PERU

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT BETWEEN THE UNITED STATES AND PERU

611.2331/46a

The Secretary of State to the Ambassador in Peru (Dearing)

No. 800

WASHINGTON, August 9, 1935.

Sir: The trade agreements program of the United States contemplates eventual negotiations with each important commercial country with which the basis for an agreement in harmony with the principles and objectives of the program is believed to exist. Trade agreements have been signed with five countries, negotiations are now in progress with thirteen others, and it is planned to institute negotiations with additional countries from time to time in the future. It is expected, therefore, that in due course this Government will have occasion to initiate discussions with the Peruvian Government with a view to determining whether there is a basis for the conclusion of a satisfactory agreement with that government and whether that government would be disposed to enter into such negotiations.

Meanwhile it is desirable that a complete understanding should exist in that country of the general objectives and fundamental principles of the commercial policy of the United States. Similarly, it is desirable for this Government to be fully cognizant of any considerations which may govern the commercial policies of Peru, and of the reaction of that Government to the policies of the United States. An exchange of views of a purely informal character, restricted to general considerations of policy rather than the detailed study which would follow in connection with negotiations, may serve a useful purpose at this time, and may facilitate the progress of any negotiations which might subsequently be initiated.

With this in view, the Department considers that you may usefully, at your discretion, enter into informal conversations with the Minister of Foreign Affairs, and such other officials as may be deemed appropriate, for the purpose of explaining the commercial policy of this Government, and ascertaining the reaction thereeto of the Peruvian Government. You may supplement your reports of the substance of these conversations by such additional comment as you believe would be of interest to the Department, with particular reference to
the ultimate possibility for the negotiation of a trade agreement between the two countries.

As an aid to you in discussing this general subject, there is enclosed a brief memorandum outlining the salient features of the commercial policy of the United States, as well as a copy of a press release of the Department, entitled "Policy of the United States Concerning the Generalization of Tariff Concessions under Trade Agreements". In referring to these basic principles, you may find it appropriate to point out that they are in harmony with the resolution on economic, commercial and tariff policy approved by the Seventh International Conference of American States at Montevideo in December, 1933.

Should any points arise in your conversations concerning which there may be some doubt, the Department will welcome your inquiries in the premises.

Very truly yours,  

For the Secretary of State [sic]:  

CORDELL HULL

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611.2331/47  
The Ambassador in Peru (Dearing) to the Secretary of State  

No. 4176  

LIMA, September 29, 1935.  [Received October 10.]

SIR: I have the honor to refer to the Department's instruction No. 800 of August 9, 1935, directing me to carry out an exchange of views of a purely informal character with the Peruvian Government with a view to determining whether there is a basis for the conclusion of a satisfactory trade agreement with Peru within the scope of the present trade agreements program and the commercial policy of our Government.

Mindful of the Department's desire that this exchange of views should be restricted to general consideration of policy, I spoke to the Foreign Minister in a preliminary sense on the 24th of August. He was not prepared, without some previous consideration, to give me much of an indication as to his Government's attitude. He nevertheless declared his great interest in the fact that our Government is considering the possibility of the eventual negotiation of a trade agreement between the Government of Peru and the United States and said that he would be glad to have from me a memorandum outlining the

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1 Not printed.  
salient features of the commercial policy of the United States and the nature of my immediate instructions. I told the Minister I should be delighted to give him this information and he promised to study it and let me know when he could talk to me more to the point. He was impressed by the fact that my instructions had come directly from Secretary Hull and that they were an outgrowth of and in harmony with the resolution on the economic, commercial and tariff policy approved by the Seventh International Conference of American States at Montevideo in December 1933, which resolution, he felt, was so much the work of Secretary Hull.

Commenting in a general way upon the present trade situation, the Foreign Minister recalled that while there are no material bars to the sale of American products in Peru, practically all of Peru's products are prevented, by tariff rates and other restrictions, from entering the United States market. I suggested that although under the circumstances it would seem logical for the United States to offer lower rates on certain Peruvian products in order to initiate the negotiations, it would greatly help the psychology of the situation and the future success of negotiations if Peru could indicate, in some striking way, how exports from the United States to Peru might be benefitted and augmented so that this could be presented as a reason for the celebration of a reciprocal trade treaty and as an offset to the desirability of our making concessions in order to remove the prohibitive tariff rates existing at present.

