

3. Meanwhile the United States have proposed a meeting in Washington on June 21 of the main importing countries, and the GATT Council will also be convened on June 16; both meetings will have as their object the arrangement of a multilateral conference on textiles to be held in Geneva under GATT auspices in the latter part of July.

4. On May 15 the American textile industry petitioned the Office of Civil and Defense Mobilization (OCDM) for an investigation under the 1958 Trade Agreements Extension Act, with a view to obtaining substantially increased protection from foreign competition. If the OCDM finding comes out in favour of the petitioners the United States Government will have to take restrictive measures against Japan, Hong Kong, and perhaps other producers as well. The Administration are seeking to head this off, and fear that unless a solution is worked out within the next couple of months the problem might be taken in hand by Congress, which is under heavy protectionist pressures, and which would undoubtedly show little respect for President Kennedy's more liberal approach.

5. While there was some criticism at the time the agreement with Japan on 1961 export quotas was announced last month, to the effect that the Government had not done enough, (the *Gazette* for example called for quotas to be set "in such a manner as to achieve their purpose of protecting Canadian industry" – a task normally left to tariffs) it is in Canada's interest to back the United States Administration fully in its efforts to find an international solution to the problem of low cost imports, particularly for those items where we are facing rapidly increasing imports from Japan and Hong Kong. In addition it is very important for our relations with underdeveloped countries to give encouragement to policies that will give some promise of stable export earnings.⁷⁸

N.A. R[OBERTSON]

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PCO

*Note du secrétaire d'État aux Affaires extérieures,
du ministre des Finances, du ministre du Commerce,
et du ministre du Revenu national
pour le Cabinet*

*Memorandum from Secretary of State for External Affairs,
Minister of Finance, Minister of Trade and Commerce,
and Minister of National Revenue
to Cabinet*

CABINET DOCUMENT NO. 315-61

[Ottawa], August 4, 1961

CONFIDENTIAL

INTERNATIONAL ARRANGEMENTS AFFECTING TRADE
IN COTTON TEXTILES

Several months ago the United States Government launched an initiative to seek an international solution to the problem of disruptive competition in the field of cotton textiles. Preparatory meetings among importing countries, in which Canada participated, were held in London in May and in Washington during June. The Canadian delegation was instructed to support the United States initiative. The principal reason for Canada's interest in this venture

⁷⁸ Note marginale :/Marginal note:

Noted by Prime Minister June 15. H.B. R[obinson]