

U.S. - CANADIAN COMMITTEE MEETS

Various issues that have an immediate bearing on trade and economic relations between the two countries were discussed by the Joint United States-Canadian Committee on Trade and Economic Affairs, which met in Ottawa on January 5 and 6.

It was recognized that from time to time temporary measures might have to be taken to meet emergency problems of particular groups of domestic producers. But it was agreed that every effort should be made to keep such exceptional measures to a minimum and, so far as possible, to limit their scope and duration. It was also agreed that wherever feasible there should be close consultation in advance between the two Governments whenever it seemed necessary for the Government of one country to take action which might affect the commercial or economic interests of the other.

The communique went on to say:

"The Canadian Ministers expressed their continuing concern over the quota restrictions imposed by the United States last September on imports of lead and zinc and outlined the effects they are having on the Canadian mining industry. The United States representatives hoped these restrictions could be withdrawn as soon as more satisfactory international solutions on a broader basis are found. In the meantime, it was agreed that both Governments would explore further the possibility of developing such equitable solutions.

"The United States representatives set out the grounds for their concern as to the amendments made last year in the Canadian Customs Act. They were assured by the Canadian Ministers that it is not intended to apply the new provisions of the Act in either a discriminatory or an arbitrary manner and that consultation would be held wherever feasible before applying the new provisions.

"The United States representatives also expressed concern with respect to the import restrictions which the Canadian Government has recently placed on certain agricultural products, and especially on turkeys and frozen peas.

"The current voluntary limitations on the entry of petroleum into the United States were discussed. A careful review was made of the factors affecting petroleum supply and demand, not only in the United States and Canada but throughout the world. The Committee agreed that continued exploration and development were necessary on defence grounds. The Committee also agreed on the importance of continuing growth and stability to the oil industry without which the incentive for further exploration and development would disappear. They agreed on the importance of maintaining a healthy and dynamic oil industry throughout the Western Hemisphere. Various aspects of the problem were discussed and the representatives

of the two countries agreed to take into consideration all of the opinions expressed in developing their policies. They will continue their studies and consultations with reference to this complex problem.

"In reviewing agricultural problems, Ministers agreed that incentives leading to an aggravation of surpluses were to be avoided. In regard to the United States programmes of surplus disposal, Canadian Ministers noted with satisfaction that the impact on Canadian trade had abated since the last meeting of the Committee. However, they expressed anxiety about tied-in sales and about the recent changes that have been made in the regulations governing barter transactions. The United States renewed the assurances given at the last meeting of the Committee that in all surplus disposal activities they would endeavour to avoid, insofar as possible, interfering with normal commercial marketings. They also re-affirmed that barter contracts must result in a net increase in exports of the agricultural commodity involved. In order to give effect to these assurances, insofar as they related to exports of wheat, flour and other grains, it was agreed that, in addition to other consultation, quarterly meetings of wheat experts from the two countries should be held in an attempt to solve periodically any problems involving wheat and flour, including those arising from United States surplus disposal operations.

"The Committee agreed that agricultural surpluses should be used to alleviate distress arising from famine and other disasters throughout the world and could also help to promote the economic development of less developed countries. They agreed that the two Governments would keep each other informed of programmes intended to serve such purposes.

"Some aspects of the relations between Canadian subsidiaries and their parent companies in the United States came under examination. The Ministers reviewed the arrangements made last summer under which the United States undertook to consider licenses to parent companies in the United States on a case-by-case basis which would relieve them from the prohibition against transactions with Communist China insofar as their Canadian subsidiaries were concerned.

"The anti-trust proceedings recently launched in the United States Courts against the parent companies of Canadian subsidiaries in respect of the participation of those subsidiaries in Canadian Radio Patents Limited were also discussed. The Canadian Ministers expressed their concern over the extra-territorial effect of the decree sought by the United States Department of Justice and the implications of such action with regard to control over Canadian companies acting in