Without committing himself on this point, the Minister mentioned Cuba's favored position and the fact that under present circumstances Peru cannot market any of her sugar in the United States. I endeavored to show the Minister that the special relationships between the United States and Cuba was based upon the historic circumstances of the case and said to him that the matter of the sugar quotas was an extremely difficult question for us in which our Congress and the Department of Agriculture had established conditions which might not be subject to any control on the part of the Department of State. I added that while I sincerely regretted the fact that under present conditions Peru could not market some 100,000 tons of her sugar in the United States, I feared I could not hold out any hope that much could be done to relieve this particular situation.

Believing that it was best to be frank and that it was entirely within the sense of the Department's instructions No. 800 of August 9, 1935, I supplied the Foreign Minister on August 25th (copy of my note herewith enclosed)4 with a copy of the instruction and its accompanying papers.

Respectfully yours,

Fred Morris Dearing

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4 Not printed.
The Ambassador in Peru (Dearing) to the Secretary of State

No. 4183

LIMA, October 2, 1935. [Received October 10.]

Sir: I have the honor to refer to the Department's instruction No. 800 of August 9, 1935, and to my despatch No. 4176 of September 29th, 1935, and to inform the Department that while I was talking with the Minister of Foreign Affairs about another matter a day or two ago, he brought up the subject of the basis for a trade treaty with our country and said that he had spoken to the President in the sense of the instructions given me in the Department's instruction No. 800 of August 9, 1935, and that he would be ready to discuss the situation with me, in a general way, on the 1st of October. The Minister has been unable to take up the matter before on account of the great pressure of work due principally to a third wave of influenza now going over Lima which has incapacitated about half the Government personnel, including the President himself, and has brought about the virtual paralysis of the activities of the Constituent Assembly.

Dr. Concha told me, as a preliminary to our next talk, that he had examined my instructions and the statements that came with them with care. He had before him on his desk some sheets, evidently prepared in the Ministry of Hacienda, showing Peru's exports to the United States and pointed out to me that they amounted to less than fifty million soles per annum, according to the last figures; that two-thirds of this could be ascribed to copper and other metals and that Peru was consequently not faring especially well in her trade with the States. He gave me to understand that both the President and he himself considered the sugar situation to be the central and all important point for Peru in any agreement that might be drawn up. He said he felt sure, from the information he had received, that there was a need for sugar in the United States and that he could not understand why our market could not take up to 300,000 tons of Peruvian sugar. At the same time he pointed to the difficulties of disposing of it in Peru's natural markets, which are Chile and Great Britain.

The Minister seemed to feel that regardless of the quotas established by the Department of Agriculture under the Costigan-Jones Act, if the price at home rose high enough, it would enable some Peruvian sugar to enter the American market, but he and the President both wish for a rate of duty or for a reallocation of quotas which will assure a sale of Peruvian sugar up to 300,000 tons in the United States.

For reasons which I have given the Department in my telegram of August 28, 10 [9] p.m. (No. 99),* the Department will understand how

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* Approved May 9, 1934; 48 Stat. 670.
* Not printed.
critical for the Peruvian Government the sugar situation is. I may add that it is deep in the mind of the President who has not failed to speak to me along exactly these same lines for the last two and a half years, and that neither the President nor the Foreign Minister are quite willing to find complete justification for the exception that has been made in favor of Cuba. The making of this exception, in their minds, does away with the argument that to award a larger quota to Peru would establish an embarrassing precedent and cause a claim for larger quotas from other countries. They even somewhat dislike the favor shown to Hawaii and the Philippines.

Speaking in a general manner but evidently seriously and after some consideration, the Minister told me that Peru was not even inclined to go much into the matter of a trade treaty unless this sugar situation could be given definite and preferential attention.

I endeavored to keep the plane of discussion on a higher and broader ground. I explained to the Minister, as I have done before both to him and to the President, the mandatory nature of the Costigan-Jones Act and the handicap it places upon the Department; and I endeavored, also, to make him understand that the act had grown out of very serious and special conditions at home, and in spite of what he had intimated about Cuba and our Island possessions, I tried to make him see that the Peruvian quota could not be increased without creating a very difficult situation with other producing countries.

I then left the discussion to be taken up later, and when I see him again I will show him what has been done in the cases of Canada, Colombia and Sweden and see whether or not a broader view cannot be taken of the situation. I agree, however, with the Minister’s thinking that the Peruvian sugar situation should be helped if possible, and that since we so completely bar Peruvian products from our market, there will have to be some market concessions on our side before a trade treaty can be arranged.

