

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 291 final

Brussels, 9 June 1976

## COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

concerning the signature and the conclusion of a Framework Agreement  
for Commercial and Economic Cooperation between Canada and the  
European Communities

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COM(76) 291 final

COMMUNICATION CONCERNING THE SIGNATURE AND THE CONCLUSION OF A FRAMEWORK  
AGREEMENT FOR COMMERCIAL AND ECONOMIC COOPERATION BETWEEN CANADA AND THE  
EUROPEAN COMMUNITIES

(Submitted to the Council by the Commission)

1. On 9 February 1976, the Council authorised the Commission to enter into negotiations with Canada for a Framework Agreement for Commercial and Economic Cooperation.

2. The negotiations were concluded on June 2, 1976, when both delegations indicated their agreement, ad referendum, to the texts which were drawn up in English.

These texts comprise :

- a "Framework Agreement for Commercial and Economic Cooperation between Canada and the European Communities", to which Canada on the one hand, and the European Economic Community and the European Atomic Energy Community on the other hand, will be Contracting Parties (joined to Annex I);
- a "Protocol concerning Commercial and Economic Cooperation between Canada and the European Coal and Steel Community" which on the Community side will also require Member States' approval (Annex II)

3. The Commission recommends that the Communities approve the result of these negotiations and implement the procedures for signature and conclusion of this Agreement.

4. The provisions of the Negotiating Directives of the Council have been satisfied as to the general nature of the Agreement, and also as to the contents of the Agreement in regard to the Preamble, the multilateral aspects of commercial cooperation, economic cooperation, the Joint Cooperation Committee, consultations, and the Protocol concerning the European Coal and Steel Community. In particular, Article III, paragraph 4 of the recommended Agreement satisfies the requirement in the Directives concerning Member States' bilateral activities in the field of economic cooperation.

5. In addition, in accordance with the relevant statement entered in the Minutes of the Council of 9 February 1976 concerning the Negotiating Directives, the Commission has obtained from the Canadian Government acknowledgement of the Community's expectation that Canada will contribute in due course to a solution of any remaining tariff anomalies. The full text of the Commission's statement in this respect and of the Canadian statement in reply, are set out in Annex III. (The Canadian negotiator expressly reserved his Government's right to withdraw his statement in the event that the present negotiations did not lead to the conclusion of an Agreement).

6. As to the requirement of non-discriminatory access to resources, the Canadian delegation, noting the Community's position as stated in paragraph B.2.b of the Negotiating Directives, indicated its Government's willingness to cooperate in the search for pragmatic solutions on a case-by-case basis, but its inability to accept a clause containing a commitment of principle.

7. The common ground reached between the two delegations is that set out in Article II, paragraphs 1(c), 2 and 3 of the Draft Agreement in Annex I. This text commits both parties to take fully into account, in accordance with their respective policies and objectives, their respective interests and needs regarding access to resources; and to discourage restrictions of competition and pricing practices distorting competition. It also permits, in line with the pragmatic approach mentioned above, either Contracting Party to request, in the Joint Cooperation Committee for which provision is made in Article IV of the proposed Agreement, consultation and review of matters concerning

access to resources and stability of supply. Finally the Community's negotiator has placed the Community's position, as expressed in the Negotiating Directives, on record with his Canadian counterpart. The Canadian side have acknowledged the receipt of the letter in which this position is recorded (Annex IV). It is understood that the expression of this position, while safely on the record, does not constitute part of the Agreement nor an appendix to it.

8. The Canadian delegation had no difficulty over the inclusion of a reference to stability of supply, provided that there was parallel mention of stability of access to markets. (It proposed adding the following words at the end of Article II, paragraph 1(c) of the Draft Framework Agreement in Annex I: "as well as stability of supply and of access to markets"). Alternatively, the Canadian delegation argued that the Community's interest in stability of supply was already implicitly covered by the general wording of the Agreement; and it confirmed Canada's readiness in any event to discuss these matters in the Joint Cooperation Committee. For these reasons, and given that stability of access to markets does not form part of the Negotiating Directives, the Commission prefers to recommend a draft Framework Agreement which omits specific mention of stability of supply.

