

and Poland, which is now open for acceptance. The sixteenth session will be held in Geneva from May 16 to June 4 and the seventeenth session, beginning October 31, will also be held in Geneva.

## 2. Commercial Relations with the Commonwealth

The major development in 1959 affecting Commonwealth commercial relations was the creation of the European Free Trade Association.<sup>1</sup>

One effect of the EFTA on Canada and the other Commonwealth countries will be to eliminate gradually the preferences they now enjoy in the markets of the United Kingdom for industrial goods and certain agricultural and marine products.

During 1959 the United Kingdom, Australia, New Zealand and certain other Commonwealth countries made further moves towards full dollar liberalization, some of them in response to the October 23 decision of the International Monetary Fund that for countries most of whose trade earnings are in convertible currencies there is no longer any justification for discrimination on balance of payments grounds. These moves reflected the gains in economic strength of the United Kingdom and other sterling-area countries which continued from 1958 and which formed part of the generally improved world economic situation in 1959.

The United Kingdom-Canada Continuing Committee on Trade and Economic Affairs met in Ottawa in June to discuss trade questions and other matters of common interest.

A trade agreement with Australia was negotiated in Canberra in April 1959 to replace the 1931 agreement. It is expected to come into force in 1960, after it has been approved by both Parliaments.

## 3. Commercial Relations with the United States

As the recovery from the recession gained force, there was a marked increase in the volume of trade between Canada and the United States, with both imports and exports reaching record levels. The continuing problem of the deficit in trade with the United States engaged the serious attention of both countries during the year.

The immense volume and complexity of Canadian-American commercial relations creates many difficulties and special problems requiring the authorities of the two countries to co-operate closely in examining the various questions that arise. In January 1959, the Joint United States-Canada Committee on Trade and Economic Affairs (a committee of ministers of the two countries) met to consider a wide range of questions of mutual interest, including the relationships between Canadian subsidiaries and their parent companies in the United States, the possibilities for the constructive use of agricultural surpluses, and the restrictions maintained by the two countries on certain commodities.

There were several important developments in Canadian-American economic relations. The restrictions on oil imports into the United States were modified on June 1 to exempt oil entering the United States by overland routes. One important consequence was that Canadian oils were thus allowed to enter the Pacific Northwest on the same basis as domestic United States oil. The "Buy American" requirements on United States

<sup>1</sup>Referred to in Section 4 below.