

smooth the way for more formal negotiations which may follow" on specific problems.

Extracts follow from the communiqué issued at the close of the meeting. "... The Committee exchanged views on the current economic and financial situations in Canada and the United States. Members noted the success achieved by both countries in moderating excessive demand pressures. They agreed on the need to continue policies which had been adopted since the early months of this year designed to encourage the balanced and sustainable expansion of real output and employment without encouraging a resumption of inflationary pressures. They reviewed developments in the balance of payments of both countries, noting the improvement in the United States trade account and in the surplus Canada has recently been experiencing on current account. The Canadian members noted the recent decline in the long-term inflow of capital into Canada which has reflected the increased use of the Canadian capital market by Canadian borrowers and the Committee agreed that the further development of this market would help to reduce Canadian reliance on net inflows of longer-term capital. The Committee recognized the interrelationship between a smoothly functioning international monetary system and countries' domestic and balance-of-payments policies.

"The members of the Committee discussed the contribution which enlargement of the European Communities could make to the world economy and the implications of such enlargement for the trade interests of third countries. They stressed the high importance of participants taking these interests fully into account. They agreed that the EEC common agricultural policy gave rise to problems of particular concern and that concerted efforts should be made to obtain substantive accommodations for the trade interests of outside countries at the earliest possible date.

Support for GATT

"Members of the Committee reaffirmed the support of the two governments for continued efforts to facilitate the expansion of world trade. They discussed progress made in the General Agreement on Tariffs and Trade in identifying tariff and non-tariff barriers to multilateral trade, and examined prospects for reducing them on a multilateral basis. In this connection they agreed on the need for leadership by the major trading countries in pursuing early trade liberalization within the framework of the GATT.

"Committee members discussed a number of international agricultural questions. They exchanged views on issues arising from a new international wheat agreement. The Committee noted with continuing concern that increasingly restrictive agricultural policies in important trading areas of the world were inhibiting a rational allocation of resources through international trade.

"Members reviewed their respective aid policies in the light of the needs of the developing countries of the world. Canadian members noted that Canada's