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14 May 1957

MEMORANDUM FOR: Deputy Director/Intelligence

SUBJECT: Status of the Polish Trade Discussions as of 13 May 1957

1. No plenary sessions of the US-Polish Trade meetings have been held since 7 April 1957. The working groups have, however, continued to meet and the US delegation has made a tentative offer valued at \$95 million which includes 500,000 tons of wheat. The offer is in two parts: a \$30 million Export-Import Bank loan (bearing 4.5 percent interest and repayable after a five year period of grace over the succeeding 20 years) and a \$65 million loan under PL 480 repayable in zloties but with the provision that after a five year grace period, Poland will buy back the zloties not used with dollars at the rate of \$2 million per year. As the Department of State estimates the US expenditures in zloties at no more than \$200,000 per year, the repayment will take approximately 25 years. Although the terms are still being worked out (particularly the repayment) the Poles have apparently agreed in principle to the US offer.
2. The Canadian government is reportedly unhappy with the US offer of 500,000 tons of wheat feeling that this cuts into their normal wheat sales to Poland particularly under credit terms which Canada cannot match. Although the Poles have claimed that the US wheat is for stockpiling and that normal Canadian purchases will not be affected, they have so far refused to commit themselves to the purchase of specified quantities of Canadian wheat during the 1957-58 and 1958-59 marketing years.
3. In addition, the Poles on 7 May were reported to have requested 500,000 additional tons of Canadian wheat for stockpiling on long-term credit. The Canadian government does not believe that such long-term credit can feasibly be offered.
4. Although the US is sympathetic to the Canadian problem, it is not felt that the US can insist on a Canadian-Polish agreement on future wheat sales as a condition for the US-Polish agreement.
5. There is not likely to be another plenary session until the final agreement has been reached.

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