

U.K., U.S. and Canadian Governments. We may possibly find ourselves ignored as suppliers unless the Italian Government is, by one means or another, placed in funds.

This prompts me to refer to my memorandum of March 31st[†] on the subject of making available, for the procurement of civilian goods in Canada for Italy, the funds which have accrued on account of the Canadian troops in Italy. I believe the conclusion was reached by your Department that because of the necessity of earmarking a substantial proportion of these accruals to cover possible indemnity claims, it would be impractical to make available for trade purposes any more than say, \$5,500,000. Moreover, I understand that the provision of even this amount was regarded with some doubt in view of possible additional claims against Italy. While it is appreciated that such a sum would be insignificant, in comparison with the total requirements for trade purposes, nevertheless, we feel that unless some funds are placed at the disposal of the Italian Government for the purchase of Canadian goods at this time, there may be danger of Canada being completely overlooked as a supplying country.

Even if circumstances make it possible to provide at this time as little as \$2,000,000 or \$3,000,000, we are of the opinion that it would be desirable, in the interests of Italian rehabilitation and of the recommencement of our trade relations with Italy, to make some funds available. It is our belief that to leave this matter on an ad hoc basis would be most unsatisfactory and would probably result in Canadian exporters and importers being denied an opportunity of re-engaging in trade with Italy for some considerable time.

I would appreciate it, therefore, if some reconsideration could be given to this matter and if you agree, in a recommendation being made to Council along the lines indicated above.²¹⁴

Yours faithfully,

M. W. MACKENZIE

1275.

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*Le chargé d'affaires aux États-Unis au secrétaire d'État
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State
for External Affairs*

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Washington, July 28, 1945

SECRET. Your EX-1234 of April 3rd and related communications regarding methods of financing procurement in Canada of supplies for Italy outside military relief.

The following is an outline of our understanding of the present Canadian position:

²¹⁴Aucune recommandation de ce genre ne fut trouvée.
No such recommendation was located.