

Marketing of agricultural products on a subsidized or non-subsidized basis

The committee noted the increase of productivity in the agricultural field and the desirability of pursuing domestic agricultural policies which would take into account the existence of surpluses and marketing problems. The Canadian delegation emphasized the importance of wheat exports for Canada and recalled that sales of United States agricultural commodities on special terms could disrupt and impair the growth of commercial markets for Canadian wheat abroad. In this connection the Canadian delegation expressed appreciation of the United States government's willingness to consult with Canada and to consider Canadian commercial interests. Both delegations referred to existing or possible restrictions on agricultural trade between Canada and the United States and more particularly on cheddar cheese and edible oils. They expressed the hope that these restrictions will be kept to a minimum and that trade will be rationalized between their two countries.

Oil import policies

The committee agreed on the need to maintain the oil industries of both countries in a healthy state in the face of production, exploration, and marketing issues which they largely share in common. The greatest importance was attached by the Canadian delegation to the continued access for Canadian crude oil to expanding United States markets particularly in the United States northwest. The two delegations recognized that policies pursued in each country could raise serious national and international issues for the other and agreed that Canada and the United States should work closely together in seeking rational solutions to the problems of oil production and trade.

United States investment in Canada and reciprocal tax agreement

The committee considered the changes in reciprocal tax treaties and other tax changes now before the Canadian parliament. It was stressed by Canadians that these were not designed to restrict the free movements of capital across the border nor to discourage future foreign investment but to correct adverse trade balances and to encourage greater participation by Canadian capital in Canadian growth. The advantages of dollar parity were also in mind.

Other opinions were advanced, however, that the changes might discourage American investment and restrict Canada's presently expanding economy by denying it ready money.

In any event it was agreed that reciprocal investment across the border on equal terms should be promoted at all times and should be the goal of both countries.

Committee III—Boundary Matters, Cultural Relations and Foreign Policy

1. Richelieu-Champlain waterway

The committee considered the background of the Richelieu-Champlain waterway, the facilities now available, the use which is made of it and its potential. It was agreed that it might be desirable for both countries to join in studies on the improvement of transportation, especially water routes, between United States and Canada. Mention was also made by the United States delegation that the international joint commission might be willing to undertake a study specifically related to the Hudson-Champlain waterway.

2. Niagara power

The United States delegation pointed out that electric power being generated in the United States at Niagara was being transmitted across Canadian territory for a short distance to Massena, New York. Under Canadian law, this power was taxed to the extent of three tenths mill per kilowatt. It was understood that, under Canadian law, the tax was designed to apply to power generated in Canada and not to power transmitted over Canadian territory. It was therefore agreed that this matter might well be the subject of discussions between appropriate authorities of the two countries.

3. Chicago diversion

In response to an enquiry from the Canadian delegation, the United States delegation explained that three separate diversion bills have been submitted to the House of Representatives. Further, the United States delegation expressed the view that it was much too early to predict how far these proposals might proceed in congress. The Canadian delegation pointed out, that as in the past, any further diversion at Chicago was a matter of serious concern to Canada.

4. Tourist trade

The Canadian delegation expressed some concern at the recent suggestion placed before congress that congress might consider reducing the United States' tourists' duty free entry privileges from \$500 to \$100. After discussion, it was understood by the committee that this idea was designed to alleviate world wide United States balances of payment difficulties