

a Spanish mission, and to make it clear that we cannot accept the contention that repayment of commercial debts depends on the form taken by relations between governments, I am attaching a redraft, for your consideration, of the letter to be sent to Mr. Weston.

9. The Department of Trade and Commerce and the Foreign Exchange Control Board have been in touch with the negotiations for repayment of the debts, and are being consulted on the action to be taken.

10. As stated above, the debts amount to about \$600,000. Of this, \$500,000 is due to the Ford Motor Co. of Canada for shipment of automobiles in 1935 to Ford Motor, Iberica, in Barcelona. Hudson Motors of Canada has \$80,000 coming to it for similar shipments. The other accounts are small.¹

L. B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

*Nouveau projet de lettre du haut commissaire en Grande-Bretagne
à la Trésorerie de Grande-Bretagne*

*Redraft of Letter from High Commissioner in Great Britain
to Treasury of Great Britain*

CONFIDENTIAL

December 17, 1946

Dear Weston,

Thank you for your letter of 23rd November, in which you reported that Ellis-Rees, of the Treasury, had been told by Señor Navasques when he was in Spain, that Spain's diplomatic relations with Canada were not normal, and that if relations could not be normalized the Spanish Government would find it difficult to normalize financial matters.

As you will no doubt realize, such an answer is totally unacceptable to us. In the first place, of course, we could not recognize that the state of Canadian diplomatic relations with Spain would have any effect on these legitimate debts. In the second place, there has been nothing abnormal about Canadian diplomatic relations with Spain. Like our relations with many other countries, they have always been conducted through the British Embassy. The development of direct diplomatic relations between Canada and other countries is comparatively recent and still far from complete. We have not as yet been able to open missions in a number of countries which have had diplomatic missions in Ottawa for some years, including some which were our allies during the war.

Last year the Spanish Government approached us with the suggestion that Ministers might be exchanged between our two countries, and further

¹La note suivante était écrite sur ce mémorandum:

¹The following note was written on the memorandum:

Some changes in draft are evidently required. ST. L[AURENT] 28-12-46