

TOP SECRET

- 26 -

The Pakistan economy had been showing considerable strain recently, reflected in large part in an acute shortage of consumer goods and raw materials. The Pakistan authorities had requested aid in the form of paper board, aluminum and copper. If the request were approved, counterpart funds resulting from the sale of these commodities would be devoted to special development projects. The request had been considered by Canadian officials and it was recommended that aluminum and copper, to the extent of approximately \$1 million, be provided as part of the current year's programme. The Pakistan government had also asked if the aerial survey now being carried out could be further extended to cover a soil survey of an additional 35,000 square miles at an approximate cost of \$50,000. Those familiar with this work felt that aid in this form would be a useful contribution to the development of the country.

If these grants were approved, the total aid for Pakistan in the current fiscal year would amount to \$10.1 million, which was slightly in excess of the amount allocated in 1953-54. However, it should be remembered that Pakistan had been experiencing an economic crisis with unfortunate political effects in recent months.

The Minister recommended that the additional aid for the Daudkhel Cement Plant, the provision of aluminum and copper and the extension of the aerial resources survey, as described, be approved.

An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 24, 1954- Cab. Doc. 263-54).

53. In the course of discussion it was pointed out that the proposals had been agreed to by the Department of Trade and Commerce. Furthermore, rumours that the equipment sent over for the cement plant was standing unused and deteriorating were wrong. There was some doubt that copper would be available in Canada and, before agreeing to this particular request, it should be ascertained if the necessary quantities could, in fact, be provided.

54. The Cabinet approved the recommendation of the Secretary of State for External Affairs for additional assistance to Pakistan from available Colombo Plan funds and agreed:

(a) that an additional \$1,250,000 be allocated to finance increased costs at the Daudkhel Cement Plant;

(b) that aluminum and copper to a value of \$1 million, in the form considered most suitable in the light of needs and existing fabrication facilities, be provided on the understanding that equivalent counterpart funds would be established for agreed development projects and subject to the availability of copper; and,

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