

which arrangements for payment had been made. On the other hand, it was generally felt that, in present circumstances, no further credit should be extended. However, no decision on the subject had been taken in the absence of the Minister of Finance.

2. *The Minister of Finance* expressed agreement with the views reported by Mr. St. Laurent.

Delivery programmes could be kept under review in the light of developments affecting China. For the present, however, no action should be taken to interfere with the production or shipment of items already approved.

3. *The Cabinet*, after further discussion, agreed that no action be taken to interfere at this time with the production or shipment of items for which arrangements for payment had already been approved, but that no further credits be extended to China for purchases in Canada.

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1117.

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*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Chine*

*Secretary of State for External Affairs
to Ambassador in China*

TELEGRAM 305

Ottawa, December 30, 1948

SECRET. IMPORTANT.

Yesterday afternoon the Chinese Ambassador saw the Acting Under-Secretary to make suggestions concerning the Chinese credit.

2. Firstly, he asked if it would be possible to extend beyond 31 December the credit under the 1946 Agreement. He was told that the Export Credit Insurance Act, under which the loan had been made, expired on that date, and that new legislation would be needed to extend the duration of the credit or to obtain fresh credit. It was also indicated that the prospects of Parliament authorizing fresh credits were slight.

3. Secondly, he pointed out that [Roy] Peers had endeavoured to make arrangements for payment of the next instalment to be made in antimony and tin, and wondered whether it might be possible to give effect to this proposal. The Ambassador was told that it would not be practicable to do so, and that we would hope for payment in cash. (Peers, on behalf of the Chinese National Resources Commission, had offered 550 tons of antimony at 35½ cents per pound, totalling \$430,000; 200 metric tons of tin at \$1 per pound, totalling \$441,000; and 500 metric tons of tin at 94 cents per pound, totalling \$1,036,000, all f.o.b.⁸ Hong Kong.) We are unable to accept the tin because of our inability to secure the necessary allocation from the International Tin Committee until the New Year. The value of the antimony represents only a small proportion of the 2.3 million dollar instalment. It was suggested

⁸ free on board.