

They regard the negotiations as a further means of diversifying their trade. They also expressed their expectation that one of the results of the negotiations would be to reduce impediments imposed by resource importing countries on greater processing of industrial materials prior to export from resource producing countries. They noted with satisfaction that the Canadian and Mexican delegations to the negotiations had established a pattern of co-operation and consultation on areas of mutual interest and expressed their intentions that these consultations should continue as the negotiations progress.

Canadian and Mexican Ministers discussed the implementation of Canada's general preference scheme. In this regard, Canadian Ministers informed their Mexican counterparts that Parliament had passed legislation providing for a scheme of tariff preference for developing countries. They further indicated that the modalities of implementing this scheme are now under active study. The Mexican Ministers expressed their interest in being kept informed.

In the course of their review of internal economic developments, they noted that inflation continued to be a problem of significant dimensions and they agreed on the desirability of working toward internal efforts to moderate the rate of inflation.

Ministers also discussed the impact on their respective economies as well as internationally of the current energy situation. They noted that although Canada and Mexico are important producers of energy, the current situation for world energy resources has had a substantial effect on the short-term outlook for their economies. An important consideration in this respect will be the impact which the energy situation will have on their major trading partners. They also expressed their concern over the consequences of the current situation for the economies of many of the developing countries, particularly those lacking substantial energy resources of their own.

Ministers also examined the outlook for world supply of other industrial materials and noted that although there is the possibility of some supply shortages in the short term, there is a longer term potential for increasing world production of these materials. Ministers agreed that in the production and export of industrial materials, the interest of consumers as well as of producers should be borne in mind.

Ministers noted that the unusual marketing situation of 1973 resulted in a significant reduction of world supplies of basic food stuffs. They expressed their hope that the current efforts under way in the UN leading to a World Food Conference, which have Canadian and Mexican support, will mobilize support for increased food production and improved international methods of maintaining adequate supplies to meet global requirements.

Ministers expressed their gratification that their meeting provided an occasion for the signing of an agreement on the avoidance of double taxation with respect to the income from ships or aircraft operating in international traffic. They noted that their officials were continuing their discussions on taxation with a view to identifying other areas where agreement might be possible.