

- (b) The parties to the arrangements will do everything in their power to facilitate the exchange of the commodities listed in an agreed balance sheet drawn up in the course of the discussions (see below), on the understanding that this balance sheet is not to be regarded as committing either party but simply as "a reasonable computation made in good faith of the volume of sales and purchases." (The understanding has of necessity to be expressed in this form, since the implementation of the arrangements will depend to a great extent on private traders, and Commonwealth Governments cannot guarantee that their nationals will in fact carry out the sales and purchases estimated.)
- (c) Each party to the arrangement undertakes to expend on imports from the other party the full amount of its earnings from exports to that party under the arrangements.
- (d) Provision is made for consultation if it emerges that either party is failing significantly to supply or export commodities on the scale indicated in the agreed balance sheet.
- (e) Special machinery is to be devised for the regular exchange of information on the implementation of the trade arrangements.

### III.—Summary of Balance Sheet

6. The following table shows the estimated purchases and sales by each of the sterling area parties to the Agreement. The figures are all in millions of dollars, and the items in the fourth column relate to trade with S.C.A.P. during the period before the Overall Payments Agreement became effective.

	Estimated Purchases	Estimated Sales	S.C.A.P.'s Debt in respect of Past Sales	Surplus
United Kingdom and Colonies ...	54.4	46.7	4.0	- 3.7
Australia ... ..	18.5	19.7	...	+ 1.2
New Zealand ... ..	2.5	2.5	...	0
South Africa ... ..	6.8	8.2	...	+ 1.4
India ... ..	26.3	28.5	12.0	+14.2
				+13.1

The above figures are those provisionally agreed in Tokyo. The Government of India has, however, now drastically revised its figures, and proposes increased purchases and reduced sales. The final Indian figures are not yet available, but it seems clear that the Indian surplus may be reduced to something of the order of \$2-\$4 million. The balance in favour of the Sterling Area may therefore be more or less eliminated.

7. The above figures cover a large number of items, but the main commodities to be supplied by the various parties to the Agreement are as follows:—

#### United Kingdom—

Salt.  
Wool Waste and Rags.  
Crude Oil.  
Sisal.

#### Colonies—

Rubber.  
Tin.  
Iron Ore.  
Sago Flour.  
Coconut Oil.

#### Australia—

Wool.  
Wheat.

#### South Africa—

Wool.  
Coal.

#### New Zealand—

Wool.

#### India—

Cotton.  
Iron Ore.  
Manganese Ore.  
Coal.  
Jute.  
Oilseeds.

#### Japan—

Raw Silk.  
Silk, Rayon and Woollen  
Yarns.  
Cotton Textiles.  
Silk, Rayon and Woollen  
Manufactures.  
Caustic Soda.  
Cement.  
Iron and Steel.  
Canned Food.

### IV.—Processing of the Arrangements

8. Consideration has now been given to the special machinery which, as provided in the exchange of letters, is to be devised for supervising the imple-