

uninterrupted and expressed fears that passage of protectionist type measures could have a severe adverse effect on this trend. Several U.S. delegates expressed the opinion that protectionist measures are not likely to become law, pointing out that the President has stated publicly that he will veto such bills.

A U.S. delegate said that American agriculture is in a very depressed state and that farmers are quite concerned about trade agreements which seem to be working to their disadvantage. There was general agreement that, contrary to previous hopes, the Kennedy Round had not resulted in freer access to European markets for U.S. and Canadian farmers.

A member of the Canadian delegation in discussing the outlook for wheat pointed out that there will be great pressure on world wheat supplies in the next few years and that the United States and Canada have a responsibility to work together to try to stabilize wheat prices, since the United States and Canada are the only producers with adequate storage facilities. Talks for this purpose are going on between the two countries now, he stated. A U.S. delegate pointed out that the United States had an unsatisfactory, inefficient arrangement for selling wheat abroad which was neither governmental nor private. To make the system work better, he said, the government should either get more in or more out of the picture. There was also discussion of a number of common agricultural problems, such as those affecting the dairy and beef industries.

A member of the Canadian delegation pointed out that the Canadian government has stated that it would take retaliatory action if the United States imposed border taxes or imposed similar measures and expressed the hope that nothing would develop along these lines. In reply, a U.S. delegate said he could not conceive any such action coming to pass. There was general agreement that movement in this direction would have a very harmful effect on both countries.

3. *Foreign Investment and Related Government Policies*

A United States delegate opened the discussion by stating that it is understandable there should be concern in Canada over U.S. investments. He suggested that discussion on the recent report of the Canadian Task Force on Foreign Ownership and the Structure of Canadian Industry might prove helpful to

both countries in clarifying the issues and problems involved. He added that he also appreciated the concern felt by many Canadians over the issue of the extra territorial application of U.S. laws so far as Canadian subsidiaries of U.S. firms are concerned. The basic law governing trade with Communist countries is not likely to be changed as long as the Vietnam war continues.

The most serious aspect of the foreign investment problem for Canada is the extra-territorial application of U.S. laws to U.S. subsidiaries in Canada, a Canadian delegate stated. The measures taken to ameliorate the U.S. balance of payments problem have shown that the U.S. can take steps to remedy its own situation which have unintentional repercussions on Canada. The U.S. should not be surprised if Canada should take steps to remedy Canadian situations which may have repercussions in the U.S.

A U.S. delegate pointed out that large U.S. corporations these days are in effect international or multinational. He said that they often are better received abroad than U.S. Government policies propounded by U.S. diplomats. There followed some general discussion of the growth of large international corporations which it was agreed creates serious problems of control for governments.

Several Canadian delegates indicated that they are not opposed to U.S. investment in Canada and cited beneficial results in specific cases. Canadians accept the need for and value foreign investments.

4. *Resource Development*

A Canadian delegate referred to the agreement reached in 1959 that Canada would continue to import oil, chiefly Venezuelan, but would expect a roughly equivalent export market in the Northwest United States. This situation of parity has not yet been reached but progress is satisfactory. In view of the presently developing exports of Alaskan oil into the Northwest, Canada will hope for expanded markets in the Northeast. He expressed confidence in the competitive machinery for price determination on natural gas but suggested that the two governments should formulate guidelines on this point within which the Federal Power Commission and the National Energy Board could operate.

Members of both delegations discussed new approaches for distribution of natural gas in the Northeast part of the United States. There was also some discussion of new methods