It is, of course, the obligation of the Peruvian Government to meet its responsibilities abroad in the case of its foreign loans, and it is desirable for Peru to begin to pay the interest and amortization on bonds held by American citizens. Some time ago the hint was given that the way might be found to devote the proceeds of the export tax on petroleum to the service of American held bonds, as this would avoid some difficult exchange operations. President Benavides and his Ministers of Finance and Foreign Affairs have several times spoken to me, in connection with a possible trade treaty, of the inducement of entering into mutually satisfactory arrangements which would come from resumption of service and amortization and at a more reasonable figure. I have tried to make them see that this is an
obligation, whatever the practical consideration may be, that should
march by itself, and as politely as possible to make them realize that
to offer to do something which they ought to do anyway was hardly
*quid pro quo* for consideration in connection with a trade treaty.

The same idea, in different dress, was brought out by the Foreign
Minister in connection with the sugar problem when he told me that
if it should prove possible to market a larger amount of sugar in the
United States, the taxes on sugar production could then be devoted to
the service on American held bonds and that in this way the service
could be materially increased.

Respectfully yours,

_Fred Morris Dearing_

611.3831/49

*The Ambassador in Peru (Dearing) to the Secretary of State*

No. 4184

*Lima, October 2, 1935.*

[Received October 10.]

Sir: I have the honor to refer to the Department’s instruction No.
800 of August 9, 1935, to the Embassy’s despatches No. 4176 and 4183
of September 29 and October 2, 1935, respectively, concerning the
possible eventual negotiation of a reciprocal trade treaty with the
Government of Peru, and to inform the Department that I had an
opportunity to speak to the Foreign Minister yesterday regarding
Peru’s trade policy and Peru’s reaction to our own commercial policy.

The Minister evidently had given the matter consideration and had
discussed it with the President and with other members of the Govern-
ment. Dr. Concha stated that he was entirely in accord with the
objects of our policy as set forth in the memorandum* accompanying
the Department’s instructions under reference. During the course of
our conversation he limited his accord to the extent of saying that
while he did not in general favor the most favored nation policy, he
did favor it so far as a trade agreement between the United States
and Peru was concerned. He took note of the fact that our commercial
policy is in harmony with the resolution on economic, commercial and
tariff policy approved by the Seventh International Conference of
American States at Montevideo in December, 1933, to which resolution
the Peruvian Government is a party.

The Minister began his remarks by stating that the main considera-
tion for Peru was the necessity to market her products abroad. Peru,
he stated, is primarily an exporter of raw materials and it must find
markets abroad in which to dispose of them. He recognized the fact

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*Not printed.
that our own country is, to a considerable extent, a marketer of raw materials although it is also an exporter of manufactured products. The Minister stated that Peru is, therefore, entirely in favor of the reduction of all barriers, restrictions, controls and other arrangements which interfere with the free flow of articles and products in international commerce.

Dr. Concha went on to say that Peru, for some time past, has been developing a new tariff. It has been a matter of intensive study for at least two years past and he said while it is considered to be a scientific tariff so that the incidence and the degree of the rates fall logically and reasonably upon the articles concerned, the tariff is in no sense discriminatory and will not discriminate against products and exports of the United States. The Minister admitted that while the chief objective had been to draw up a rational and justifiably scientific tariff, the tariff was also expected to produce increased revenues estimated at about two and one-half million soles per year.

The Minister next stated that it was expected the new tariff would be put into force within about three months’ time and informed me that it might even have been put in force already had it not been for the request of the British Government that it be kept in abeyance pending the completion of the trade treaty now being negotiated with Great Britain, a treaty, by the way, which has come to somewhat of a standstill on account of difficulties arising in connection with the sugar situation and other matters to which I shall briefly refer later, but which the Foreign Minister evidently expects to move forward to completion within the next month or two.

The Minister next expressed the opinion that now is the time for our own Government and Peru to act, and states that Peru is anxious to negotiate a trade agreement with us, provided it is possible for Peru to realize some of her objectives, the first and foremost of which is a market for Peruvian sugar. Peru, he told me, produces some 400,000 tons of sugar per year as a rather constant crop, adding that he thought the crop would remain more or less constant on account of stable weather conditions and the fact that there will be no increase in acreage. The natural markets—Chile and Great Britain—take about 100,000 and 250,000 tons each respectively, leaving always a surplus of from fifty to one hundred thousand tons which so far has completely demoralized the Peruvian market. Moreover, the fact that Great Britain grants most favored nation treatment for sugar, makes it impossible for Peru to market there at an advantageous price, and this probably explains the Minister’s bias against the most favored treatment procedure as indicated above.

