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*Le directeur, la direction des relations commerciales et des tarifs étrangers,
le ministère du Commerce, au délégué commercial en Égypte*

*Director, Commercial Relations and Foreign Tariffs Branch, Department
of Trade and Commerce, to Trade Commissioner in Egypt*

CONFIDENTIAL

[Ottawa,] May 6, 1946

Dear Mr. Grew,

Your letter† addressed to the Director of the Trade Commissioner Service enclosing communication† that you received from Mr. M. S. Dormen with inquiry as to the prospects of a trade agreement between Turkey and Canada, was passed on to me in due time. The Turkish Minister in Ottawa has been informed on several occasions during the past month of Canada's willingness to negotiate a trade agreement on the basis of exchange of most-favoured-nation treatment between the two countries, but we understand that up to the present time the Minister has not received any instructions in this connection from his government and there have consequently been no further developments.

While we understand that a few Canadian firms have been able to make sales in Turkey, others have informed us that it has proved to be impossible to arrange for obtaining payment in United States dollars as required by the Foreign Exchange Control Board, with the result that it has been impossible for firms in the latter group to do business. The explanation given by the Turks as to the non-availability of exchange for making purchases in Canada has usually been that it is not their policy to make exchange available for the purchase of goods from countries with which they do not have a commercial agreement.

It is of course possible that the difficulty of doing business with Turkish firms is principally the result of a real shortage of foreign exchange on their part, which leads them to allocate such supplies as they have for the purchase of those imports that the Turkish Government deems to be most essential.

On the other hand, it has been suggested that the customers of one particular agency in New York (the Brenner Corporation) ordinarily receive a degree of consideration which is not extended to those who do business through other channels. How this agency has acquired its influence in Turkish governmental circles we of course do not know. There is in fact much that we do not understand about Turkish business practices and the methods by which it is possible to sell goods and receive payment in that country. We have in any case taken the initiative in informing our Turkish friends that