

related to the need to create an environment more conducive to generating the capital investment necessary for further development of a competitive textile and clothing industry. The TCB, therefore, recommended the continuation of special measures of protection for the textile and clothing industry beyond December 31, 1981; the date on which most of the existing bilateral restraint arrangements were due to expire.

On June 19, 1981, following an extensive review of the industry and bearing in mind the recommendations of the Textile and Clothing Board, the Government announced its policy for the textile and clothing sectors for the post-1981 period. The approach adopted by Canada is based on the complementary elements of industrial adjustment and development and trade policy. It seeks to establish viable and competitive Canadian textile and clothing firms as well as to revitalize the economies of those communities most vulnerable to foreign competition in these sectors. To achieve these objectives, the new sectoral policy includes measures such as the allocation of more than \$250 million over five years for a new adjustment program, the formation of the Canadian Industrial Renewal Board to manage the adjustment program, and the negotiation of restraint arrangements with exporting countries to limit imports of textiles and clothing during the five-year adjustment period.

The new policy continues the adjustment direction set by the Textile Policy of 1970. While the Government does not favour special measures of protection on a permanent basis, it recognizes that the Canadian textile and clothing industries will require some degree of protection during the adjustment period to permit the industry to restructure toward more viable lines of production. Officials, therefore, were instructed to pursue negotiations with