

dustry interests. At the same time, it has become clear that a balanced and equitable agreement cannot be constructed on the basis of continued insistence by all concerned on their maximum demands. The difficulties that have led to the Government's present decision are the best evidence of the need to replace a generalized interim agreement without institutional arrangements by a permanent, comprehensive agreement that places all the issues in an interrelated framework and includes effective mechanisms for interpreting the agreement and for the settlement of differences.

Ambassador Cadieux has been instructed to resume his negotiations and has been in touch with the U.S. Negotiator, Ambassador Cutler, and they both agree that the suspension of the interim agreement need not and should not impede their negotiations, which, as you know from the joint reports issued in October and March, have laid the basis for progress towards a comprehensive agreement. Thus, in an exchange of letters that is being released, the two Negotiators have agreed to resume their negotiations on the long-term agreement. They have scheduled for June 19 and 20 the first of a series of meetings that are intended to lead to early recommendations on a comprehensive agreement.

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