9. The Commission is satisfied that Article II of the Draft Agreement constitutes an evenly balanced compromise of interests between the two Contracting Parties, reflects the highest attainable common factor of agreement between Canada and the Communities, and is within the general scope of the Council's Negotiating Directives.

10. To conclude, the Commission considers that it is in the political and economic interest of the Community, and essential to the Community's close relations with Canada, that the proposed Framework Agreement should now be concluded with the utmost dispatch. The Council will recall that the interest of Canada in what it has termed a "contractual link" with the Community has a long history, dating back even beyond the Canadian Aide-Mémoire of 20 April 1974 (SEC(74)3372 Final). It was as long ago as 15 October 1974 that the Council declared itself in favour of strengthening the Community's links with Canada and in favour of exploratory talks with Canada.

11. The procedures for signature and conclusion are different for each of the Communities:

- in the case of the European Economic Community signature and conclusion are decided by the Council. As economic cooperation under the Agreement would extend to actions beyond the field of the common commercial policy, the Commission believes that the Agreement should be concluded on the basis of both Articles 113 and 235 of the EEC Treaty. Accordingly, the Council should act upon a proposal from the Commission and after consulting the European Parliament;
- in the case of the European Atomic Energy Community the Agreement should be signed and concluded by the Commission with the approval of the Council (Article 101 paragraph 2 of the European Atomic Energy Community Treaty);
- the European Coal and Steel Community Protocol should be signed and concluded simultaneously by the Commission, for the Community (Articles 6 and 8 of the European Coal and Steel Community Treaty), and by each of the Member States.

The European Coal and Steel Community Protocol requires parliamentary approval or ratification in certain Member States, whereas the Framework Agreement can be concluded by the two other Communities (after consulting the European Parliament under article 235 of the EEC Treaty in the case of the European Economic Community).

The Commission therefore believes that the signature of both texts should take place at an early date and that the conclusion of the Agreement on behalf of the EEC and the European Atomic Energy Community should be decided without waiting for the completion of the procedures for the conclusion of the European Coal and Steel Community Protocol.

To this effect, the Commission recommends:

(1) as to signature :

- a) that the Council should approve the Agreement by the EEC, as to the substance, and authorize its President to designate the persons empowered to sign the Agreement;
- b) that the representatives of the Governments of the Member States meeting within the Council should decide to sign the European Coal and Steel Community Protocol simultaneously with the Commission. This signature should take place at the same time as the signature of the Agreement.

(2) as to conclusion :

- a) that the Council, after consulting the Parliament, should conclude the Agreement on behalf of the European Economic Community, under Articles 113 and 235 of the EEC Treaty by adopting the regulation submitted in Annex I.
- b) that the Council should approve the Agreement, on behalf of the European Atomic Energy Community under Article 101 paragraph 2 of the EAEC Treaty;
- c) that Member States should implement their respective procedures for the conclusion of the European Coal and Steel Community Protocol and notify the completion of these procedures simultaneously with the Commission's notification of the conclusion of the Protocol on behalf of the European Coal and Steel Community. (\*)

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(\*) The Council regulation concluding the Agreement for the European Economic Community and the Commission decision concluding the same for the European Atomic Energy Community (with as their common annex the Framework Agreement) as well as the Commission decision concluding the Protocol for the European Coal and Steel Community (with as its annex that Protocol), could be published together in the same number of the Official Journal. The different dates of the entry into force of the Agreement on the one hand and of the Protocol on the other hand should be published later.

PROPOSAL

FOR

COUNCIL REGULATION (EEC) No

concluding a Framework Agreement for Commercial and Economic  
Cooperation between Canada and the European Communities.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HAVING REGARD to the Treaty establishing the European Economic Community,  
and in particular Articles 113 and 235 therefore,

HAVING REGARD to the proposal from the Commission,

HAVING REGARDS to the Opinion of the European Parliament (1),

WHEREAS the conclusion by the European Economic Community of the Framework  
Agreement for Commercial and Economic Cooperation between Canada and the  
European Communities, signed in    on    ,  
appears necessary for the attainment of the ends of the Community in the  
sphere of external economic relations; whereas certain forms of economic  
cooperation provided for by the Agreement may exceed the powers of action  
specified in the sphere of the common commercial policy,

HAS ADOPTED THIS REGULATION:

Article 1

The Framework Agreement for Commercial and Economic Cooperation  
between Canada and the European Communities is hereby concluded and  
approved on behalf of the European Economic Community.

