

3. At that time Cabinet decide whether formal negotiations should be initiated, what directives should be given to the Canadian negotiators, and where these negotiations should take place. In this connection, representatives of the Soviet Embassy have already mentioned informally that Moscow might be the appropriate venue for the final negotiations, inasmuch as the 1956 negotiations took place in Ottawa.⁶¹

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DEA/6226-A-40

*Le sous-ministre du Commerce
au sous-secrétaire d'État aux Affaires extérieures
Deputy Minister of Trade and Commerce
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Ottawa, November 28, 1958

Dear Mr. Robertson,

CANADA-U.S.S.R. TRADE AGREEMENT

Mr. A.I. Lobatchev, Commercial Counsellor of the Soviet Embassy, called on Mr. Churchill this morning and handed him an Aide-Mémoire in Russian, of which I attach a copy of an unofficial translation provided by Mr. Lobatchev. The Aide-Mémoire states that the U.S.S.R. is willing to extend the validity of the present Agreement for a further three years and of the Exchange of Letters concerning the right of the Government of Canada to fix values of goods for ordinary and special duty. The Aide-Mémoire does not, however, mention the continuation of Soviet undertakings to purchase specific quantities of Canadian wheat.

In the conversation, the omission from the Aide-Mémoire of any reference to Soviet purchases of Canadian wheat was drawn to Mr. Lobatchev's attention. He indicated that the Soviet Government was not prepared to undertake an obligation to buy wheat. Mr. Lobatchev was informed of the importance which the Canadian Government has attached to Soviet undertakings to purchase wheat as a quid pro quo for the extension of most-favoured-nation treatment by Canada. He was further informed that the Canadian authorities would give immediate consideration to the contents of the Soviet Aide-Mémoire and that he would be advised of Canadian views.

The position taken by the Soviet authorities is not unexpected and may be considered as the first formal move in the opening of negotiations. It now falls to us to make a counter-proposition. I have asked Mr. Warren to convene a meeting early next week to consider what our next move should be and what recommendations might be made to the Ministers concerning our reply to the Soviet Aide-Mémoire.

Yours faithfully,

JOHN H. ENGLISH

⁶¹ Approuvé par le Cabinet, le 12 novembre 1958./Approved by Cabinet on November 12, 1958.