattern of our external trade. Let us look, for the purposes of comparison, at the United States. In 1971, as a proportion of American Gross National Product, U.S. imports ran at just over 4 per cent. For the Community of the Nine, the figure was over 18 per cent.

As to our attitude towards trade liberalisation, this was clear for all to see in the Kennedy Round negotiations in the 'sixties, from which the Common Market of the Six emerged with a lower average industrial tariff than most of its partners - lower, incidently, than that of the U.K. In the new round of world trade negotiations, which were inaugurated in Tokyo in September and which are to run their course in Geneva over the next two years, the Community has from the very beginning taken the lead and is determined to show concrete proof of its willingness to travel further along the path of liberalisation. We have no intention of reclining smugly on the fading laurels of the past. There are sufficient signs of protectionist tendencies in the world about us, sufficient accumulation of trade grievances, for us in the European Community to have the fullest incentive to maintain the momentum of the 'sixties, a momentum which helped to stimulate what has been one of the most remarkable upsurges ever seen in world trade.

/ My second illustration

My second illustration of the outward-looking character of the Community is by reference to our policies towards developing countries. Here, too, the Community's record is a fair one. We have opened our markets to the products of the developing world, both under our generalised preference scheme and under the association agreements which we have concluded, or are concluding, with a number of countries with close historic and geographical links to the Member States of the Community. In 1972, for example, exports from the developing countries to the value of 10 billion US Dollars were able to enter the European Community tariff-free. In the same year, the total aid flows from the Nine member countries of the Community totalled well over 7 billion US Dollars, of which  $3\frac{3}{4}$  billion was governmental development assistance.

The overall picture is, I submit, one of sustained Community concern for the developing world. This concern is not mere altruism. It is I believe also an expression of enlightened self-interest. And interest never lies. Whatever their nature, these are not the motives of a Community which has turned its back on the problems of the Third World, or has resigned itself to accept fatalistically and even complacently the present cleavage between North and South, between the industrial world and the countries which are still struggling to achieve economic take-off.

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But enough of generalities. Let us now take a look at bilateral matters and consider the future course of the Community's relationship with Canada. You have set as one of the dual themes for your Conference the question: "Will the New Europe look at North America as a continental bloc? or will it recognise that two countries are involved, each with its separate policies?"

Here also I can give you a clear answer. Canada was explicitly singled out in the Communiqué of the Community Summit twelve months ago as a country with which the Community was determined to maintain what was described as a "constructive dialogue". In the European Commission, it has been our task since then, and it is our firm purpose, to give this dialogue serious content. The imaginative response we have met with from the Canadian side in this pioneering work has been encouraging for us.

How exactly do we see Canada? Obviously, there is Canada's role as a country of fast increasing industrialisation and as the possessor of large supplies of energy, raw materials and agricultural produce, in all of which the Community as a major consumer of these supplies is vitally interested. Obviously, also, we assess Canada as an important trading partner with whom we hope to trade increasing quantities of industrial goods and services.

More than this, however, Canada appears to us as a country whose approach to world problems is similar, and in many respects identical, to the approach which the European Community itself is seeking to adopt. In our desire, for example, to secure a further liberalisation of world

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trade and to promote a new and more satisfactory balance between developed and developing countries, we believe that Canada and the Community are walking the same road together.

And perhaps more importantly, we see in Canada a country of wide interests and aspirations, endeavouring, as we read it, to assert its own distinct identity. We would like to respond to this wish. We do not consider that the Community should be seen in crude terms as some form of "alternative" to Canada's links with the United States or the Far East. We know that Canada is fully as much a North American and a Pacific rim country as she is a Transatlantic creature with roots in Western Europe. But we do consider that Canada and the Community have their own particular and individual relationship to work out, and I hope that Canada would see advantage in the development of a European dimension.

These, then, are the general lines along which our thoughts in Brussels are moving. Our attitude, I hope you will agree, is very much a positive one. But I am not such an innocent as to claim that everything in the garden is lovely. For example, the entry into the Community of a country like Great Britain with traditionally close economic ties with Canada of a preferential character has given rise to certain unavoidable difficulties. While the countries of the enlarged Community together constitute Canada's most important trading partner after the United States, well over half of Community imports

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from Canada are still accounted for by Britain alone, and many of those Canadian exports are having for the first time to face a tariff on the U.K. market. And we are conscious of your concern that, while Canadian exports to the Community have risen steadily over the past decade, American and Japanese exports to the Community have been able to rise faster.

But these are not problems which should daunt us. They can be tackled with patience and perseverance. In the negotiations at Geneva, under Article XXIV, paragraph 6, of the GATT, we are working to offset some of the immediate adverse consequences to Canada which have arisen from enlargement of the Community. Wider opportunities for both industry and agriculture will arise in the multilateral trade negotiations which opened in Tokyo in September. One of the Community's aims in these negotiations will, for instance, be to obtain an expansion of world agricultural trade in stable conditions. I would emphasise the word stable. The recent unforeseen shortfalls and disorganisation on world markets have reinforced the case for a new approach to possible world commodity arrangements.

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The essential point is, I think, that in all that we are doing, whether directly between Canada and the Community, or in wider international settings, we both share the basic aim of increasing the flow of trade and investment between us. In this connection, I believe that there is real scope for something bold and imaginative in the field of joint industrial ventures. We must swap technology and expertise; we must open up investment and markets in both directions. The public sector will have its part to play in this, in tracing the economic framework and laying down, where appropriate, the rules of a new game. In the private sector, we need to get together the bankers and engineers, the managers and market experts, to see whether there can be a larger European contribution to Canada's own economic self-realisation. Is it not worth considering what more European business and banking can do to invest in Canada's future and to provide outlets for what Canada's future will produce?

In conclusion, I should perhaps emphasise that we are talking here about a two-way process. We in the Community will do our best to develop what I will call our Canadian dimension. In return, we look for equal effort and encouragement on the Canadian side also. We in Europe cannot work single-handed: you must define your relationship with us, as we define ours with you. For both of us, this is perhaps in the last analysis a problem of identity. Europeans looking at Canada in recent years will usually at some point have asked themselves,

/ "Whither Canada?"

"Whither Canada?" Just as you at this Conference will very properly and pertinently be asking yourselves, "Whither the Community?"

In Brussels, while we aspire to a European identity, we still have far to go in defining this identity more closely and in translating it into definite courses of action in our practical day-to-day lives.

I know that you in Canada have made big efforts also to reassess and then to assert a specific Canadian identity in the modern world. Being one nation, you will no doubt find it easier, and progress more rapidly, than your Nine European cousins. We wish you well, and invite your good wishes in return.

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