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May 13 16 PM '65

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Treasurer Holt, accompanied by Wilson and O'Donnell, met with Balderston, Vice Chairman, Board of Governors Federal Reserve Board, and J.L. Robertson Governor who directing that part voluntary restraint program that applies commercial banks and other financial institutions.

Holt sketched current situation faced by Australia respect its re-financing obligations coming due and need for continued inflow of capital compensate for adverse trade balance with U.S. Noted Australia country with which U.S. export trade growing fastest; mentioned close relations between two countries including Australia's plan send troops Viet-Nam; observed that Australian aid other countries high on per capita basis.

Holt continued Australia suffered/U.S. duty on wool and limitations on exports meat, milk and other products. Referred to substantial amount of debt which would have to be re-financed next 5 years on which no account taken interest equalization tax and voluntary restraint.

Robertson stated voluntary restraint program banks and financial institutions designed curtail expansion capital outflows and was done on basis which should provide adequately for financing U.S. exports as well as exports less developed countries; pointed out guidelines being adhered to and many complaints

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complaints received from abroad seemed be based on fear what might happen rather than actual developments.

Holt group given sympathetic hearing but nothing was said justify any inference exception would be made guidelines applicable credits extended Australia.

Memcon follows.

End

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