

The Joint United States-Canadian Committee on Trade and Economic Affairs held its thirteenth meeting in Ottawa November 23 and 24, 1970.

The Chairmen of the two delegations began the meeting by reviewing major recent international developments.

The Committee then exchanged views on the current economic and financial situations in Canada and the United States. Members noted the success achieved by both countries in moderating excessive demand pressures. They agreed on the need to continue policies which had been adopted since the early months of this year designed to encourage the balanced and sustainable expansion of real output and employment without encouraging a resumption of inflationary pressures. They reviewed developments in the balance of payments of both countries, noting the improvement in the United States trade account and in the surplus Canada has recently been experiencing on current account. The Canadian Members noted the recent decline in the long term inflow of capital into Canada which has reflected the increased use of the Canadian capital market by Canadian borrowers and the Committee agreed that the further development of this market would help to reduce Canadian reliance on net inflows of longer-term capital. The Committee recognized the interrelationship between a smoothly functioning international monetary system and countries' domestic and balance of payments policies.

The Members of the Committee discussed the contribution which enlargement of the European Communities could make to the world economy and the implications of such enlargement for the trade interests of third countries. They stressed the high importance of participants taking these interests fully into account. They agreed that the EEC common agricultural policy gave rise to problems of particular concern and that concerted efforts should be made to obtain substantive accommodations for the trade interests of outside countries at the earliest possible date.

Members of the Committee reaffirmed the support of the two Governments for continued efforts to facilitate the expansion of world trade. They discussed progress made in the General Agreement on Tariff and Trade in identifying tariff and non-tariff barriers to multilateral trade, and examined prospects for reducing them on a multilateral basis. In this connection they