

ated the position of Southern Korea and said that Dr. Chough's proposal would be studied.

Dr. Chough then went on to explain the present economic situation of Southern Korea. He stated that through E.C.A., the United States had allocated \$385,000,000 to Korea for the rehabilitation of the country which would do much to alleviate Korea's great need of industrial equipment. It was the hope of the Korean Government that while Canada could not be expected to import agricultural and other products from Korea, it would be possible to obtain industrial equipment from Canada. He anticipated that Korea would find markets for her agricultural and other products in Japan and China. At the moment Korea's foreign trade balance is not favourable, but it is hoped that this situation will improve in the future, especially as a result of the E.C.A. allocation. Some of the funds acquired from this source could be spent in Canada.

Dr. Chough then referred to the conversations he had had the previous day with officials of the Department of Trade and Commerce, and said that his Government would welcome a mission of several trade officials to Korea. Mr. Howe replied that he thought such a mission might be able to go to Korea.

Dr. Chough took leave of Mr. Howe at 11:50, in order to keep an appointment with Mr. Pearson.

4^e PARTIE/PART 4

VIÊT-NAM VIETNAM

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*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

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

SECRET

[Ottawa], October 4, 1949

VIETNAM

The French Chargé d'Affaires in Ottawa presented a Note on August 31,† a copy of which is enclosed, informing us officially of the formation of the Government of Viet Nam in Indo-China.

2. This Note has been interpreted in the Department as a request for recognition of the new state of Viet Nam.

3. We have been informed that Notes similar in substance have been handed to the United Kingdom and United States Governments. In both cases, their reaction was similar to our own and neither have interpreted the Note as a request for recognition. In discussions which Mr. Menzies had in Washington recently with officials of both the State Department and the Foreign Office on the subject of Viet Nam, it was intimated that in their view the only alternative to supporting Bao Dai appears