

[PIÈCE JOINTE/ENCLOSURE]

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM 547

Washington, February 22, 1961

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Reference: Our Tel 542 Feb 21.†

Repeat for Information: T&C Ottawa, Finance Ottawa, PCO Ottawa (OpImmediate) from Ottawa.

OIL BUNKERS AT VANCOUVER FOR VESSELS
CARRYING CANADIAN WHEAT TO MAINLAND CHINA

Further to our reference telegram we are giving you below the procedural steps envisaged by USA officials at the technical level should the course of action suggested by the President to the Prime Minister prove acceptable.

2. We should point out that these procedures (which clearly raise difficulties from Canadian point of view) have not repeat not been put forward as a final or firm USA proposal but merely as "feasible" technical arrangements suggested by FAC from their special point of view and in the light of present USA law and practice. Further, they were proposed without the officials concerned having direct knowledge of what passed between the Prime Minister and the President. Even so, we feel that there are good possibilities of our being able to get substantial modifications and the steps outlined below should not repeat not therefore be regarded as final. Before pursuing the matter further at any level it will of course be necessary to know whether the President's suggestion to the Prime Minister is acceptable in principle.

3. Following then are the procedural steps which FAC would envisage:

(a) The Canadian Government or an agency thereof such as the Wheat Board would inform all oil companies having bunkering facilities in Vancouver and Prince Rupert that they should proceed with the necessary bunkers to the ships carrying the wheat to China. The oil companies would also be told that it is understood that USA Government will exempt USA parent companies concerned from the operation of USA;

(b) Canadian Embassy would inform State Department in writing of this approach by Canadian Government to the oil companies. This notification to State Department would be intended to cover all oil companies that might be involved and also all the individual shipments under this wheat transaction with China;

(c) As the details of shipping arrangements developed Canadian authorities would indicate to State Department through Canadian Embassy the names and loading dates of the ships involved;

(d) On the basis of (b) and on application by the individual USA parent companies, the Foreign Assets Control authorities in Washington will issue blanket exemptions to each USA parent company with respect to these particular operations by their subsidiaries in Canada. The exemptions would be made to cover only the grain shipments made under the current sales contract with China and for a shipping period to be specified;

(e) The State Department would inform USA Consulate in Vancouver of the names and loading dates of the ships involved. This information would be given by USA Consulate in Vancouver to the oil companies concerned in Vancouver and Prince Rupert and oil companies