

4. Approaches may take the form of general enquiries about availability, more formal requests for specific quotations, or firm requests to place an order. An order is not normally accepted or a contract signed without the supplier having received assurance that an export permit will probably be granted; this is true whether the CCC or a private firm is the proposed supplier. With regard to general enquiries or requests for quotations practice varies among private firms, but the CCC normally give us an opportunity to comment before giving a positive answer to any such enquiry or request which might have political implications. The private firms most active in this field are also accustomed to consult Trade and Commerce in such cases, but I am not aware of any formal obligation upon the supplier to contact the interested government departments prior to the stage of applying for an export permit.

5. Whether we are asked for our formal concurrence in the issue of an export permit, or for an advisory opinion at an earlier stage, we invariably consult the Joint Intelligence Bureau before acting. In routine cases the advice from the J.I.B. usually takes the form of a statement that they have consulted the appropriate armed service and that it has no objection to the proposed transaction. In more substantial cases they add an assessment of the effect, if any, on the military capacity of the country concerned or on the balance of strength in the area. In really doubtful cases we seek to obtain a clear opinion, as detailed as possible, of the military value of the item concerned and of the full military implications of releasing it to the country in question.

6. Having obtained this information, we form an assessment within the Department of whether our approval should be granted, should be refused, or should be given only subject to limiting conditions relating to quantity, rate of delivery, etc. Our opinion is drafted in the Economic Division in consultation with the political division or divisions concerned, and is communicated by letter to the CCC or to the Department of Trade and Commerce depending on where the request came from. Copies are of course sent to Trade and Commerce and J.I.B. in all cases.

7. I attach a copy of a paper which you approved on May 26, 1954, setting out the extent to which you have delegated to officials of the Department the authority to approve the issue of export permits in certain cases of specifically limited importance. When approval has been given in accordance with those procedures, by yourself or by me or by the Head of the Economic Division as the case may require, our decision is transmitted in a letter which is normally signed on my behalf by the Head of the Economic Division. While it is not formally required, the same procedures are normally followed when we are asked for our opinion prior to an actual application for an export permit.

8. The authority to issue export permits is vested in the Minister of Trade and Commerce, and I attach a memorandum dated January 21, 1954,¹³ which was approved by the Cabinet on March 10, 1954 setting out the conditions under which that authority is exercised. As you will observe, the Minister of Trade and Commerce is under obligation to obtain your prior approval in a variety of specified cases including shipments to troubled areas such as the countries of the Middle East. The manner in which your approval is obtained is set out in the preceding paragraphs, which include the arrangements you have approved for delegating the authority to approve in specified and limited cases.

9. It is my judgment that these various procedures, faithfully observed, are adequate. Early in this memorandum I referred, however, to the question of a time lag which could create difficulties if the situation altered considerably in that interval. This can come in at

¹³ Voir/See Volume 20, Document 713.