In the case of Chile, Peru sells more to Chile than she buys from Chile and that will indicate the weakness of the Peruvian sugar market
there, although there is, as the Department is aware, a question regarding wheat and the rival interests of Argentina and Chile in the Peruvian market which complicates the issue.

The Minister returned to the desirability of doing something at once and before the new tariff is put into effect and inquired how soon I thought I could hear from the Department. I reminded him that our exchange of views was purely informal in character and restricted to general considerations of policy and suggested that it took some time to take up negotiations of this kind, but said I would put the matter before the Department as soon as possible. I reminded him of the special difficulties attending the opening of the American market to Peruvian sugar, whereupon he recalled that the trade agreement act of June 12, 1934, authorized the President of the United States, under certain circumstances, to reduce or to continue the rates of duty on imports into the United States in connection with reciprocal trade agreements.

The Minister stated he felt the time to discuss an agreement was now and that if our Government was ready to make concessions, Peru was already prepared to do so and would like very much to have our Government say what it wants. He returned then to the question of sugar, saying that this was Peru’s greatest desire and that in order to provide for all eventualities, it would like to make sure of a market for at least 300,000 tons, as the British and Chilean markets could not be absolutely depended upon.

The Minister stated that Peru would also be glad to have reductions in our copper duties and while he stated Peru was not so much interested in cotton, it would be glad to have concessions there also. He said he knew we did not need copper and cotton, although the long staple Peruvian cotton might be good for automobile tires, but that he felt we did not have enough sugar and could take more. I tried to give him the picture of the difficult situation of our western beet sugar growers. With regard to cotton, the Minister stated Peru was selling constantly greater amounts to Germany, to Italy, and that the Japanese purchases were increasing enormously.

From this remark regarding the Japanese market, the Minister passed to a discussion of the whole Japanese situation. He informed me that on October 5th the present treaty between Japan and Peru will come to an end and assured me that I could not conceive of the pressure the Japanese Legation had brought to bear upon him and upon the Peruvian Government to secure an extension of the present treaty. He stated that all of this was of no avail, however, as his government was determined that the treaty should come to an end.

* 48 Stat. 943.
on the 5th and that it would not be renewed in its present terms. The Department is doubtless aware that a special Japanese commission is en route to Peru at the present time for the purpose of negotiating a new treaty. Japan, as always, is intensely interested in the whole West Coast of South America, both as a market for textiles and other manufactured products and as a vast reservoir of raw materials.

Incidentally, the Minister told me that it had fallen to him to prepare the legislation for the restriction of Japanese immigration and that the Government was definitely committed to a policy of rigid exclusion. It is the story of the Japanese in California all over again. They continue to acquire land on all occasions, they can outwork even the native Peruvian Indian employees, the employers of labor are delighted to have them, but their steady pressure and increase is so menacing to the native population and in its implications for the future, that the Government feels it must close the gates but wishes to do so with as little offense to Japan as possible. The Minister requested me to consider what he has said in the greatest confidence.

This discussion of the Japanese participation in Peruvian trade brought up the question of the market for textiles in this country where there are a certain number of spinning mills but where the Japanese continue to dump large quantities of cloth. One of the objectives of the new tariff is to rigidly restrict this importation from Japan. The Minister tells me that the British Commercial Attaché feels that the rates established in the new Peruvian tariff, however scientific they may be, do not really blockade the Japanese importation, and I understand that one of the reasons why the negotiation of the British-Peruvian trade treaty goes slowly is the endeavor to find a way to make the new tariff rates such that they will restrict the Japanese importations and insure more business for Great Britain. I understand from our Commercial Attaché that such restriction will be beneficial to the American spinners also.

In speaking of the British Trade Treaty, the Minister gave me still another side light on the sugar situation by saying that he understood India was greatly increasing its sugar production and that this was a menace to the Peruvian market in Great Britain.

Incidentally, the Minister stated the British were asking that the so-called labor law, No. 7505,²⁹ be made more flexible. The Minister seemed to be in favor of such flexibility. The Department will recall that this law provides that 80 per cent of the personnel of foreign companies operating in Peru must be Peruvians.

