

CANADA-U.S. MINISTERS MEET

The eleventh meeting of the Joint Canada-United States Ministerial Committee on Trade and Economic Affairs was held in Montreal from June 20-22.

Since the U.S. Secretary of State, Mr. Dean Rusk, and Canada's Secretary of State for External Affairs, Mr. Paul Martin, were attending the emergency session of the United Nations called to deal with the crisis in the Middle East, the U.S. delegation was led by Secretary of the Treasury Henry H. Fowler, and the delegation from Canada by Mr. Robert H. Winters, the Minister of Trade and Commerce.

The U.S. delegation also included: the Ambassador of the United States to Canada, Mr. W. Walton Butterworth; the Secretary of Agriculture, Mr. Orville L. Freeman; the Secretary of Commerce, Mr. Alexander B. Trowbridge; the Under-Secretary of the Interior, Mr. Charles F. Luce; and the Chairman of the President's Council of Economic Advisers, Mr. Gardner Ackley; and the Assistant Secretary of State for Economic Affairs, Mr. M. Solomon. The other members of the Canadian team were: Finance Minister Mitchell Sharp; Industry Minister C.M. Drury; Energy, Mines and Resources Minister Jean-Luc Pépin; Agriculture Minister J.J. Greene; the Governor of the Bank of Canada, Mr. Louis Rasminsky; and Mr. A.E. Ritchie, Canadian Ambassador to the United States.

CURRENT ECONOMIC DEVELOPMENTS

The Committee reviewed the success achieved in both countries in moderating excessive demand pressures during the past year, noting that a more dynamic pace of expansion of real output was to be expected. Recovery of the residential construction industry, an end to the inventory correction, modest expansion of private investment expenditures, higher federal, state and local government purchases and renewed vigour in consumer spending were cited as the major anticipated sources of strength in the U.S. outlook for the coming year. Similar forces were also expected to lead to stronger growth in Canada. The Committee emphasized the need for flexible and responsible fiscal policy in both countries.

BALANCE OF PAYMENTS

United States members reiterated the continued determination of the U.S. to make as much progress as the costs of the war in Vietnam permitted toward equilibrium in U.S. world-wide balance-of-payments. The Committee discussed movements of capital between the two countries and noted the benefits of access by Canadian borrowers to the United States capital market.

NEW ENVOY TO NIGERIA

Mr. Paul Martin, Secretary of State for External Affairs, has announced the appointment of Mr. Thomas Paul Malone as the new Canadian High Commissioner to Nigeria. Mr. Malone, at present Ambassador to Iran and Iraq, replaces Mr. John H.

TRADE WITH DEVELOPING COUNTRIES

Special attention was given to trade problems of the developing countries. The Committee recognized the importance of positive and constructive measures in support of efforts by the developing countries to accelerate their own economic development. This will be the main theme of the second United Nations Conference on Trade and Development early next year.

The Committee was concerned about the failure of development-aid to keep up with the growing requirements of the developing countries, and agreed that early replenishment of International Development Association resources must have a high priority.

IMPORTANCE OF CANADIAN OWNERSHIP

United States members were concerned over those aspects of the Canadian Bank Act which, in their view, have the effect of discriminating retroactively against a bank in Canada owned in the United States. Canadian Ministers took a different view of the effect of the Bank Act, and stressed the importance of effective Canadian ownership of major financial institutions. They reiterated Canada's intention to encourage increased participation by Canadians in the ownership and control of Canadian industry while continuing to maintain a hospitable climate for foreign investment.

Canadian members also drew attention to the problem arising from the effect which certain United States laws and regulations may have upon Canadian companies, especially regarding securities regulations and foreign-assets control, but they noted that good progress had been made in dealing with particular aspects of this problem. The Committee agreed on the desirability of an exchange of information on securities that would benefit investors in both countries.

OTHER TOPICS

The Canada-U.S. Auto Agreement was discussed by the Committee, as well as energy resources; bilateral questions; free trade in agricultural machinery; U.S. copyright legislation; the relaxation of restrictions on U.S. imports of Canadian cheese; trade in lead and zinc; the Saint John River development; and improvements to the Alaska Highway.

Meetings of the Joint Ministerial Committee are usually held alternately in Ottawa and Washington but on this occasion because of Canada's centennial, the recent meeting was held in Montreal, which gave members of the Committee an opportunity to visit Expo '67.

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Cleveland who was recently appointed as Ambassador to Colombia with concurrent accreditation to Ecuador.

Mr. Malone joined the Department of External Affairs in 1946, and has served in posts in Canberra, Washington and The Hague before being appointed as Ambassador to Iran and concurrently to Iraq in 1962.