

which Canadian customs authorities had been applying to certain imports from Czechoslovakia, in the absence of adequate information to verify values in accordance with the requirements of Canadian law. The talks provided an opportunity to discuss other matters, particularly the settlement of the loan extended to Czechoslovakia under the Export Credit Agreement of 1945. Arrangements were worked out to permit verification of values of goods from Czechoslovakia. With respect to the loan, arrangements were made which, it is expected, will result in the repayment of the capital and interest outstanding.

During the discussions on general trade matters, Canadian officials made it clear that importers in Czechoslovakia are free to purchase those Canadian goods which are not subject to restrictions on security grounds. Similarly, it was recognized that opportunities exist for Canadian importers to purchase a considerable range of goods from Czechoslovakia.

As a result of negotiations in Spain and Portugal by a trade delegation headed by the Deputy Minister of Trade and Commerce, most favoured nation agreements were signed with Spain on May 26 and with Portugal on May 28.

So far as East-West trade controls are concerned, Canada has always favoured free trading in peaceful consumer goods, but, as a measure of national defence in the economic field, exercises control over exports of military equipment and strategic commodities to the Soviet bloc, mainland China, and North Korea. These controls, which affect a very small fraction of Canada's total trade, are co-ordinated with the control systems of Canada's NATO partners and Japan. They were somewhat relaxed on August 16, following a lengthy review of the problem.

## 7. Miscellaneous

Discussions continued throughout the year with Switzerland, South Africa, and Australia, with a view to arranging agreements for the avoidance of double taxation. Similar discussions were opened with Netherlands, Danish and German officials. Double taxation agreements with Ireland in the fields of income tax and succession duties were signed in Ottawa on October 28.

During 1954 the Canadian Government agreed to participate in the International Sugar Agreement drawn up in London late in 1953 and in the International Tin Agreement prepared in March, 1954. These agreements are designed to stabilize production and prices.

An Air Transport Services Agreement with Peru was signed at Lima on February 18, and one with Japan was negotiated. (See Chapter VII, section 3.) Discussions or exchanges of views have taken place during the year concerning Canada's air agreements with Australia, Belgium, Denmark, Mexico, New Zealand, Norway, Sweden, the United Kingdom, and the United States. Correspondence has also been exchanged with the Italian and Swiss Governments looking towards the negotiation of bilateral air agreements between Canada and those two countries.