

arises out of the fact that although the United Kingdom needs dollars to pay for goods in the United States, to make settlements with other countries, to pay for services and for other purposes, the types of transactions which may be financed by E.C.A. dollars have been definitely limited. It has been agreed that in order to carry out the basic purposes of the Economic Co-operation Act it will be necessary for the United Kingdom to finance with its share of E.C.A. funds a wider range of dollar expenditures than has hitherto been eligible both within and outside of the United States. After careful examination of the dollar expenditures proposed to be made or authorized by the United Kingdom it appears that eligibility requirements can be broadened to the extent required within the limits set by the Economic Co-operation Act. This would broaden the use but not increase the amount of E.C.A. funds allocated to the United Kingdom.

11. In the consideration of measures which creditor countries might take to reduce barriers to trade, it was recognized that Customs procedures may create obstacles psychological as well as actual. Technical discussions of this subject disclosed that the United States, through administrative action and proposed legislation, was already contemplating constructive steps in this field. Canadian representatives stated that the Canadian Government would undertake a further review of the administrative operation of its Customs Act in the light of these discussions. As to tariff rates, it was noted that high tariffs were clearly inconsistent with the position of creditor countries. There had already been significant and substantial reductions in United States tariffs during the last fifteen years. The policy of the United States Government was to seek further negotiation of trade agreements through which additional reductions might be made within the framework of the Reciprocal Trade Agreements Act.

12. There was agreement that one of the ways in which the competitive position of United Kingdom products might be improved was by a widening of the area in which such products competed freely with those of other countries. In this connection, as an initial step toward a more general liberalization, the United Kingdom delegation outlined its proposals for liberalizing trade with countries with which it did not have balance of payments difficulties, and raised the question whether the provisions of Section 9 of the Anglo-American Financial Agreement and Article 5 of the Anglo-Canadian Financial Agreement presented an obstacle to such a plan. It was the view of the United States and Canadian delegations that such liberalization of United Kingdom import regulations should be considered, since the United Kingdom shortage of dollars should not in itself force the United Kingdom to reduce its purchases from areas with which it does not have a shortage of means of payment. It was agreed that any United