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*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni*

*Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 384

Ottawa, March 1, 1951

SECRET. IMMEDIATE.

Following for McKinnon from Abbott, Begins: Re your No. 433 of February 21, 1951.

1. You are authorized to negotiate with the Cubans on the basis of a Canadian bulk purchase of one hundred thousand tons of non-preference raw sugar. For your own information, we have in mind purchase by Canadian Commercial Corporation which would act as agent for government and which would re-sell to refiners. Undertaking in any agreement would be directly by Canadian Government.

2. Regarding question of allocation we agree with your view that we could not (repeat not) properly avoid, under provisions of GATT, allocation to other non-preference suppliers on non-discriminatory basis if requested. Consequently you should press Cubans to accept proposal for bulk purchase of one hundred thousand tons of non-preference raw sugar at world prices in which case lowest cost source would get the business. This would be most fully in accord with principles and spirit of GATT. If agreement cannot be reached on this basis you might explore as a secondary alternative an undertaking to divide purchases between Cuba and Dominican Republic (other supplies inconsequential) in proportion of historical shares in Canadian market, but such purchases would have to be at world competitive prices. Obviously, we cannot give firm undertaking to purchase when there is no firm undertaking to supply and no commitment from suppliers regarding prices.

3. Respective historical shares of Cuba and Dominican Republic in Canadian market would appear to be approximately sixty per cent Cuba and forty per cent Dominican on basis of average of five prewar years and five post-war years. If post-war years only are taken Dominican share would be even higher.

4. I assume that if agreement can be reached with Cuba on bulk purchase proposal it would make it possible not only to avoid tariff war with Cuba but to secure some further concessions for Canadian exports by way of some reduction of United States preferences or reduced duty. This is needed to help justify here special bulk purchase arrangement. Ends.