The text of the Agreement is annexed to this Regulation.

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(1) O.J. No

Article 2

The President of the Council of the European Communities shall give, as regards the European Economic Community, the notification provided for in Article 8 of the Agreement (1).

Article 3

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council

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(1) The date of entry into force of the Agreement, as regards the European Economic Community, will be published in the Official Journal of the European Communities.



FRAMEWORK AGREEMENT FOR COMMERCIAL AND ECONOMIC  
COOPERATION BETWEEN CANADA AND THE EUROPEAN COMMUNITIES

THE COUNCIL OF THE EUROPEAN COMMUNITIES, on behalf of the European Economic Community, and

THE COMMISSION OF THE EUROPEAN COMMUNITIES, on behalf of the European Atomic Energy Community, of the one part;

THE GOVERNMENT OF CANADA, of the other part;

INSPIRED by the common heritage, special affinity and shared aspirations which unite Canada and the countries of the European Communities;

RECOGNIZING that Canada and the European Communities desire to establish a direct link with each other which will support, complement and extend cooperation between Canada and the Member States of the European Communities;

RESOLVED to consolidate, deepen and diversify their commercial and economic relations to the full extent of their growing capacity to meet each other's requirements on the basis of mutual benefit;

CONSCIOUS of the already substantial flow of trade between Canada and the European Communities;

MINDFUL that the more dynamic trade relationship which both Canada and the European Communities desire calls for close cooperation across the whole range of commercial and economic endeavour;

PERSUADED that such cooperation should be realised in evolutionary and pragmatic fashion, as their policies develop;

.../...

DESIRING furthermore to strengthen their relations and to contribute together to international economic cooperation;

HAVE DECIDED to conclude a Framework Agreement for Commercial and Economic Cooperation between Canada of the one part and the European Economic Community and the European Atomic Energy Community of the other part; and to this end have designated as their Plenipotentiaries:

THE COUNCIL AND THE COMMISSION OF THE EUROPEAN COMMUNITIES

Mr Gaston THORN

President of the Council of the European Communities

M. François Xavier ORTOLI

President of the Commission of the European Communities

THE GOVERNMENT OF CANADA

The Hon. Allan J. MACEACHAN

Secretary of State for External Affairs

WHO, having exchanged their Full Powers, found in good and due form,

HAVE AGREED AS FOLLOWS :

ARTICLE I - MOST FAVOURED NATION TREATMENT

In accordance with the rights and obligations under the General Agreement on Tariffs and Trade, the Contracting Parties undertake to accord each other, on an equal and reciprocal basis, most-favoured-nation treatment.

ARTICLE II - COMMERCIAL COOPERATION

1. The Contracting Parties undertake to promote the development and diversification of their reciprocal commercial exchanges to the highest possible level.

To this end, they shall, in accordance with their respective policies and objectives,

- (a) cooperate at the international level and bilaterally in the solution of commercial problems of common interest;
- (b) use their best endeavours to grant each other the widest facilities for commercial transactions in which one or the other has an interest;
- (c) take fully into account their respective interests and needs regarding access to and further processing of resources .

2. The Contracting Parties shall use their best endeavours to discourage, in conformity with their legislation, restrictions of competition by enterprises of their respective industries, including pricing practices distorting competition.

3. The Contracting Parties agree, upon request, to consult and review these matters in the Joint Cooperation Committee referred to in Article IV.

.../...

ARTICLE III - ECONOMIC COOPERATION

1. The Contracting Parties, in the light of the complementarity of their economies and of their capabilities and long-term economic aspirations, shall foster mutual economic cooperation in all fields deemed suitable by the Contracting Parties. Among the objectives of such cooperation shall be:

- the development and prosperity of European and Canadian industries;
- the encouragement of technological and scientific progress;
- the opening up of new sources of supply and new markets;
  
- the creation of new employment opportunities;
- the reduction of regional disparities;
- the protection and improvement of the environment;
- generally to contribute to the development of their respective economies and standards of living.

