

exporters but not to Canadian firms, and outlined the importance of Canada's traditional interest in the Brazilian salt fish market.

In May 1951 the Brazilian authorities convened a conference with Canadian representatives in Rio for a full discussion of the problem. After prolonged discussion, the Brazilians said they would be prepared to sanction the import of codfish only if (a) specified quantities of newsprint, aluminum and tinplate were also made available by Canada, or (b) if Canada would increase her imports of surplus Brazilian products, such as rice, oranges, nuts.

In reply to these proposals, it was again pointed out that the Canadian Government is not in a position to enter into commitments as to products which are subject to private business control. However, at the request of Mr. Howe, the Newfoundland Provincial Government would attempt to have the Bowater's Pulp and Paper Mills make available additional supplies of newsprint for Brazil, in order to encourage that country to purchase supplies of cod from Newfoundland.

Preliminary reports lead to the hope that some 5,000 tons of newsprint may be made available for Brazil in 1951 under this arrangement, which would permit the entry into Brazil of codfish to the value of approximately 1/2 million dollars this year.

### *5. Conclusions*

(1) Brazil has traditionally been an important market for Canadian codfish, wheat flour, newsprint and a wide range of other products, many of which have been kept out of Brazil since 1949 due to strict dollar-saving import restrictions.

(2) Brazil's import restrictions are legitimate under GATT and do not discriminate against Canadian products as such, as compared with other hard currency products. They have undoubtedly contributed to Brazil's greatly improved balance of payments position.

(3) From the long-term point of view, Brazil, as the largest and most rapidly developing country in Latin America, should again become the most attractive market in that area.

(4) Unless there is evidence to the contrary, Brazil's present restrictive policy must be regarded as a necessary temporary step in rehabilitating the Brazilian foreign payments position for the future. As long as no new problems develop, the objective for Canada should be to maintain as firm a foothold as possible in the Brazilian market, in anticipation of the day when Brazil will again become Canada's best customer in Latin America.

(5) With respect to codfish, in particular, we have strong grounds for continuing to press for a lifting of import restrictions by Brazil.