I inquired of the Minister whether the rights established under the new Peruvian tariff would be susceptible to change as a result of any

²⁹ Anuario de la Legislación Peruana, Congreso Constituyente de 1931 (Lima, 1933) vol. xxvi, p. 22.
trade agreement negotiations. The Minister stated that they would, and that once the tariff is put into force and the new rates established, they may be changed, removed, continued, et cetera, in accordance with whatever reciprocal arrangements are made in the trade agreement. He indicated that new rates could be negotiated to serve the purpose of such a treaty. He again referred to the fact that it is possible for our President to reduce tariff rates and assured me that Peru wished as extensive arrangements as possible under any trade agreement that might be set up and was willing to make the maximum number of concessions for maximum concessions on our part. He stated, as I have reported in the first part of this despatch, that while he was personally adverse to most favored nation provisions, that if Peru could get what she would like to have, namely a market for her sugar, Peru would most cheerfully negotiate a trade agreement on the most favored nation basis, would provide that there should be no discrimination whatever against our trade and would be willing to give an engagement to that effect and to agree to the complete generalization of concessions.

To sum up, the Minister stated that Peru is greatly interested in having had brought to its notice the desire of the United States to learn what the situation is. The new Peruvian tariff will be put into force within about three months' time. The sugar question is of paramount importance for Peru and Peru feels that both countries should move at once to set about the initiation of negotiations for a trade agreement. Peru is willing to accept most favored nation provisions in such an agreement, is against discriminatory practices, and feels that since our country has, in various trade agreements already negotiated, made reduction in American tariff rates, that it can do so in the case of certain Peruvian products; the Minister means, of course, primarily sugar.

Dr. Concha would like to have some expression of how our Government feels about the matter as soon as possible. In passing he remarked—as he has done before—that if something could be done for sugar, Peru could do more towards meeting her obligations to American bondholders. I told him I thought it would not be wise to hold this out as an inducement. He replied that he did not mean to hold this out as an inducement in the sense of giving a quid pro quo, but that since he felt our Government was friendly, it seemed to him that our Government would wish to assist Peru to develop and prosper so Peru could meet her obligations.

I shall appreciate the Department’s instructions. Meanwhile I have requested Dr. Giesecke of the Embassy staff to make a précis of all of the Embassy’s correspondence for the last five years bearing upon trade agreement possibilities, and I have asked the Commercial At-
taché to be prepared with such information as he can supply for the Department's assistance in the event it decides to go any further, at this time, in taking advantage of the opening presented by the Foreign Minister's remarks.

Respectfully yours,

Fred Morris Dearing

611.2381/49

The Secretary of State to the Ambassador in Peru (Dearing)


Sir: Reference is made to the Embassy's despatches Nos. 4176 of September 29 and 4183 and 4184 of October 2, 1935, concerning the attitude of the Government of Peru toward the possibility of trade agreement negotiations with the United States. The Department notes with satisfaction the manner in which its instruction No. 800 of August 9, 1935, has been carried out.

Apparently no further progress can be made with the exploratory discussions concerning the possibility of a trade agreement with Peru unless the Government of Peru understands fully the nature of the situation in regard to imported sugar. There is little the Department can add to your explanation of the sugar situation in this country in relation to the request of the Government of Peru that assurances be given in advance of trade agreement negotiations that as much as 300,000 tons of Peruvian sugar will be permitted to enter the United States annually in the event a trade agreement is concluded. However, in line with your remarks to Dr. Concha, the Department must recognize that no matter how much it would welcome the opportunity in connection with a trade agreement providing for reciprocal reductions of existing trade barriers to facilitate a substantial increase in imports of sugar from Peru, it must confine any action in this direction within the limits prescribed by the Jones-Costigan legislation under which quantitative restrictions have been placed on cane and beet sugar produced in continental United States, on sugar from Hawaii, Puerto Rico, the Virgin Islands, the Philippine Islands, American Samoa, the island of Guam, the Panama Canal Zone, and on sugar from foreign countries, including Cuba. As long as such restrictions are imposed under the law, this Department perforce must take cognizance of them in connection with trade agreement negotiations with any foreign sugar-producing country. In this connec-
tion it may be pointed out that under the trade agreement of August 24, 1934, with Cuba,\(^n\) no more sugar from Cuba was permitted to be imported from that country than the amount which the Secretary of Agriculture had already allotted to Cuba in accordance with the provisions of the Jones-Costigan Act.

