

Sea which will be held in Caracas beginning in June of this year. In this respect, they noted that both Mexico and Canada are in agreement that coastal states enjoy special rights with regard to the exploitation of all the resources in a broad area adjacent to their coast beyond the territorial sea of 12 miles, as well as special rights in that area with regard to the prevention of pollution and the regulation of marine scientific research. They also agreed that the sovereign rights of the coastal state over the continental shelf extend over the whole of the shelf up to the outer limit of the continental margin. The ministers agreed that Mexico and Canada will continue to co-operate in the search for conciliatory formulas based on the principles outlined above.

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Ministers reviewed the state of discussions on monetary reform, particularly in view of developments at the IMF meeting in Nairobi last autumn and at the Committee of 20 meeting in Rome earlier this month. They noted that Canadian and Mexican ministers had had on both occasions opportunities for consultation and that they were in broad agreement on many of the basic elements of a reformed monetary system as a whole. The ministers agreed that it would be desirable in the context of the reform to promote the transfer of real resources from the developed to the developing countries on adequate terms. They further stated that they and their officials should continue to co-operate and keep in close consultation.

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Canadian and Mexican ministers discussed the implementation of Canada's general preference scheme. In this regard, Canadian ministers informed their Mexican counterparts that Parliament had passed legislation providing for a scheme of tariff preference for developing countries. They further indicated that the modalities of implementing this scheme are now under active study. The Mexican ministers expressed their interest in being kept informed.

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Ministers expressed their gratification that their meeting provided an occasion for the signing of an agreement

on the avoidance of double taxation with respect to the income from ships or aircraft operating in international traffic. They noted that their officials were continuing their discussions on on taxation with a view to identifying other areas where agreement might be possible.

#### Trade

Ministers expressed gratification at the substantial increase in bilateral trade during 1973. Mexican exports to Canada during 1973 expanded and diversified considerably, while Canadian exports to Mexico also continued to grow. Ministers further noted that trade in both directions included a growing percentage of manufactured products. They also noted that progress had been made in reconciling trade statistics of the two countries and agreed that this work should go forward rapidly. Nonetheless, Mexican ministers expressed their concern at the continued imbalance of trade in Canada's favour. Canadian ministers acknowledged that a trade imbalance existed but pointed out that Mexico's surplus on tourist account contributed to offset its trade deficit.

Ministers of both countries noted with satisfaction the potential for increasing bilateral trade. The Canadian Minister of Industry, Trade, and Commerce expressed his pleasure over the positive response of Mexican officials and businessmen to the trade development mission which he undertook to Mexico at the invitation of President Echeverria. The Minister was able to con-

#### Largest-ever sale of skim milk powder to Mexico

Agriculture Minister Eugene Whelan announced on January 25 a sale of Canadian skim milk powder to Mexico valued at \$34 million.

This is the largest transaction in powdered milk ever concluded between Canada and Mexico. The agreement was signed in Mexico by officials of the Canadian Dairy Commission and of CONASUPO, the purchasing agency of the Mexican Government.

The sale represents more than 35,000 metric tons of skim milk powder. One-third of the purchase will be delivered in March, April and May, with the rest for later shipment.

firm that there are substantial opportunities for increasing Mexican exports to the Canadian market as well as matching Canadian export capabilities and technology with Mexican requirements. In meetings with officials of the Mexican private and public sectors, a number of opportunities for joint ventures were examined and are receiving serious consideration. The mission also identified and pursued major opportunities for greatly increased co-operation in a wide range of products and engineering services. In the electric power area, the ministers consider that an excellent basis for close co-operation exists and it was agreed that a joint committee be formed to identify opportunities for greater Canadian participation in joint projects in this important sector. Ministers agreed that the terms of reference for the joint Canada/Mexico working group on power would be to consider the projected needs for electric-power technology and equipment, including nuclear power, in Mexico and to identify areas of joint co-operation. The Canadian ministers were pleased to note the interest of the Mexican Government in nuclear plants. The Canadian ministers stressed the advantages of plants using natural uranium and heavy water and drew attention to their highly successful operation in Canada. The ministers agreed that the prospect of increased co-operation in this important energy sector should receive high priority.

The Mexican ministers were pleased to learn of a Canadian proposal for substantial involvement in the forthcoming Mexican Railway Rehabilitation Program. This would involve a joint venture to manufacture railway-passenger cars in Mexico, as well as the supply of locomotives, rolling-stock and rails from Canada under appropriate long-term financing arrangements. Canadian ministers pointed out that Canada had traditionally made available long-term financing for the purchase of capital goods and services. Such financing arrangements could be made available if required for projects of interest to both countries.

#### Foreign investment

Ministers discussed their respective legislation relating to foreign invest-