

claims be lumped together and reduced by 50%. This would cost the Netherlands government approximately \$1 million more than their own proposals but would place Canada in a stronger position in relation to settlement of military relief claims against other countries.

Payment would be made in Canadian dollars without interest in ten equal annual instalments beginning in 1952. The only Parliamentary action required would be the inclusion of a \$1.00 item in the estimates.

(Memorandum, Deputy Minister of Finance, Oct.27, 1948).

35. The Cabinet, after discussion, agreed that the Minister of Finance be authorized to make the best settlement possible with the Netherlands government along the lines indicated.

Export of arms and ammunition; Netherlands

36. The Secretary of State for External Affairs reported that an order had been placed by the Netherlands Purchasing Commission with Canadian Commercial Corporation for 15,000,000 rounds of .303 ammunition.

This purchase would be paid for in U.S. dollars at an approximate price of \$765,000. The ammunition would be available at once.

Since Canada was interested in strengthening Netherlands military forces in Europe (there being no reason to believe that the ammunition was intended for Indonesia), it was recommended that approval be given for this export.

An explanatory document was circulated.

(External Affairs memorandum, Oct.18, 1948 - Cabinet Document 765).

37. The Cabinet, after discussion, approved the Minister's recommendation and agreed that the proposed transaction be authorized.

Export of aircraft spare parts; Sweden

38. The Secretary of State for External Affairs reported that an application had been received for permission to export to Sweden spare parts for the maintenance, repair and overhaul of airframes for Harvard aircraft. The sale price would be about \$20,000.

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