Mr. Chairman, Excellencies,
Ladies and Gentlemen,

It is a great pleasure for me
to meet here in Toronto such a varied and distinguished audience.

I appreciate the opportunity
to talk to you

about what I perceive to be important issues
in EC-Canada relations.

Let me start by saying a few words about some international and
European developments:

In two weeks' time

Canada will host a most important world-economic event:

For the 7th time the political leaders of the 7 most
powerful economic nations of the free world will meet

- in Ottawa, as the guests of your Prime Minister -
to talk about ways and means

how to steer us out of the present world-wide
economic difficulties.

We should not expect miracles
We should not expect miracles from such Summit Meetings.

But neither should we underestimate its importance for the well-being of all of us.

In these troubled times, both economically and politically, it is of vital importance that world leaders know each other personally and discuss jointly the key issues with which we are all being confronted:

- unemployment,
- inflation,
- energy,
- poverty in the third world.

The least one should expect from the Ottawa Summit is a better understanding of the position of the other partners, whether on monetary policy, North-South issues or international trade, and therefore a better meeting of minds.

In one field of great interest to you...
In one field of great interest to you, international trade, we feel certain that our political leaders will re-affirm their belief in an open international trade system.

We have, through joint efforts, successfully resisted most of the protectionist pressures.

And we must continue to do so in the future.

We cannot conceive of a world of prosperity and peace when nations seek to hide themselves behind protective walls.

We can thrive only in a world of free exchange of goods, of specialisation and cooperation beyond the national borders.

The European Community is an outcome
The European Community is an outcome, on a regional level, of our fundamental philosophy that economic and political problems can no longer be solved exclusively within our national borders.

Since 1958 we have established, unprecedented in European history, one single market for manufactured goods comprising not only the 10 Community member states, but also the EFTA countries (Sweden, Norway, Switzerland, Austria) and to a lesser degree certain Mediterranean countries (Portugal, Spain, Turkey).

This process of melting Western Europe into one really single market is not yet fully completed.

At the last meeting
At the last meeting of the 10 EC Heads of Government a week ago
a new impetus has been given to that process,
particularly as far as the so-called non-tariff barriers
are concerned.

In another field of great interest to Canada,
our common agricultural policy,
major reforms are presently being under discussion within the Community.

Despite major structural and social problems in that sector
the Community seems more than ever determined
to reduce the financial burden of the Common Agricultural
Policy,
particularly by progressively aligning our high
internal prices to the world market level.

In external affairs
the Community has the - exclusive - responsibility
for trade policy.

It was the Community that negotiated and concluded
the various trade liberalisation rounds
- Dillon, Kennedy, Tokyo - within the GATT.

We are proud to say
We are proud to say that today the Community is probably the most easily accessible market in the world, with fewer restrictions and lower average duties than almost any other country.

In addition, the 10 Member States have increasingly undertaken to co-ordinate their foreign policies within the so-called "European Political Co-operation".

Most conspicuously, the Community has come out last June with its Venice Middle-East Declaration.

And we are now pushing for an international conference on Afghanistan, hoping to restore that country's independence and neutrality.

Let me now say a few words on EC-Canadian relations. Looking at Canada from the European vantage point might sometimes make us envious.

Though you are having
Though you are having your fair share of the worldwide economic troubles—unemployment and inflation—on at least two counts you seem to be better off than the Community.

First,
your overall energy situation is infinitely more favourable than ours.

You are a net exporter of energy;
a situation which we could never, even in our most daring dreams, hope to attain.

And you possess one of the biggest energy potentials in the world, even if its development is made very difficult by extraordinary technological problems.

Second,
you manage to keep your trade balance in the black, not only worldwide, but also with the Community (and even Japan), while the Community's trade balance is deeply in the red.

Last year we posted
Last year we posted a record trade deficit of 66 billion dollars.

This leads me to think that Canada is in a privileged position to continue to use its impact on the international scene in favour of maintaining the world trading system open.

Even if a country with a high proportion of basic material in its total exports would be less affected by the effects of protectionism than countries that depend wholly on their sales abroad of manufactured goods, the spreading of protectionism would run counter the primary objective of Canada's trade policy which is precisely to increase the share of manufactured goods in Canadian exports.

Looking at our bilateral trade performance we find that EC/Canada trade has increased very considerably since 1976 from 8 billion US $ in 1976 to 15,2 billion US $ in 1980.

In 1980 Canada was fifth
In 1980

Canada was fifth among the Community's non-European trading partners
(after the USA, Saudi-Arabia, USSR and Japan).

Canadian exports to the Community
have increased substantially more than the EC's sales to Canada
(by 75% in the five-year period compared to 50%).

The result has been
an increase of the EC trade deficit with Canada,
in particular over the last two years.

(- 2.4 billion US $ in 1979,
- 3.8 billion US $ in 1980.)

But as long as we live in a multilateral trading system,
the Community has to accept, of course,
deficits with our trading partners
unless proportions get really out of hand.

There have been minor irritants
There have been minor irritants between the EC and Canada in some sectors:

Canadian Liquor Board practices and Canadian import restrictions on footwear have given rise to concern on our side.

On the other hand, Canada has complained about certain Community measures in the agricultural sector.

We also still have to solve the problem of applying the Fishery Agreement negotiated between Canada and the EC.

There are two more general points of concern upon which I want to touch briefly, because they might slightly disturb our close and cooperative relationship in the future.

We fully understand Canada's desire to keep control, as far as is possible, of its own economic destiny.

*European business, as we see it,*
European business, as we see it, is essentially interested in a long-term cooperative relationship with Canadian firms.

They want to invest here, because they have a technology to offer or because they want to secure stable supply of certain resources which Canada possesses.

We do hope, in our joint interest, that FIRA will not lead because of its bureaucratic procedures to diminishing interest of potential European investors, especially small and medium-sized companies, in the Canadian market.

The second point is the Canadian National Energy Programme.

We feel that we might head for some trouble if energy prices in Canada were kept at an artificially low level.

Should our energy-cost intensive industries
Should our energy-cost intensive industries find that prejudice is caused by Canadian exports benefitting from artificially low energy prices, we might be forced to apply safeguard measures.

And we would much regret to do so.

On the whole, however, bilateral trade and economic relations between the Community and Canada have been working very smoothly.

We think there is more room for intensified cooperation between
- our industries,
- our banks,
- insurance companies,
  in tourism,
  energy development research etc.

The machinery set up within the Framework Agreement EC-Canada essentially serves that purpose.

Yesterday, we have celebrated
Yesterday, we have celebrated
the Fifth Anniversary of the EC/Canada Framework Agreement.

In the past five years
we have launched a range of constructive initiatives
regarding industrial cooperation in sectors
like uranium and nuclear industries,
metals and minerals,
urban transportation,
energy conservation
and in the area of research and environment.

As governments we can do no more
than to define the environment
in which the business Community has to operate.

Both Canada and the European Community
want closer relations across the Atlantic.

In many fields our two regions are complementary:
We have the big market in terms of people,
you have the big market in terms of space and resources.

We feel that we should join our hands
We feel that we should join our hands in certain fields when cooperation is likely to offer more prosperous results for both.

That goes for the development of certain specialised technologies and of mineral and energy resources when you feel you should share the risk with other partners.

We feel that goods, manufactured and agricultural, should move as freely and unrestricted across the Atlantic as possible.

And lastly, we feel that people from Canada and Europe should meet as often as is possible, to learn from each other and to benefit from each other's experiences.

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May I conclude
May I conclude by expressing the wish that we shall continue to develop our many cultural, economic and political links which make us part of the one and the same civilisation of free men.