



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
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THE JOINT UNITED STATES-CANADIAN COMMITTEE ON TRADE AND ECONOMIC AFFAIRS

A communique issued by the Committee at the conclusion of its meetings in Ottawa, on January 6, 1959.

The Joint United States-Canadian Committee on Trade and Economic Affairs met in Ottawa on January 5 and 6, 1959.

The United States was represented by:

Hon. Robert B. Anderson,
Secretary of the Treasury

Hon. Fred A. Seaton,
Secretary of the Interior

Hon. Lewis L. Strauss,
Secretary of Commerce

Hon. C. Douglas Dillon,
Under-Secretary of State for Economic Affairs

Hon. Marvin L. McLain,
Assistant Secretary of Agriculture.

Canada was represented by:

Mr. Donald M. Fleming,
Minister of Finance

Mr. Gordon Churchill,
Minister of Trade and Commerce

Mr. Douglas S. Harkness,
Minister of Agriculture

Mr. E.D. Fulton,
Minister of Justice

Mr. Sidney Smith,
Secretary of State for External Affairs.

Senior officials from both Governments also attended the meetings.

The Committee reviewed the developments that have occurred in the world economic situation since its last meeting and took considerable satisfaction from what has been accomplished. The recession in the United States and Canada has given way to recovery and business activity in both countries is accelerating. Imports by the United States from the rest of the world were much less affected by the slackening of activity than might have been anticipated. The gold and dollar reserves of most of the major trading countries in other quarters of the globe have increased substantially, and this has facilitated important steps to remove their exchange and import restrictions. In Europe, progress has been made toward economic integration, and efforts are being pursued in spite of many difficulties to establish a broader association with the European Common Market. It is hoped that these developments will increasingly create larger opportunities not only for European but also for overseas producers. It is thus evident that, in many ways, the co-operative efforts which have been made by many countries, including the United States and Canada, to create conditions in which goods and currencies could be freely exchanged over the widest possible area are now bearing fruit.

In particular, the Committee welcomed the measures that have been recently introduced for the convertibility of sterling and of other currencies. These measures were foreshadowed at the time of the Commonwealth Trade and Economic Conference last September. They are evidence of the degree of economic strength and equilibrium that has now been achieved. They may also be regarded as a promise of further progress. Convertibility has removed the financial justification for discriminating against dollar suppliers, and should be followed by further moves by the countries concerned to provide non-discriminatory access to their markets for goods from the United States, Canada and other countries. The financial strength which has supplied the indispensable basis for convertibility should also make possible general progress in dismantling quantitative restrictions. The United States and Canadian Governments will be watching with close and sympathetic interest the way in which the logic of the new situation is translated into action.

Consideration was also given to the growing activity of the communist bloc countries in world trade. It was agreed that this development made it all the more necessary to stimulate trade and development throughout the free world.

In the spirit of the friendliness that has long characterized relations between the United States and Canada and of the Agreements to which both countries have subscribed, the Committee examined various issues that have an immediate bearing on trade and economic relations between the two countries. It was recognized that from time to time temporary measures might have to be taken to meet emergency problems of particular groups of domestic producers. But it was agreed that every effort should be made to keep such exceptional measures to a minimum and, so far as possible, to limit their scope and duration. It was also

agreed that wherever feasible there should be close consultation in advance between the two Governments whenever it seemed necessary for the Government of one country to take action which might affect the commercial or economic interests of the other.

The Canadian Ministers expressed their continuing concern over the quota restrictions imposed by the United States last September on imports of lead and zinc and outlined the effects they are having on the Canadian mining industry. The United States representatives hoped these restrictions could be withdrawn as soon as more satisfactory international solutions on a broader basis are found. In the meantime, it was agreed that both Governments would explore further the possibility of developing such equitable solutions.

The United States representatives set out the grounds for their concern as to the amendments made last year in the Canadian Customs Act. They were assured by the Canadian Ministers that it is not intended to apply the new provisions of the Act in either a discriminatory or an arbitrary manner and that consultation would be held wherever feasible before applying the new provisions.

The United States representatives also expressed concern with respect to the import restrictions which the Canadian Government has recently placed on certain agricultural products, and especially on turkeys and frozen peas.

The current voluntary limitations on the entry of petroleum into the United States were discussed. A careful review was made of the factors affecting petroleum supply and demand, not only in the United States and Canada but throughout the world. The Committee agreed that continued exploration and development were necessary on defence grounds. The Committee also agreed on the importance of continuing growth and stability to the oil industry, without which the incentive for further exploration and development would disappear. They agreed on the importance of maintaining a healthy and dynamic oil industry throughout the Western Hemisphere. Various aspects of the problem were discussed and the representatives of the two countries agreed to take into consideration all of the opinions expressed in developing their policies. They will continue their studies and consultations with reference to this complex problem.

In reviewing agricultural problems, Ministers agreed that incentives leading to an aggravation of surpluses were to be avoided. In regard to the United States programmes of surplus disposal, Canadian Ministers noted with satisfaction that the impact on Canadian trade had abated since the last meeting of the Committee. However, they expressed anxiety about tied-in sales and about the recent changes that have been made in the regulations governing barter transactions. The United States renewed the assurances given at the last meeting of the Committee that in all surplus disposal activities they would endeavour to avoid, insofar as possible, interfering

with normal commercial marketings. They also re-affirmed that barter contracts must result in a net increase in exports of the agricultural commodity involved. In order to give effect to these assurances, insofar as they related to exports of wheat, flour and other grains, it was agreed that, in addition to other consultation, quarterly meetings of wheat experts from the two countries should be held in an attempt to solve periodically any problems involving wheat and flour, including those arising from United States surplus disposal operations.

The Committee agreed that agricultural surpluses should be used to alleviate distress arising from famine and other disasters throughout the world, and could also help to promote the economic development of less-developed countries. They agreed that the two Governments would keep each other informed of programmes intended to serve such purposes.

Some aspects of the relations between Canadian subsidiaries and their parent companies in the United States came under examination. The Ministers reviewed the arrangements made last summer under which the United States undertook to consider licenses to parent companies in the United States on a case-by-case basis which would relieve them from the prohibition against transactions with Communist China insofar as their Canadian subsidiaries were concerned.

The anti-trust proceedings recently launched in the United States Courts against the parent companies of Canadian subsidiaries in respect of the participation of those subsidiaries in Canadian Radio Patents Limited were also discussed. The Canadian Ministers expressed their concern over the extra-territorial effect of the decree sought by the United States Department of Justice and the implications of such action with regard to control over Canadian companies acting in conformity with Canadian laws and Canadian commercial policy. United States representatives emphasized that their Government's policy is based upon the enforcement of United States law companies doing business in the United States and that their Government has no intention of infringing upon the sovereignty of the Canadian Government with respect to companies engaged in business in Canada. It was agreed that the general questions involved would be the subject of further discussions between the two Governments at the Ministerial level, and arrangements are being put in hand accordingly for a meeting.

The United States representatives reviewed with the Canadian Ministers the proposal for a new International Development Association to be affiliated with the International Bank, and the Canadian Ministers agreed to study it.

The members of the Committee expressed their renewed realization of the value of their meetings, which afford opportunities for intimate consultation on matters of common interest to the two countries in their trade and economic relations.