

March 8/62, not repeat not to participate in the second phase of the confidential survey was received with considerable regret.

4. Canadian Government has given careful consideration to the implications of the decision of the Government of USA not repeat not to join in the confidential survey. Canadian Government had recognized from the outset that the support of USA would be vital to the success of a multilateral convention and has concluded, therefore, that the decision of USA Government not repeat not to take part in the project may be taken as having eliminated the chances for such a convention; and that consequently there would be little purpose in pursuing the project further; and that those countries involved in the survey should be so informed.

5. In the view of Canadian Government the resultant situation is extremely unsatisfactory. The recent operations off Canada's East Coast of the Soviet fishing fleet, whose size has increased tremendously over the past five years, have raised serious security implications for Canada. The probing activities of these trawlers in waters considered by Canada as internal render it imperative that action be taken to prevent further incursions. Moreover, while Canadian Government remains desirous of achieving a rule of law on these important questions, public opinion in Canada strongly favours action to protect the livelihood of Canadian fishermen and future development of Canada's coastal fisheries industry. Ships of a number of other nations have begun to make new encroachments upon Canada's East Coast fisheries, and recent developments indicate also an increasing threat to Canada's West Coast fisheries from Japanese and, perhaps, Soviet fishing fleets. In the light of these circumstances and in the face of the failure of efforts to bring about an agreed rule of law on the territorial sea and contiguous fishing zone, firstly through a universal UN convention and secondly through a multilateral convention, Canadian Government has decided after careful consideration to take the following action in order to protect Canada's security and fisheries interests:

(a) to enclose the waters of the Bay of Fundy, the Gulf of St. Lawrence, Hudson Bay and Hudson Strait, Hecate Strait and Dixon Entrance and Queen Charlotte Sound by the straight baseline or headland to headland system (in accordance with customary international law and the 1958 Geneva Convention on the territorial sea) and to proclaim the straight baseline system as the basis for the delineation of the line from which Canada's territorial sea and exclusive fisheries zone may be measured;

(b) to suggest to USA that it join with Canada in taking the initiative in convening a new international conference on the Law of the Sea under UN auspices for the purpose of bringing about international agreement on a rule of law on a six-mile territorial sea and a further six-mile contiguous exclusive fishing zone, on the basis of the joint Canada-USA Geneva "six-plus-six" formula.

6. Canadian Government intends to make a public announcement shortly of these decisions, and to implement these decisions within a reasonable period thereafter. In deciding on this course of action, however, Canadian Government has been mindful of its possible broader implications, as well as its possible effects on USA fishermen. For these reasons, and in the light of the long and harmonious relations between our two countries in these fields, Canadian Government is prepared to discuss with USA Government such questions which the latter may wish to raise in connection with this action, particularly questions touching on USA treaty and "historic" fishing rights, in the hopes of reaching agreement on mutually satisfactory arrangements. Canadian Government would welcome the holding of such discussions in Ottawa in due course.