

response has been received since the date of the earlier memorandum, and hence the recommendation that a further approach be made to the U.S.A. after consultation with the U.K. is no longer applicable.

13. At its meeting of February 1, 1962 Cabinet decided to defer consideration of these questions for a period of three months.

#### *Subsequent Developments*

14. (1) As mentioned above, on March 8 the negative reply of the U.S.A. was received to our request for U.S.A. participation in the second phase of the confidential survey. In the light of this development the memorandum to Cabinet dated March 9 was submitted recommending:

- (1) that the United Kingdom and the other countries involved in the preliminary survey be told that the multilateral approach had failed due to lack of U.S.A. support and that Canada reserves her freedom of action concerning other possible solutions to the problem; and, simultaneously with this action,
- (2) that the U.S.A. be informed of Canada's intention to take unilateral action extending Canada's exclusive fishery zone to 12 miles and implementing the straight baseline system for the delineation of the line from which Canada's territorial sea and exclusive fishery zone may be measured and of Canada's willingness to negotiate related questions prior to the implementation of this decision;
- (3) that negotiations on these questions be opened with the U.S.A. as soon as possible thereafter, and simultaneously with the opening of negotiations;
- (4) that a public announcement be made of the failure of the multilateral approach and the opening of negotiations with the U.S.A., but no mention [be] made of the intention to take unilateral action;
- (5) that the decisions on whether to extend Canada's territorial sea to 6 miles and on which areas should be included in the implementation of the straight baseline system be deferred until an appropriate stage in the negotiations on these questions with the U.S.A.; but in any event,
- (6) that the results of the negotiations with the U.S.A. be reviewed by Cabinet three months after their commencement with a view to determining whether unilateral action should be implemented, postponed or abandoned.

#### *Related Developments*

15. Since the date of the memorandum to Cabinet of March 9, some further considerations have arisen which seem to suggest the advisability of adopting a different approach, at least for the time being, on the various Law of the Sea questions under consideration by Cabinet than that recommended in that memorandum. These considerations may be summarized as follows:

(a) the division of public opinion in Canada which recently became apparent on the advisability of making Law of Sea claims which might result in retaliatory action from the U.S.A. affecting Canada's fisheries markets;

(b) It is apparent that Canada will need the close cooperation and support of the United States on a number of vital issues in the future affecting our international commercial and financial relations. In particular these include the Common Market negotiations and the continuing negotiations which we can expect to have in the IMF and in the GATT with respect to our balance of payment corrective programme. Additionally, Canadian oil and lumber exports to the United States, especially in view of the sharpening of competition as a result of the change in our exchange rates, have been under some criticism recently and it would be unwise to take steps which might increase the pressures now existing in the U.S.A. for restrictive measures against these important exports.