

APPENDIX

COMMUNIQUE FOLLOWING CANADA-U.S. MINISTERIAL MEETING ON TRADE AND ECONOMIC AFFAIRS

MONTREAL, June 22, 1967—The eleventh meeting of the Joint Canada-United States Ministerial Committee on Trade and Economic Affairs was held in Montreal, June 20-22.

The Committee exchanged views on current economic developments. They reviewed the success achieved in both countries in moderating excessive demand pressures during the past year and noted that a more dynamic pace of extension of real output was expected in coming months. 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 vigor in consumer spending were cited as the major anticipated sources of strength in the United States out-look 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 during the coming months. They recognized the need for dealing with the problem of achieving greater stability in costs and prices, especially as the two economies resume rates of advance more in line with their potentials.

In a world of growing trade and development assistance, Committee members affirmed the intention of their governments to press for general agreement at the 1967 annual meeting of the Governors of the International Monetary Funds on the structure and major provisions of a contingency plan for the creation of a new international reserve asset. They stressed the need for an asset which monetary authorities could include in their reserves.

The Committee also reviewed the balance of payments prospects of the two countries. United States members reiterated the continued determination of the United States to make as much progress toward equilibrium in its worldwide balance of payments as the costs of Vietnam permit. The Committee discussed capital movements between the two

countries and took note of the benefits to both countries of existing arrangements relating to access by Canadian borrowers to the United States capital market.

The Committee welcomed the successful conclusion of the Kennedy Round of Trade negotiations which will provide an important stimulus to world trade as well as to trade between the United States and Canada. They discussed prospects for the future trade liberalization, noted that both countries are conducting studies on this matter and agreed to continue close consultations.

The Committee devoted special attention to the trade problems of the developing countries recognizing 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 expand in line with the growing requirements of the developing countries. In this context early and substantially enlarged replenishment of International Development Association resources must have a high priority. The Committee welcomed the new multilateral food aid program agreed upon in the Kennedy Round which will help expand food aid and will result in a more equitable sharing of the cost. The amount and character of food assistance must be improved as well as the degree of self-help by the recipient nations.

The Committee recognized the importance of close and effective cooperation between the two countries in respect of wheat marketing policies, including wheat flour, particularly in the context of the new cereals agreement concluded in the Kennedy Round. They agreed to strengthen consultative arrangements concerning wheat marketing and food aid.

United States members reiterated their concern over those aspects of the Canadian Bank