

TRADE RELATIONS

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The Canadian Embassy to the Department of State

AIDE MEMOIRE

The Government of Canada refer to the discussions which have taken place recently between its representatives and those of the Government of the United States of America regarding the problems confronting Canada because of the rapid and marked decline during 1947 of its gold and United States dollar reserves.

It was noted in the course of the discussions that this condition was due 1) to an unprecedented increase in Canadian imports from the United States unmatched by an equivalent increase in Canadian exports to the United States, 2) to the disruption in consequence of the war of normal trade and currency relationships, which ordinarily would have allowed Canada to discharge its deficit with the United States with the receipts from Canadian exports to other countries and 3) to the necessity which Canada, in common concern with the United States, has felt for extending very substantial financial assistance to various European Nations in their urgent problems of postwar reconstruction.

The deterioration of Canada's gold and United States dollar reserves has proceeded at such a rate and to such an extent that the Government of Canada are compelled to take immediate remedial measures. Failure to take effective action now could only mean, in the circumstances, that in the near future measures more drastic than contemplated at present would be necessary.

The Government of Canada find it necessary as one part of a general programme to curtail imports immediately in order to conserve their limited supplies of gold and United States dollars. It is a matter of special concern that such an action is necessary at this time when Canada is working with the United States and other Nations of the world to provide a sound basis for the expansion of world trade on a multilateral basis.