

2. On the same subject I wish to add the following quotation from the Regulations of the Bank of the Oriental Republic of Uruguay dealing with exchange control on exports and imports. This quotation will throw further light on the attitude adopted by the Government of Uruguay in their dealings with Canadian trade matters. It is revealing of the strict interpretation given to trade agreements concluded between Uruguay and other countries. It is also an indication that our trade relations with Uruguay will not be easy unless the balance of trade with this country reaches some kind of equilibrium.

3. The above mentioned quotation reads as follows:

*"Import quotas allotted to each country. -*

The Bank of the Republic shall fix the import quotas according to the monthly statistics of the amount of foreign exchange invested by the other countries in the purchase of Uruguayan produce, at the rate of at least 75% of the said amounts, under deduction of the sums necessary to the service of External Debt, if any.

The said contingents may be fixed at the rate of controlled market or free market, according to the kind of foreign exchange yielded by each purchasing country.

Those countries which habitually buy Uruguayan products are in a more advantageous situation that enables them to sell their goods to Uruguay, as it creates the means that are necessary for the payment of their own merchandise.

However, certain raw materials and articles are produced only in countries that have no import contingent available. In those cases, collective quotas are fixed, the allotment of which is made with a restrictive criterium because, as Uruguay depends on exportation for its resources, it must needs give the preference for imports to the countries that buy Uruguayan products, in order to avoid disturbances in its commercial balance."

FULGENCE CHARPENTIER  
Chargé d'Affaires

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*Le sous-secrétaire d'État aux Affaires extérieures  
au chargé d'affaires en Uruguay*

*Under-Secretary of State for External Affairs  
to Chargé d'Affaires in Uruguay*

LETTER NO. 189

Ottawa, December 17, 1953

URUGUAYAN IMPORT CONTROLS

Reference: Your letter No. 194 of Oct. 13 and No. 196 of Oct. 15.

The reply of the Government of Uruguay to your last note on discrimination against Canada in the allocation of foreign exchange is unsatisfactory and indicative of a restrictive and incorrect interpretation of both the spirit and the letter of The 1936 Trade Agreement between our two countries.