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*Le secrétaire d'État aux Affaires extérieures à
l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELETYPE EX-1234

Ottawa, April 3, 1945

SECRET. Your letter of March 24 regarding methods of financing procurement by the Italian Government of supplies in Canada.

Canada's position is different from that of the United States and the United Kingdom in that accruals to her Allied military lire account have now ceased owing to the withdrawal of Canadian troops from Italy. This account stood at about \$10,000,000 as of February 28, 1945. The total of Italian assets held by the Custodian as of November 30, 1944, amounts to about \$7,500,000. We are not anxious to make any firm or continuing commitments against these sums since we do not yet know the total of Canadian claims that will be filed with the Custodian. Advertisements for claims have not yet been issued but those voluntarily filed as of November 7, 1944, amounted to about \$5,500,000.

There is therefore a very limited credit for the financing of supplies for Italy and we should prefer to consider requests for goods which may be needed for social, humanitarian or pressing economic reasons on an *ad hoc* basis, with a view to ensuring that any limited credits available may be put to the best possible use. This position may be modified if we find any alternative method of financing procurement. Ends.

1273.

DEA/6520-40

*L'ambassadeur aux États-Unis au secrétaire d'État aux Affaires extérieures
Ambassador in United States to Secretary of State for External Affairs*

DESPATCH 895

Washington, April 5, 1945

Sir,

I have the honour to refer to my despatch no. 386 of February 12th[†] transmitting a copy of the new directive on Allied policy towards Italy.[†] That directive had included an economic section providing for the preparation of a supply program designed to rehabilitate Italian industry. This program was to be in addition to the supplies which were to be provided as a military responsibility.

2. There has been a considerable amount of correspondence between this Embassy and the Department concerning possible arrangements for Canadian participation in this supply program. We have now received your teletype EX-1234 of April 3rd indicating that a very limited credit is available in Canada for the financing of supplies for Italy and advising us that you would "prefer to consider requests for goods which may be needed for social, humanitarian or