

CANADA - U.S. PARLIAMENTARIANS MEET
IN WASHINGTON

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mittee noted that since the initiation of the programme, Canada continued to procure more defense items in U.S. than U.S. procured in Canada. It was agreed that efforts should be continued to strengthen the Canadian portion of the common defense production base through increased U.S. defense procurement in Canada.

REPORT OF THE COMMITTEE ON TRADE
AND ECONOMIC MATTERS AID
TO UNDER-DEVELOPED COUNTRIES

"There was a general discussion on the principles which should govern aid to under-developed countries and the problems of implementing aid programmes. It was agreed that there was need for more effective preparation and planning of aid programmes and that proper training of personnel administering them was also important. Reference was made to the desirability of close co-operation between Canada and the U.S. as contributing countries, both in determining a fair sharing of the burden and in promoting effective administration. The U.S. delegation pointed out that the U.S. was now contributing about one per cent of its gross national product to foreign aid programmes, and the suggestion was made by the U.S. delegation that this percentage might be a target toward which other countries might aim. It was agreed that this aid was necessary in furtherance of the aims of the developed nations in accepting their responsibility toward the under-developed countries.

Boundary Waters:

"In the discussion of the Columbia River, the Canadian delegation observed that there were certain problems in Canada that had to be resolved before ratification of the treaty by Parliament could take place. In this connection, it was pointed out that the Province of British Columbia had made the necessary amendments to its Water Act, and had authorized the British Columbia Power Commission to apply for a license to construct the Canadian works provided for under the treaty. It was also understood that the preconstruction engineering would be completed later this year. It was hoped, therefore, that the project would not be delayed unduly.

"Concerning the Passamaquoddy Tidal Power Project, a member of the U.S. delegation asked for an expression of Canadian views, in the light of the International Joint Commission Report. A member of the Canadian delegation responded that the report indicated an unfavourable cost benefit ratio which in turn suggested that the project would be uneconomical at this time. The U.S. delegation thought it might be useful to continue studies of the project.

"The U.S. delegation urged the desirability of a joint study of potential traffic of the Richelieu-Champlain Waterway and of improvements to handle this traffic. Such a study was of some urgency due to possible alternative action by the U.S. on the Hudson-Erie Waterway.

Tourism:

"There was a discussion on the balance of tourist expenditures between Canada and the U.S. It was pointed out that in 1958 and 1959 Canadian tourist expenditures in the U.S. were \$413 million and \$448 million, respectively, while U.S. tourist expenditures in Canada were \$309 million and \$351 million. Thus, there was an annual Canadian deficit of approximately \$100 million in each of these years. With this in mind, the Canadian delegation expressed concern over the legislation now pending in the U.S. Congress to reduce the import duty exemption accorded to returning U.S. tourists from \$500 to \$100. Both delegations recognized the seriousness of the problem and discussed several ways in which the present imbalance might be improved, including expanded Canadian tourist promotion and better arrangements for air travel on Canadian and U.S. trans-border carriers.

Trade:

"The committee discussed trade with the Sino-Soviet bloc with particular reference to trade with Communist China. The Canadian delegation explained the recent sale of agricultural products to Communist China. It was pointed out that the whole matter of agricultural products and of foreign sale of food stuffs was a problem of greater relative magnitude for Canada than for most other countries since Canada consumed about fourteen per cent and exported 86 per cent of its wheat production, whereas in the U.S. the figures were just the reverse. The U.S. delegation understood the factors within Canada that resulted in these sales and explained the basis for the U.S. in not engaging in such trade.

"Trade with Cuba was also discussed. The U.S. delegation explained the distinction in U.S. law between trade with Cuba and with Communist China. It cited the dwindling amount of such trade in the permissive categories of food and medicine.

"Both delegations recognized that Canada and the U.S. had a common interest in strengthening themselves and in supporting and promoting free-world objectives against the threat that faces them.

U.S. Investment in Canada:

"The contribution which U.S. investment had made to the development of Canadian industry was recognized but members of the Canadian delegation also drew attention to the problems which arose in Canada due to the large measure of U.S. control over certain segments of Canadian industry. It was pointed out that the Canadian Government had recently taken measures to encourage wider participation by Canadians in their own industrial development without penalizing foreign investment. It was also suggested by the Canadian delegation that it would be helpful if Canadians had greater access to the equity financing of U.S.-owned companies in Canada.

International Trade Unions:

"The Canadian delegation expressed some concern over the excessive influence exercised on Canadian trade unions by the heads of some U.S.-controlled international unions. Admittedly this was a matter for consideration within Canada.

European Trade Groupings:

"A Canadian delegate expressed the hope that Canada and the U.S. would consult to find a mutually satisfactory approach to the problems created by European trade blocs."