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Before the war, Canadian exports to Poland were valued at about \$1 million a year. In 1946, they amounted to \$22.5 million, but by 1954 had declined to about \$500,000, mostly woollen rags. There had been little change in the composition or value of Canadian imports from Poland, which in 1953 amounted to \$250,000.

There would probably be a continued demand in Poland for imported wheat because of the expansion of the industrial population. Furthermore, requirements this year for imports of wheat were probably up because of the adverse effect of farm collectivization on production.

The recent Czech talks had been requested by the Czech government as they were entitled to do under G.A.T.T. Although Poland was not a contracting party under G.A.T.T., and although the Polish government had not invoked the provisions in its Convention on Commerce with Canada, similar conditions would seem to apply to the Polish case as those which had lead to the talks with Czechoslovakia.

With one or two exceptions, it had never been the policy to extend credit for the purchase of Canadian wheat, and it might be that the implied desire of the Polish government for trade discussions would disappear if this request for credit were rejected. However, even if this happened, it would seem appropriate to indicate willingness to consult on the valuation question and to discuss other trade issues.

The Minister recommended, with the concurrence of the Ministers of Trade and Commerce, Finance and National Revenue, that, in accordance with traditional practice, Canada would not be prepared to extend credit to cover purchases of wheat but, at the same time, would be ready to agree with the suggestion that other problems relating to Polish-Canada trade might be examined with Polish officials in Ottawa.

58. In the course of discussion it was pointed out that the traditional policy of selling wheat on a cash basis should be adhered to and none disposed of even under a partial credit arrangement. This particular proposal raised the whole question of U.S. arrangements to dispose of its surplus products on credit or through a number of other ways. It was not too early to review this whole programme and ascertain as precisely as possible its effects on established Canadian and other markets.

An explanatory memorandum was circulated.

(Minister's memorandum, Nov. 26, 1954-  
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