

agreed on the importance of keeping each other informed of development prospects.

12. Canadian ministers drew attention to the difficulties which are created for the Canadian cotton textile industry by United States of America equalization payments on cotton products. United States of America representatives explained that no—repeat—no fundamental change in their system, which is designed to equalize the cost of raw cotton to manufacturers in the export trade, appeared practical at this time, but both sides agreed that the matter should receive continued study.

13. United States of America representatives expressed concern about the introduction of a new charge for the use of air navigation facilities by civil aircraft overflying Canadian territory on north Atlantic routes. The Canadian ministers pointed out the charge covered only part of the large and growing costs of these facilities.

14. The committee exchanged views on the increasing activity of Soviet bloc countries in world trade and the possible implications of this development for the future.

15. The committee considered the problems which have arisen from rapid increases of imports into Canada and United States of America in certain lines of low-cost manufactured goods. They were agreed on the importance of finding a general international solution which would provide exporting countries with adequate outlets for their products, would insure that the impact of low-cost competition would be more evenly distributed among the importing countries, and would at the same time safeguard the industries of importing countries from serious injury. It was noted that a study of this important problem had been undertaken

by the contracting parties to the general agreement on tariffs and trade.

16. The committee also discussed economic developments on the international scene with particular reference to the Paris economic meeting of January 12-14. This included a review of the situation arising from the establishment of the European economic community and the European free trade association as well as an evaluation of the role Canada and United States of America may play with regard to these developments. The committee were agreed on the desirability of finding solutions to current trade problems in Europe on a multilateral basis, which would take full account of the interests of other countries.

17. The committee noted the importance of the level to be established for the common tariff of the European economic community including the tariff rates for basic materials and certain other products which are still under negotiation within the community. The committee considered that arrangements for trade in agricultural products in Europe should be such as to facilitate imports of agricultural goods from other countries on a competitive basis and agreed on the importance of intensified international efforts to deal with this problem.

18. There was an exchange of views on other matters arising from the Paris economic meetings, including development aid to the less developed countries and proposals for the reconstitution of the organization for European economic co-operation.

19. The committee reaffirmed the value of their periodic joint meetings, and expressed satisfaction at the high degree of understanding and co-operation between the two governments. It agreed to hold the next meeting in Ottawa.