

half of Italy's requirements for a single month. Mr. Gilbert, the Trade and Commerce Department's expert on these matters, said that we would have better luck drawing on Newfoundland's supply, since that source was expected to make available for relief purposes 24,000,000 pounds during the same period. Also, it may be that Italy could come into the picture when the allocations of *canned* fish for relief purposes are divided up among countries by the Fish Committee of the Combined Food Board, sometime next week. These allocations are: from Canada, 14,300,000 pounds, from the U.S. 26,000,000 pounds.

9. The possibility of Canada supplying farm machinery to Italy rests on two factors: whether some method can be found to finance its purchase, and whether the orders get in soon enough—during the next month or so. Unless the U.K. deliveries are cut back as a result of the termination of the Mutual Aid Program (there are rumors that they may be), the manufacturers' order books will be filled up within a relatively short time. Though tractors are not produced in Canada, the supply of grain binders, plows, and spare parts might be feasible. Supply of machinery from the Massey-Harris plant in France might also be looked into. However, nothing can be done on this until the financial questions, on either the Basic Program or the Category B program, have been settled definitely and it is known whether or not there is any money available for the purchase of supplies in Canada. (Incidentally, their farm machinery man, Mr. McLeod, says that UNRRA may miss out on its farm machinery too, unless they come up very soon with either (a) firm orders, or (b) commitments that when the new 1% is appropriated to UNRRA by the Canadian Parliament firm orders will immediately be placed for specified quantities and types of machinery. Since such an action would commit only the Canadian Government, and would be taken through the Canadian Government, there does not seem on the surface to be any reason why UNRRA should not do it.)

Category B Program.

10. Partly as a result of this visit, the question of financing Category B purchases is being raised this week in a concrete form. The Trade and Commerce Department had received the Transitional Program, 2nd Section (October-December 1945), and had investigated possible Canadian availabilities of the materials requested. The result is the attached list (Appendix 'A')† which indicates what might be supplied from Canada against this program. The estimated cost of all these materials is 2½ to 3 million Canadian dollars. Tomorrow the Export Trade Advisory Committee is to meet and consider whether these materials ought to be supplied and what financial arrangements would be involved. We will hear the result of this and subsequent meetings on this subject through the Canadian Embassy in Washington.