

the naval bases of Colombo and Trincomalee are at the disposal of the Royal Navy and the Commander-in-chief of the new Ceylonese army is a United Kingdom officer.

4. It is probable that Ceylon places a special value on the Commonwealth connections because of her very natural fear of her large neighbour. The historic, political and economic bases of this fear are summarized in the attached memorandum† on relations between Ceylon and India. These factors explain, in part at least, the unusual treaty relationship between Ceylon and the United Kingdom.

5. The war gave a great impetus to trade between Canada and Ceylon. During the period 1935–39 Canada imported from Ceylon goods (mainly tea, rubber and coconuts) at the average annual value of \$4,015,000. In 1947 imports reached the record amount of \$11,653,000. On the export side Canadian trade with Ceylon has made still sharper gains. During the years 1935–39 the average annual value of our exports to Ceylon was \$246,000. In 1945 exports totalled \$8,290,000 though they dropped to \$4,079,000 in 1947.

6. At the present time no representative of the Trade Commissioner service is stationed in Ceylon as that country falls within the territory of the Acting Commercial Secretary in Bombay. There would seem to be a sufficient volume of trade, actually existing and with still greater possibilities for the future, to warrant the appointment of a resident Commercial Officer for Canada. At the moment members of the Trade Commissioner service are stationed in New Delhi and Bombay.

7. If Trade and Commerce were to post a suitable officer to Colombo he might serve as Acting High Commissioner during the absence of Mr. Chipman, so long as the latter has the dual appointment. (Mr. Chipman may want to remain in Colombo for the greater part of the months from May to September when the climate in New Delhi is particularly trying). An alternative would be to post a junior Foreign Service Officer to Ceylon. From this distance there seems to be a real question as to whether an External Affairs officer would be appointed for the present at least. You might well feel that a Third Secretary who could deal with such political and consular problems as may arise should be stationed there.

8. It is assumed that eventually there will be an exchange of High Commissioners (or Ambassadors) between Canada and Ceylon but for the time being I think that Ceylon's personnel problems are perhaps even more difficult of solution than our own. Even if no appointment is made immediately, it is to be anticipated that the Ceylonese authorities would be pleased to learn that you have been giving thought to the appointment of a Canadian representative to Ceylon.

9. You may wish to mention this matter to the Prime Minister or in Cabinet. Presumably decision will be deferred until you return from Colombo.

A.D.P. H[EENEY]