

as to what, if any approach I should make to Spain with regard to the question of Canadian seed potatoes. This question is not confined entirely to seed potatoes but I think is a matter of general policy which must be decided in Canada as it covers so many cases, as for example the cabled instructions which I received to approach the Spanish authorities in connection with the possible exchange of Canadian nitrates for Spanish potash. Your guidance would be much appreciated.

Yours faithfully,

L. S. GLASS

1265.

DEA/269-35C

*Mémorandum du sous-secrétaire d'État aux Affaires extérieures
au secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa,] December 17, 1946

SPANISH DEBTS TO CANADIAN FIRMS

We have been trying for some time to get an arrangement with the Spanish Government to permit repayment of debts owed to Canadians by persons or firms in Spain. These debts amount to about \$600,000. A good many of them have been owing since pre-civil war days. Shortage of foreign exchange has been the principal cause of delay.

2. Negotiations have been carried on through the British Treasury representative in Madrid, Mr. Weston.¹ Early in 1945 he reported that the Spanish authorities, in view of the comparatively small amount involved, saw no difficulty in paying off the debts in a single payment rather than by instalments. The balance of trade between Canada and Spain had been in their favour for some time, and they should therefore have been able to allot foreign exchange for the payment of the debts. Later, however, it developed that they had preferred to devote their accumulated dollars to buying a telegraph company, and would have to start saving up all over again to meet the Canadian debts. They suggested that Canada might buy more from Spain to assist them in doing so; this suggestion was felt, under the circumstances, to be scarcely practicable.

3. In November, 1945, however, they said they were prepared to come to an arrangement, though in view of their shortage of dollars they would have

¹ M. Weston fut le conseiller financier de l'ambassade de Grande-Bretagne en Espagne de 1943 à 1945. Il n'a pas été possible d'identifier son poste à la Trésorerie en 1946.

¹ Mr. Weston was the Financial Adviser of the Embassy of Great Britain in Spain from 1943 to 1945. It has not been possible to identify his position at the Treasury in 1946.