

quite clear that they wished to obtain a tariff concession from Canada on bananas which, even though accorded to other nations (and therefore perhaps valueless to Ecuador), they thought would have a good psychological effect in this country.

We are sending this letter and the enclosure in triplicate, so that you may forward a copy to the Department of External Affairs and one to the Department of Finance.

Please note also attached Annex.†

Yours faithfully,
H. LESLIE BROWN

1065.

DEA/290-40

*Le directeur par intérim de la Direction des Relations
internationales du commerce du ministère du Commerce
au chef de la délégation du commerce*

*Acting Director, International Trade Relations Division,
Department of Trade and Commerce
to Head of Trade Delegation*

[Ottawa], November 13, 1950

Dear Mr. Brown,

This is to give you a full report on developments at this end, with reference to your two letters of November 2, and our exchange of cables of November 7,† 8,† 9† and 10.†

Your letters of November 2 were read with great interest and explained the serious difficulties you encountered in Ecuador.

Your proposals to include a list of Ecuadorean products in the press release, as a concession to Ecuador, were discussed with the Deputy and with Fergus Grant, and it was agreed to add a final sentence to the first part of the press release (the Minister's statement), mentioning the products available for sale to Canada. The full text of this release, plus a background article on Ecuador and a list of tariff reductions, were all set up for last week's *Foreign Trade*, but had to be withdrawn by Thursday morning, in the absence of a definite assurance that the modus would be signed.

The draft of the modus was examined in detail by this Division.

The advisability of including Article IV was seriously questioned. We felt this would establish a precedent which might set off a chain-reaction with other countries, might lead to question under GATT, and could open the way to Ecuador asking for such measures consistent with our laws as the opening of a resident Trade Commissioner's office, special campaigns for the sale of Ecuadorean products, trade missions and trade fairs, and even government bulk contracts. Our first reaction was to leave this clause out altogether as a matter of principle. External and Finance agreed fully with our points; John Deutsch was quite definite as to our putting Ecuador back on the General Tariff. We therefore cabled you accordingly,