

4. Ministers exchanged views on balance-of-payments problems. They noted, *inter alia*, the persistence of the external overall deficit of the United States and of the surplus of the EEC countries combined. Appropriate economic policies are required, including measures to influence capital movements as well as the current account in a constructive way.

Ministers stressed the need for both surplus and deficit countries to continue and intensify their efforts to reduce this persisting disequilibrium. Opinions diverged on the share of responsibility of different countries in the search for equilibrium. Ministers were, nevertheless, at one in recognizing that common efforts would be needed as a contribution to a better equilibrium in the international balance of payments.

They instructed the Organization to carry on with its efforts to promote the adjustment of imbalances in the external payments among members and, in that context, to give consideration to problems of interest rates.

5. Ministers had an exchange of views on other activities of the Organization and, in particular, stressed the urgent need for continued international co-operation regarding problems of air and water pollution, which are assuming increasing importance.

6. Ministers noted with satisfaction the positive outcome of the Kennedy Round negotiations, in particular for industrial products. They stressed the importance of full implementation of the decisions there taken. Any failure in this regard would endanger future liberalization of trade, which is one of the conditions for economic growth of both developed and developing countries.

7. Ministers welcomed the progress made by the special group set up to examine trade relations with developing countries, in accordance with the directives given at their meeting in November 1965 aimed at the formulation of constructive and concerted policies for encouraging increased export earnings by those countries. The group set out a number of general considerations relating to temporary special tariff treatment by developed countries in favour of all developing countries.

Ministers agreed that the broad lines of the group's work should serve as a common basis for delegations of member governments at the Second United Nations Conference on Trade and Development and in future discussions of this matter.

Ministers underlined that the envisaged arrangements should not imply the granting of reciprocal advantages by developing countries to the exports of developed countries.

Some important questions regarding the arrangements for special tariff treatment remain open. Ministers instructed the Organization to continue to consider these problems in the light of the views expressed by developing countries.

Several ministers stated that a key element in such arrangements would be the phasing-out, as rapidly as possible, of existing preferences extended by some