

said that consideration should be given to what further action, if any, should be taken on the default on its loan by the Ming Sung Industrial Company. Recent press reports had indicated that the ships were now tied up in Communist territory and that the crews had refused to move the ships back to Hong Kong. Presumably this action was a reply to the legal steps now being taken by the Canadian creditor banks to seize the ships.

2. The Minister of Transport believed there were two further courses of action which might be followed immediately. The first involved cancelling the exemption under the Canada Shipping Act in virtue of which the Ming Sung Company had been allowed to employ other than Canadian masters and mates aboard the ships. The second would involve cancelling Canadian registration.

3. The Minister of Trade and Commerce thought it would be inadvisable to cancel the registration since it would be impossible then to recover any of the amounts in default on the loan. Some consideration, however, might be given to withdrawing the exemption under the Canada Shipping Act.

4. The Minister of Finance said that, as had previously been decided by Cabinet, the Canadian creditor banks had been repaid, in full, the amounts outstanding on the loan and had been requested to take whatever legal recourse was open to them to recover the losses incurred.

Mr. Wang, the Canadian representative of the Ming Sung Industrial Company, had stated recently in a telegram to his Department that the Company's President, Mr. Lu, was very concerned at the turn of events and had suggested that the legal processes instituted by the creditor banks be stopped and that one of the alternative proposals put forward by the Company be accepted by the government as the most satisfactory compromise in an impossible situation. In any event, Mr. Wang had expressed the desire to come to Ottawa for the purpose of discussing the matter further with Finance officials. It was suggested that, if a question were raised in the House of Commons, it be stated that the government had honoured its guarantee with the creditor banks and that the latter had been requested to take whatever legal recourse was open to them. He did

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