

took place with Mexico during 1969, but no agreement could be reached on mutually-satisfactory restraint levels and a surtax on imports of Mexican cotton yarn was introduced on November 21.

#### Bilateral Economic Relations

Canada's most important trading and financial partner is the U.S.A. Preliminary statistics show that in 1969 total trade exceeded \$20 billion, up some 14.3 per cent from 1968, with Canadian exports at \$10.6 billion, (a 14.6 percent increase). The current account for nine months showed a deficit of \$460 million, an improvement of \$94 million over 1968. During the course of the year, there were frequent meetings between the two countries, at both the cabinet and official levels, including discussions held by Prime Minister Trudeau with President Nixon in March, which, *inter alia*, covered economic matters of interest to the two countries. The Canada-U.S.A. Joint Cabinet Committee on Trade and Economic Affairs held its twelfth meeting on June 25 and 26 in Washington; the Canadian delegation was led by the Minister of External Affairs, the Honorable Mitchell Sharp, and included other Ministers and the Governor of the Bank of Canada, while the United States delegation was led by Secretary of State Rogers and involved other secretaries. The Committee reviewed general economic trends affecting both countries, recognizing the importance of efforts to achieve a smoother functioning of the international monetary system. The Committee paid particular attention to the question of the economic growth of developing countries and confirmed the willingness of both governments to participate with others in exploring ways of expanding the trade opportunities of the developing countries. Ministers also discussed the international grain situation. They reviewed various bilateral questions such as energy (particularly that provided by petroleum), agricultural problems and the automotive pact, agreeing that officials should pursue discussions on certain aspects of these matters later in the year. On November 12 and 13, further consultations on the automobile agreement were held in Washington. In these discussions, the U.S. position was, in essence, that the time had now come to move to a rather freer trade position than had existed up to the present. The Canadian position was that, while great progress had been made under the automobile agreement in the establishment of an efficient and expanded Canadian automobile industry, the country could not feel assured yet that in the complete absence of any safeguards the progress could be continued. The discussions themselves came to no conclusion other than a statement of positions. Other meetings held during the course of 1969 dealt with various bilateral questions, including financial and balance-of-payments matters, on which special arrangements respecting capital flows have been in existence for some time between Canada and the United States.

Over the past year, and particularly at the Britain-Canada Continuing Committee meeting in October, Canada expressed to Britain both its concern over the weakening in recent years of bilateral trade and economic relations and the desire to explore means whereby Canadian interests could be taken more effectively into account by Britain when formulating its policies. The British representatives explained their policies of import-saving in the context of the effort toward competitive efficiency which has been the main driving-force for growth of trade between developed countries since the last war. Britain declared itself prepared to co-operate with Canada when so doing did not conflict with British domestic interests.