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*Note pour le secrétaire d'État aux Affaires extérieures*  
*Memorandum for Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], June 22, 1948

You will perhaps recall that at the time of the campaign conducted largely by the Council of Canadian South Slavs for the repatriation to Yugoslavia of immigrants to Canada, there was publicized a scheme whereby funds were to be collected from sympathetic Canadian South Slavs, to be used to purchase relief and rehabilitation equipment for despatch to Yugoslavia, in order to assist in the rehabilitation of that country.

The drive for funds, a large portion of which were obtained from the departing repatriates, resulted in a substantial collection, from which some \$280,000 has been used to purchase a miscellany of commodities for shipment to Yugoslavia. Of this total about \$130,000 has been expended in the purchase of new machines and equipment, and about \$150,000 for the purchase of articles from War Surplus through War Assets Corporation.

Permission to export these commodities has been withheld for sometime, for the following reasons:

(a) There was a suspicion that duress had been applied to individual Canadians in order to persuade them to subscribe.

(b) It was felt that, while during the period of collection the collectors stated that the purpose of the fund was partly to set up the repatriates in their new life, that in fact the repatriates as individuals would receive practically no benefit from the import of the articles in question.

(c) The activities of the Council of South Slavs and of the Yugoslav representatives in Canada were objectionable to the Canadian Government from many points of view.

Up to the present, permission to export has been withheld on the grounds that the regulations of the Foreign Exchange Control Board require that the value of all exports must be received in hard currency from the recipient, except in the case of gifts to a value of less than \$100. Gifts to a value of more than \$100 may be exported, but only with the specific consent of the Foreign Exchange Control Board.

Last week it was drawn to Mr. Howe's attention that the Council of South Slavs, some two years ago, had reached an understanding with the Foreign Exchange Control Board to the effect that the proceeds of such a collection could be used for the purchase of goods for export to Yugoslavia. In the light of this, Mr. Howe has