

An important decision was the establishment of a permanent Council whose main function would be to consider urgent matters arising between sessions, to supervise the work of committees and other subsidiary bodies and to prepare for regular GATT sessions. Canada is represented on this body which, it is believed, will materially strengthen the general administration of the organization and permit more effective handling of the growing responsibilities of the Contracting Parties.

The fifth major multilateral tariff conference to be held under the provisions of the GATT opened in Geneva on September 1, 1960, and is expected to continue until the latter half of 1961. It is an important conference, not only because of the tariff issues involved but also because it comes at a time when world economic developments, in particular the constitution of regional groupings and the deterioration in the United States balance of payments, have underlined the need for positive measures to reduce obstacles to trade on a world-wide, non-discriminatory basis. In its first stage, which is expected to last until February or March 1961, the conference involves negotiations with the European Economic Community on the level of its proposed common external tariff. The purpose of the negotiations is to determine what compensation may be required by individual countries for the impairment of tariffs bound under the GATT agreements, and also to assess whether the common external tariff of the EEC that will emerge meets the GATT requirement that it should not be higher or more restrictive than the general incidence of the national tariffs previously in force in the six countries. In its second phase the conference will involve a new round of negotiations among contracting parties for new tariff concessions. The results of these multilateral negotiations could have important effects in reducing the trade discrimination resulting from the creation of the regional European grouping and extend these benefits to other countries, including Canada.

Other Matters

Several other developments during the year in economic and related matters deserve mention.

At the fifteenth session of the United Nations General Assembly, Prime Minister John G. Diefenbaker of Canada proposed that a "food bank" be set up to provide surplus food to needy peoples. This suggestion was embodied in a resolution which was passed unanimously on October 27 by the General Assembly and transmitted to the Food and Agriculture Organization for study and recommendations to the next session of the Economic and Social Council, which will be held in Geneva next July.

No new bilateral agreements concerning the peaceful uses of atomic energy were concluded during the year. Canada continued, however, to participate very actively in the work of the International Atomic Energy Agency and was once more designated for a seat on the Board of Governors as one of the five nations most advanced in nuclear technology. The Board developed and provisionally approved proposals for an international system of controls, or "safeguards", intended to ensure that nuclear materials and equipment supplied for peaceful purposes would not be diverted to military use. These proposals were endorsed by the Agency's General Conference in October 1960 and will, it is hoped, very shortly be given final approval and implementation by the Board of Governors.