M[illegible] for Mr. Eugenides

Finnish-Greek Clearing Agreement. I have been thinking over the difficulties presented to Finnish-Greek trade through the higher prices of Finnish products, and I am calling your attention to the following explanation:

The Finns are quoting prices in Finnish marks or dollars, and it is natural for us to just convert the dollar figures at the rate of Drs. 152. However, this dollar rate is out of all proportion to the other exchange rates of the Bank of Greece. The rate was fixed when the sterling was down to less than 3 dollars per Sterling, and the Bank of Greece have thought fit to stick to it even though the sterling returned to Dol. 4.03½.

On the basis of FM. 49.35 per dollar and 150 drachmas per dollar, the FM works out at Drs. 3.05.

On the basis of FM 197 to the Sterling and the sterling at Drs. 530, it works our at Drs. 2.70

However, Finnish products are not competing with U.S.A. or British products. They are competing with German products, and it would be very wise to fix the rate of the Finnish Mark in drachmas on the bais of the Reichsmark parity, according to which FM 100 = RM.5.06 and the RM being worth 46 drachmas, the FM works out at 2.32

This probably takes care of the whole difference in prices, in the most simple manner.

It falls in with the German plans for the financing of continental Europe, and it further makes it easy to adjust eventual differences over the Central Clearing accounts at Berlin, although, of course, every effort will be made to have the Greek Finnish trade balance itself.