2. As means to such ends, the Contracting Parties shall as appropriate encourage and facilitate inter alia:

- broader inter-corporate links between their respective industries, especially in the form of joint ventures;
- greater participation by their respective firms in the industrial development of the Contracting Parties on mutually advantageous terms;
- increased and mutually beneficial investment;
- technological and scientific exchanges;
- joint operations by their respective firms and organisations in third countries.

.../...

3. The Contracting Parties will as appropriate encourage the regular exchange of industrial, agricultural and other information relevant to commercial and economic cooperation as well as the development of contacts and promotion activities between firms and organizations in these areas in the Communities and Canada.

4. The present Agreement and any action taken thereunder shall, without prejudice to the relevant provisions of the Treaties establishing the Communities, in no way affect the powers of the Member States of the Communities to undertake bilateral activities with Canada in the field of economic cooperation and to conclude, where appropriate, new economic cooperation agreements with Canada.

#### ARTICLE IV - JOINT COOPERATION COMMITTEE

A Joint Cooperation Committee shall be set up to promote and keep under review the various commercial and economic cooperation activities envisaged between Canada and the Communities. Consultations shall be held in the Committee at an appropriate level in order to facilitate the implementation and to further the general aims of the present Agreement. The Committee will normally meet at least once a year. Special meetings of the Committee shall be held at the request of either Party. Subcommittees shall be constituted where appropriate in order to assist the Committee in the performance of its tasks.

ARTICLE V - OTHER AGREEMENTS

1. Nothing in this Agreement shall affect or impair the rights and obligations of the Contracting Parties under the General Agreement on Tariffs and Trade.
2. To the extent that the provisions of the present Agreement are incompatible with the provisions of the Agreement between the European Atomic Energy Community and Canada of 6 October 1959, the provisions of the present Agreement shall prevail.
3. Subject to the provisions concerning economic cooperation in Article III paragraph 4, the provisions of this Agreement shall be substituted for provisions of Agreements concluded between Member States of the Communities and Canada to the extent to which the latter provisions are either incompatible with or identical to the former.

ARTICLE VI - EUROPEAN COAL AND STEEL COMMUNITY

A separate Protocol is agreed between the European Coal and Steel Community and its Member States on the one hand and Canada on the other hand.

ARTICLE VII - TERRITORIAL APPLICATION

This Agreement shall apply to the territory of Canada and to the territories to which the Treaties establishing the Communities apply, on the conditions laid down in those Treaties.

ARTICLE VIII - DURATION

This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties have notified each other of the completion of the procedures necessary for this purpose. It shall be of indefinite duration and may be terminated by either Contracting Party after five years from its entry into force, subject to one year's notice.

ARTICLE IX - AUTHENTIC LANGUAGES

This Agreement is drawn up in two copies in the Danish, Dutch, English, French, German and Italian languages, each of these texts being equally authentic.

PROTOCOL CONCERNING COMMERCIAL AND ECONOMIC COOPERATION BETWEEN CANADA  
AND THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities, on behalf of the European  
Coal and Steel Community, and

The Government of Belgium,  
" " " Denmark,  
" " " Germany,  
" " " France,  
" " " Ireland,  
" " " Italy,  
" " " Luxembourg,  
" " " The Netherlands  
" " " The United Kingdom

of the one part ;

The Government of Canada,

of the other part ;

Have Agreed as follows :

Article 1

The provisions of Articles I to V inclusive of the Framework Agree-  
ment for Commercial and Economic Cooperation between Canada and the  
European Communities, signed \_\_\_\_\_ shall also apply in  
the matters covered by the Treaty establishing the European Coal and  
Steel Community.

Article 2

This Protocol shall apply to the territory of Canada and to the  
territories to which the Treaty establishing the European Coal and Steel  
Community applies, on the conditions laid down in that Treaty.

.../...



Article 3

This Protocol shall enter into force on the first day of the month following the date on which the Contracting Parties have notified each other of the completion of the procedures necessary for this purpose. It shall cease to apply if the Framework Agreement referred to in Article 1 is terminated.

