

increasing liberalization of world trade following the convertibility of sterling and other major currencies at the end of 1959. A new trade agreement with Australia, replacing that of 1931, came into force on June 30. There was, however, rising concern in the Commonwealth about economic developments in Europe, particularly in relation to agricultural products. In the spring Canada held consultations with other Commonwealth countries on this problem which were followed up by the agricultural mission to EEC member countries which has already been mentioned. In September, at the ministerial meeting of the Commonwealth Economic Consultative Council in London, Canada also voiced concern at the impact that any possible association of the United Kingdom with the EEC might have on traditional Canadian trade with the United Kingdom.

On April 18 the Canada—U.S.S.R. trade agreement of 1956 was renewed for a further three years and at the same time the Minister of Trade and Commerce, Mr. Gordon Churchill, and the Soviet Minister of Foreign Trade, Mr. N. S. Patolichev, signed an exchange of letters setting out the framework for Canadian-Soviet trade during the three-year period. The U.S.S.R. undertook to purchase Canadian goods up to a total value of \$25 million a year, including not less than 200,000 tons of Canadian wheat, provided the total annual value of Canadian purchases from the U.S.S.R. should be no less than \$12.5 million. Arrangements were made for annual consultations on the implementation of this undertaking.

Multilateral Trading Relations

Canada's multilateral trading relations continued to be carried on through the GATT. At their sixteenth and seventeenth sessions, the Contracting Parties examined the EFTA convention and the LAFTA treaty. Resolutions were adopted agreeing that countries signatories to these instruments were not prevented from proceeding with the application of them but reserving the rights of the Contracting Parties under the GATT and thus suspending judgment on the compatibility of the two instruments with the Agreement. Canada and several of the Contracting Parties expressed concern at some of the features of the EFTA, particularly the bilateral agreements on agricultural trade concluded between some of the members. The Contracting Parties also took the opportunity to discuss the establishment of the OECD.

The continuing work of the GATT showed substantial progress. During the year, a number of countries announced that they no longer regarded themselves as having balance-of-payments difficulties and would, therefore, no longer make use of the GATT provisions enabling them to retain import restrictions to protect such balances. There were also discussions of methods of dealing both with residual import restrictions retained by Contracting Parties for other than balance-of-payments reasons and with any new use of such restrictions. A declaration was drawn up, open for adherence by the Contracting Parties, the effect of which will be to prohibit the use of export subsidies on goods other than primary products. The organization continued its examination of agricultural protectionism and the trade problems of less-developed countries. A new committee was set up to seek constructive solutions, consistent with the principles of the GATT, for the problems created by situations of market disruption caused by low-cost imports.