

tions with the Government concerning the possibility of obtaining a guaranteed credit for his country.

It was Mr. Pearson's view that the Chinese should be informed now that we cannot see our way clear at this time to undertake to guarantee further specific Chinese projects until the supply situation in Canada improves and we see some evidence of improvement in the economic, political and administrative situation in China. He thought, however, that we should not close the door completely and that in view of the possibility that the Chinese situation might improve it might again appear desirable to extend certain guaranteed credits to promote Sino-Canadian trade.

The Sub-committee, therefore, recommends that:

1. An Interdepartmental Working Committee on Far Eastern Trade Development be established,

(a) including representatives of the Departments of Finance, Trade and Commerce and External Affairs, under the chairmanship of Mr. R.B. Bryce and with a secretary supplied by the Department of Trade and Commerce.

(b) to review Canadian trade relations with Far Eastern countries from time to time in the light of reports received from the Canadian Ambassador to China and representatives of the Department of Trade and Commerce in Far Eastern countries and other available information and

(c) to make recommendations to the Committee of Deputy Ministers for consideration and forwarding to the Cabinet Committee.

2. The Working Committee to consider the suggestion that a guarantee of credit be provided to the Taiwan Power Company or to a similar project in Continental China as a possible exception to the decision taken above.

3. To report back to the Sub-committee within a week or ten days.

The Sub-committee also discussed the possibility that the Chinese Government might request that the guarantee provisions of Part II of the Export Credits Insurance Act might be extended beyond their present terminal date of December 31st, 1947. No decision was taken by the Sub-committee but it was thought desirable to bring the question to the attention of the Cabinet Committee.

It is pointed out that if a real need should develop for the extension of the Export Credits Insurance Act it might be possible to extend it early in the session of Parliament in 1948 after it already lapsed at the beginning of that year. There is at present available about \$187,000,000 of guarantee authority. It might be possible to more easily demonstrate the necessity of renewing the legislation at that time than it is at the present time. It might be noted that to postpone the decision until the end of 1947 would not meet the immediate point which the Ambassador Designate to China had in mind in his letter of February 17th.†

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Secretary