

Speech by W. Haferkamp, Vice-President, at a Luncheon hosted by the  
Canada-UK Trade Association, Toronto, Canada July 7, 1981

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 Europea 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.

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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.