

if European countries live up to their undertaking to relax import restrictions against the low-cost countries.

It is Recommended that

- (1) Canada should adhere to the Agreement as soon as a reply is received from Japan confirming the understandings referred to above.
- (2) If there are any substantive amendments to the draft Agreement, these should be submitted to the Government for consideration.⁷⁹

H.C. GREEN
Secretary of State for External Affairs

D.M. FLEMING
Minister of Finance

G. HEES
Minister of Trade and Commerce

G. NOWLAN
Minister of National Revenue

[PIÈCE JOINTE/ENCLOSURE]

*Le chef de la délégation à la Réunion
sur le commerce international des textiles de coton
au chef de la délégation du Japon
à la Réunion sur le commerce international des textiles de coton
Head, Delegation to the Meeting on International Trade
in Cotton Textiles,
to Head, Delegation of Japan to the Meeting on International Trade
in Cotton Textiles*

Geneva, July 22, 1961

Dear Mr. Ushiba:

I refer to the draft Agreement relating to trade in cotton textiles which was drawn up in the course of meetings held in Geneva July 17th to 21st, 1961 and to the understandings which you and I reached on how this Agreement would relate to the arrangement between Canada and Japan affecting trade in textiles, in the event that Japan and Canada should decide to participate in the Agreement. Our understandings related to two specific matters which are dealt with in the draft Agreement.

The first point concerns the minimum level of export restraints for any particular item or category of trade as set out in paragraphs A and C of the short-term arrangement. You and I agreed that this requirement should not be applicable to any cotton textile items which are the subject of Japanese voluntary restraints on exports to Canada where the quota levels applicable for the year 1961 are below the minimum levels provided for in the draft Agreement.

The second point relates to the application of paragraph B of the short-term arrangement. This paragraph provides that the level specified for export restraints may be exceeded by 5 per cent in certain circumstances. You and I agreed that this paragraph would not be applicable to any arrangements entered into between Japan and Canada relating to trade in cotton textiles,

⁷⁹ Approuvé par le Cabinet le 5 septembre 1961./Approved by Cabinet on September 5, 1961.