Peru, it should be noted, has been given as large a quota as possible under the sugar control legislation. The Act specifies that the quotas allotted to foreign countries shall be based upon the average quantities brought into or imported into continental United States for consumption, or actually consumed therein, during such three years, respectively, in the years 1925 to 1933, inclusive, as the Secretary of Agriculture may determine to be the three most representative years. The quota allotted to Peru for the calendar year 1935, amounting to 11,114,100 pounds, or 5,557 short tons, was the largest quota allotted to any foreign country except Cuba, which country is the leading source of sugar imported into continental United States. As of possible interest in this connection two copies each of the Jones-Costigan legislation as amended and of the General Sugar Quota Regulations, Series 2, Revision 1, are being sent to you by pouch.

You are instructed to convey the substance of the foregoing to the appropriate officials of the Government of Peru, and to say that this Government greatly appreciates the interest shown by the Government of Peru in the possibility of trade agreement negotiations looking toward the reciprocal reduction of existing barriers to trade between the two countries, but that this Government, because of existing legislation governing the importation of sugar, cannot give any assurance either in advance of trade agreement negotiations or in connection with any such negotiations, provided the sugar legislation is in force at that time, that any quantity of sugar above the quota allotted in accordance with that legislation will be permitted to enter the United States from Peru; and that should restriction on importation of sugar be terminated, and there be a return to a free market, Peru would have unrestricted quantitative entry for her sugar in the American market. You may say further, however, that this Government is hopeful that its inability to give such assurance in regard to Peruvian sugar will not stand in the way of the continuance of the exploratory conversations for the purpose of determining whether, within the scope of the authority of the two governments, there exists a basis for entering into trade agreement negotiations.

Very truly yours,

For the Secretary of State:

FRANCIS B. SAYRE

The Ambassador in Peru (Dearing) to the Secretary of State

No. 4326  

LIMA, December 20, 1935.  
[Received December 28.]

Sir: I have the honor to acknowledge the Department's instruction No. 838 of November 21, 1935, (File TA 611.2331/49) concerning the possibility of the inauguration of negotiations for a trade agreement between Peru and the United States, and to thank the Department for its complimentary reference to the manner in which instruction No. 800 of August 9, 1935, was carried out.

On December 17th I again took up this question with the Foreign Minister, explaining to him that the Department is not free to meet Peru's wishes with regard to sugar and that the situation is due to the Jones-Costigan legislation and the necessity for carrying out the mandates of the agricultural adjustment act by the Secretary of Agriculture. I expressed the personal opinion that were it not for these restrictions, no doubt something could be done to meet the Peruvian wishes, but that since the restrictions existed, it was hoped that the inability to give assurances with regard to the entrance of Peruvian sugar into American markets would not stand in the way of further exploratory conversations for the purpose of ascertaining whether, within the range of the possibilities open to the two governments, a basis exists for entering into trade agreement negotiations.

I took advantage of this opportunity to explain to Dr. Concha the great advantages of the trade treaties now being negotiated by the United States on the broad principle adopted by Secretary Hull: namely, the removing—as far as possible—of all artificial and arbitrary restrictions upon international trade, pointing out how vital it was for the well-being of the world to restore this trade to its normal volume and establish conditions which would enable it to flow freely back and forth.

I said that although the sugar situation might have to be excluded, there was a great deal of other business going on between Peru and the United States which might be most advantageously affected by a well thought out trade agreement, and that at any rate it was extremely important to establish the general principle upon which the present agreements were being negotiated as the one which should prevail between Peru and the United States, so that if the time ever did come when it could be more broadly applied to Peruvian products, it would be easier, and, indeed, almost a matter of course, to do so.

I pointed out that whether Peru realized it or not, it would be benefitted by the most favored nation provision in treaties with third nations and I told of indirect advantages that would come about for
Peru in other ways, saying that for this reason also it seemed to me that although the scope of a trade treaty between Peru and the United States could not be as wide as we could wish, such a treaty—as far as it went—would certainly be advantageous, first for the articles directly concerned and the relationships between the two countries, and, as I had stated above, as a strengthening of the general principle supported by Secretary Hull and our Government of breaking down the barriers and freeing international commerce from all artificialities and obstacles.

The Minister expressed his regret that nothing could be done about sugar, was somewhat inclined to shake his head over any other possibilities, but said that he would give the matter some thought and would later speak to me on the advisability of a trade treaty and exploratory conversations for the purpose of determining whether, within the scope of the authority of the two governments, there exists a basis for entering into trade agreement negotiations. Dr. Concha is tired out from a recent attack of illness and it may be a week or two before further conversations can be taken up advantageously. The matter will not, however, be lost sight of but will be followed up when the prospects appear propitious.

Respectfully yours,

Fred Morris Dearing