

importers meeting was most unsatisfactory. Some countries representing about six hundred thousand tons said they could not participate in an agreement for less than three years. If they are firm then remaining quantities would be less than the exporters could accept. Most of the importer delegations were reluctant to seek new instructions because of differences of opinion at home on the various terms and because reopening the question of duration would also invite revisions in the existing instructions on quantities and price. Many governments are weary of the protracted negotiations and might take the opportunity to drop out.

3. On several occasions during Thursday's and this morning's meeting the importers tried to get me to declare that Canada would not take part in an agreement of less than three years duration. Had we been able to take this stand it would have provided a rallying point around which the importers could firm up their instructions on three years. I refused to make such a statement and indicated instead that although our position has been very firm on three years, the American proposal was a new one on which I would have to seek fresh instructions as well as the representatives of the importing countries. As I see it the danger of our forcing the issue back on the Americans is that they might conclude that they would withdraw and place the responsibility on Canada for refusing to consider renewal for two years.

4. In the circumstances I thought it best to speak to the principal importers [...] this meeting and was surprised to learn that with great misgivings Germany, Belgium and the Netherlands are seeking instructions that would permit them to press for three years but as a last resort to accept two years reluctantly. The Netherlands Delegation already has some instructions. The Japanese Delegate has [...] but expressed the opinion that two years duration would not prevent their accession. [...] real concern including that of the Americans is that there not be defections among the smaller importing countries that would leave the remaining quantities unacceptable.

5. I will have to declare the Canadian position in the light of the "fresh instructions" I promised to seek by tomorrow at latest. At the moment I would recommend that I express regret that there should be a two year proposal creating fresh confusion when it had been appreciated by all at the end of the Geneva Conference general agreement could be reached on the basis of three years. Although Canada would not say that we would ultimately reject two years at the cost of having no agreement we would strongly urge concurrence by the United States in the three year proposal. I think that the main importing countries will make similar statements which would provide some basis although not too strong a one upon which the United States Delegation could go back to their authorities to seek a change in their instructions. Unless I hear from you, I will proceed on these lines. Message Ends.