4. We wrote to the Chief of the Import and Export Control Board on 1st December last requesting that Canada be named as a supplier every time the USA was. Although we have not been favoured with a reply there has, since that time, been no recurrence of the practice, objectionable to us, of naming the United States but not Canada as a supplier.

5. Under the circumstances I would think it inadvisable to dispatch a note along the lines suggested by your Department to the local authorities at this present juncture, but to hold the draft letter in readiness should the Import and Export Control Board again revert to the objectionable practice referred to above. It is possible that if we refrain from making an official protest to the Uruguayan Department of External Relations the present satisfactory allocation of import quotas may continue. On the other hand it is possible that if we do send a note of protest, stronger or more detailed instructions might be sent down to the Import and Export Control Board whereby Canada would be mentioned less often as a supplier.

6. Regarding the final paragraph of the letter you have received from the Department, while reiterating that the theories followed by the Uruguayan Authorities in the granting of exchange are objectionable, I do not find it difficult to see their purposes. Their bilateral approach to trade and the fact that their trade figures (which are always very late) show an unfavourable balance, from their point of view, with Canada, forces me to devote more thought to the importation of Uruguayan merchandise than would otherwise be the case.

W. G[IBSON]-S[MITH]