

for the present either on grounds of lack of personnel or for budgetary reasons, or both, should we first exchange missions with Colombia and Venezuela.

(b) Uruguay has a good record of democratic and progressive government, exceeding by far that of any other Latin-American country, and during the war was consistently anti-Axis in sentiment. It has always had strong sentimental ties with the United Kingdom and the Commonwealth. It has also become a home for political refugees from Argentina, and as such would be a useful post to supplement reports received from that country.

(c) Uruguay is generally acknowledged to be, with Cuba, one of the two most important centres of communist activity in Latin America and the Soviet Legation in Montevideo the principal centre from which Communist parties in the various Latin-American countries receive their instructions, propaganda, finance, etc. A mission in this capital would therefore be valuable in attempting to keep track of such activities.

(d) The only Canadian representative accredited to Uruguay is a Trade Commissioner who resides in Buenos Aires. His position would be greatly enhanced by according him diplomatic status in respect of Uruguay.

(e) Canadian trade with this country has increased appreciably over the past years, as will be seen from the following figures:

<i>Year</i>	<i>Imported from Uruguay</i>	<i>Exported to Uruguay</i>
1926	\$ 88,134	\$ 3,092,984
1931	111,025	529,103
1936	116,535	405,293
1941	688,378	930,610
1946	617,552	2,670,524
1948	714,218	11,200,925

In 1948, the total trade between Canada and Uruguay was greater than Canada's total trade with either Peru or Chile, with whom we already have diplomatic relations.

(f) The principal Canadian interest in Uruguay is the Royal Bank of Canada, which enjoys a good reputation in banking and commercial circles.

5. In considering the manner in which we might proceed, there are three possible courses:

(a) Establishment of a joint mission with Argentina.

(b) Establishment of separate post with a separate Minister, or placed initially under a Chargé d'Affaires as we did in Stockholm.

(c) Accreditation of the Ambassador in Buenos Aires as Minister to Uruguay but with an office in Montevideo under a Chargé d'Affaires, except during those periods of time when the Minister would be in Montevideo.

6. It is not felt that (a) would provide an adequate solution. When we had such a mission for Argentina and Chile, the absence of a resident officer in Santiago caused inconvenience for all concerned: The Chilean Government, the Canadian colony, the British Embassy, and the Legation itself. Moreover, when in 1944 we