

ernment for the development of properties. They were discouraged from proceeding because of the control the U.S.S.R. had over Yugoslav Economy. Our Records indicate that the Aluminium Company officials received further discouragement when we acted for them in representations to the Yugoslav authorities. In our Note No. 4 of April 26th† we transmitted the request of the Aluminium Secretariat Limited (1) for the present management of their Company in Trieste to be allowed access to the mines in the Yugoslav zone and (2) to have bauxite in storage in the Yugoslav zone shipped to traditional customers in Italy. Both requests were in effect rejected by the Yugoslav government.

I suspect that a further deterrent is the possibility of nationalization. The assurance that there would be no nationalization without compensation is worth little as an inducement to a company to put its efforts into development work. On this subject we have just received a telegram† from our High Commissioner in London asking us to forward all claims for properties situated in Yugoslavia which are in danger of nationalization. While we have no definite information that mines are to be nationalized, it is a likely possibility.

With reference to the prospects of trade between Yugoslavia and Canada I agree that we can give them no encouragement as long as the present political situation continues. I doubt if we could give them any encouragement even if the political situation improves. Imports from that country were roughly \$62,000 in 1937, \$63,500 in 1938 and \$188,000 on the eve of the outbreak of the war in 1939. Exports for the same three years were \$46,600, \$12,500, and \$20,000. The disruption of the German economy probably improves our prospects of supplying manufactured goods, but at the best I don't think we can hope for much trade.

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