

no disagreement on the need to maintain the integrity of Taiwan but there was some difference of opinion as to the validity of a "two-China" policy. The United States members stressed that Taiwan is important to the security of the United States and that the United States administration must always consider the effect of United States recognition on its allies in Southeast Asia, and for these and other reasons the United States opposes such recognition.

There was an extensive discussion of the question of trade with Communist China. While there was complete agreement that there should be no trade in strategic goods, the two delegations were not unanimous in their views as to trade in non-strategic commodities. The Canadian members were generally of the opinion that by such trade it was possible to keep open certain avenues of contact and further questioned the effectiveness of a trade blockade in weakening the position of the Peking regime.

The United States members were of the view that trade with Communist China in any form serves to bolster the regime and facilitates its expansionist policies. The United States members, therefore, hoped that the free world would be able to co-operate with the United States to the end that nothing be done which would strengthen or hasten the development of Communist Chinese military capacities.

DEFENCE PRODUCTION SHARING

The Committee noted the mutual military responsibilities of both countries for the common defense of North America and the endeavours under the Canada-United States defence production-sharing programme to achieve integration of their defence industries' development and production capabilities. The continuing Canadian reliance on United States industry for a substantial part of major items of Canadian defence requirements is economically more acceptable in view of the improving trend of United States defence procurement in Canada.

It was recognized that it would probably never be feasible for the United States to obtain from Canada as large a proportion of United States defence-equipment needs as the proportion of Canadian requirements which is purchased from United States industry. The increased participation of Canadian industry in United States defence requirements is achieving an improved pattern of cross-border defence procurement and desirable standardization of equipment. However, this increased activity is revealing difficulties preventing Canadian industry from contributing fully and it was agreed that efforts must continue to insure that defence industries in both countries have equal opportunity to participate in Western defence requirements.

The achievements of the defence production sharing programme were commended as an outstanding example of the close co-operation which exists between the two countries and which should continue to receive the active support of both governments. It is important that public opinion in both countries recognize that this programme is aimed at more efficient utilization of the industrial capacity in both countries to the benefit of mutual defence and economic interests.

DISARMAMENT

The Committee, noting that renewed disarmament negotiations are to begin in Geneva on March 14, expressed the hope that these would result in some progress. It also considered that there were some grounds for restrained optimism in this regard. The Committee agreed that, initially, a good basis for the conference's work exists in the agreed statement of principles and that the participation of foreign ministers would be appropriate to lend additional guidance to the opening phase of the negotiations.

The question of United States resumption of nuclear testing was also discussed. The United States members pointed out that any resumption would be undertaken reluctantly and in full awareness of the impact that this would have on public opinion, even though devices tested would be held to the minimum in point of number and size. On the other hand, the progress which the Soviet Union has made in the field of nuclear armaments, as evidenced by their series of tests last Fall, might leave the United States no alternative but to resume testing.

CANADA AND THE OAS

The Canadian delegation expressed its appreciation for President Kennedy's pledge of support to Canada should it desire to become a member of the Organization of the American States (OAS). The Canadian members explained the various considerations that have made Canada reluctant to assume the obligations of membership at this time.

It was noted by both the Canadian and United States delegates that Canada has displayed an increased interest in Latin American matters. This has been evidenced by the creation of a Latin American Division in the Department of External Affairs, the establishment of diplomatic relations with all the Latin American nations, Canadian membership in the United Nations' Economic Commission on Latin America, and the assignment of observers at important meetings of the OAS.

There was support for Canadian presence at meetings of the OAS and other inter-American organizations. It was also suggested that consideration be given to the appointment of a permanent Canadian observer at the OAS.

CUBA

The Committee agreed that a Communist Cuba is a serious menace in the Western Hemisphere which requires careful control and control-action. It was noted that, as a result of recent policy review, the United States had now terminated all imports from and exports to Cuba, with the exception of certain medical supplies. The United States members believed that a similar review and common policy of economic sanctions against Cuba by Canada and all Western countries would serve to counter the Communist threat. The Canadian delegation recalled that Canada has long since terminated any exports to Cuba of arms, and is rigidly controlling other exports to Cuba and is preventing any re-export of United States goods through Canada. This is a similar policy to that which was recently approved by OAS at Punta del Este.

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