Article 4

This Protocol is drawn up in two copies in the Danish, Dutch, English, French, German and Italian languages, each of these texts being equally authentic.

COMMISSION  
OF THE  
EUROPEAN COMMUNITIES

Brussels, 24 March 1976

Directorate-General for  
External Relations

ORAL STATEMENTS BY THE COMMUNITY'S NEGOTIATOR

I am instructed by the Community's Council of Ministers to invite you to take note of the fact that the Community will look to Canada to contribute, at the end of the Community's transitional period on 1 July 1977, and when the outcome of the MTN is known, to a solution of any remaining anomalies as between the tariff treatment of individual Community Member States on the Canadian market.

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MISSION OF CANADA  
to the European Communities



MISSION DU CANADA  
auprès des Communautés Européennes

STATEMENT ON  
FUTURE STATUS OF PREFERENTIAL TARIFFS  
ON BRITISH AND IRISH GOODS

We have taken note of the Community negotiator's statement of March 24, regarding the preferential tariff treatment now accorded certain Member States of the Community, to the effect that the Community will look to Canada to contribute at the end of the Community's transitional period on 1 July 1977, and when the outcome of the MTN is known, to a solution of any remaining anomalies as between the tariff treatment of individual Community Member States on the Canadian market.

The Canadian Government's position on the future status of the preferential rates on British goods was set out by the Minister of Finance, in his Budget Speech of May, 1972. The Minister said that "as Britain begins to alter preferential access to its market by its entry into the European Economic Community, Canada will no longer have an obligation to extend preferential rates on British goods". The same of course can be said with respect to goods imported into Canada from Ireland. Although the Canadian Government has received a number of requests for increases in these preferential rates, no action has been taken on them to date.

In our view, the future of preferential treatment accorded certain Member States is something that could be considered in the context of the current round of multilateral trade negotiations. Finally, I would point out that preferences can be reduced or eliminated either by increasing the preferential rates applicable to Britain and Ireland or by reducing the most favoured nation rates in the Canadian tariff.

Brussels, May 20, 1976

COMMISSION  
OF THE  
EUROPEAN COMMUNITIES

.....Brussels....., 2 June 1976.....

2797

Sir,

I have the honour, with reference to Article II, paragraph 1 (c) of the Framework Agreement for Commercial and Economic Cooperation between Canada and the European Communities, on which you and I have now reached agreement ad referendum to our respective authorities, to place on record the position which my delegation took on behalf of the European Communities in the course of the negotiations to the effect that the Contracting Parties to the Framework Agreement should use their best endeavours to ensure non-discriminatory access to resources and stability of supply; also to record the expectation stated by my delegation that, in regard to international cooperation in the development of energy resources, Canada will contribute in the appropriate international fora, to the recognition of the principle of non-discriminatory access; and finally to record the reference made by my delegation to the Communities' intention to revert to the general issues of non-discriminatory access to resources and stability of supply in the Joint Cooperation Committee mentioned in Article IV of the Framework Agreement.

Mr Michel Dupuy,  
Head of the Delegation of Canada,  
c/o Mission of Canada to the  
European Communities,  
Rue de Louvain, 6,  
1000 Brussels

Please accept, Sir, the assurance of my highest consideration.

A handwritten signature in cursive script, reading "Leslie Fielding". The signature is written in dark ink and is underlined with a single horizontal line.

Leslie Fielding  
Head of the Delegation of the  
European Communities

LETTER FROM MR. DUPUY TO MR. FIELDING

PRELIMINARY COPY

June 2, 1976.

Dear Mr. Fielding,

I wish to acknowledge receipt of your letter dated June 2, 1976, referring to the negotiation of the Framework Agreement for Commercial and Economic Cooperation between Canada and the European Communities, on which we have now reached agreement ad referendum to our respective authorities.

I also wish to confirm that the position you place on record in your letter is an accurate reflection of what was stated by your Delegation in the course of the negotiations.

Yours sincerely,

Michel Dupuy  
Assistant Under-Secretary of  
State for External Affairs,  
and Head of the Canadian Delegation

(The Mission of Canada to the  
European Communities,  
Brussels, June 2, 1976.)