

I wish also to record that it is the intention of the two Governments that a certain proportion of the Canadian dollar requirements of China shall be met by the purchase from Canada of Canadian dollars for foreign exchange convertible into gold. It is understood that the Government of China will during the first half year of 1946 acquire Canadian dollars by the sale of gold or foreign exchange convertible into gold in an amount not less than twenty per cent of the amount of the credit drawn during each such half year. It is understood that the Canadian dollars so acquired will be used to meet the current requirements of China in Canada, including purchases of Government of China or its agencies and including Canadian shipping and marine insurance charges. Any purchases of Canadian dollars for foreign exchange convertible into gold during the first half of 1946 to the extent of this agreement shall be regarded as having been made in the first half of that year. These purchases of Canadian dollars for gold or foreign exchange convertible into gold shall be reduced by an amount equal to the Canadian dollar equivalent of the purchases of Canadian dollars or other foreign exchange convertible into gold from Canada during the first half year in the United States dollars for imports from Canada during the first half year. It is understood that the Government of China supplies satisfactory evidence of such purchases and that the foreign exchange convertible into gold in Canada shall be credited to the account of such purchases of Canadian dollars for that half year. The amount of such purchases of Canadian dollars for that half year shall be carried over to the succeeding half year period of the agreement.

I would appreciate it if you would confirm the understanding set forth above and also if you would inform me from time to time of the requirements of the Government of China who will agree with the Department of Trade and Commerce and of Finance upon the program of purchases to be covered by the agreement.

Yours very truly,
J. I. HESLEY

Canadian Minister of Finance

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The Ambassador of China to the Canadian Minister of Finance
Ottawa, February 7, 1946

The Ambassador of China to the Canadian Minister of Finance
Ottawa, February 7, 1946

I have the honor to acknowledge receipt of your letter of today's date in relation to the agreement signed today for the purchase of a certain amount of Canadian dollars under the Export Credit Agreement in which the Government of Canada has agreed to give an amount of gold or foreign exchange convertible into gold to the Government of China in connection with the use of the credit and about purchases of Canadian dollars for gold or foreign exchange convertible into gold. It is understood that the Government of China will during the first half year of 1946 acquire Canadian dollars by the sale of gold or foreign exchange convertible into gold in an amount not less than twenty per cent of the amount of the credit drawn during each such half year. It is understood that the Canadian dollars so acquired will be used to meet the current requirements of China in Canada, including purchases of Government of China or its agencies and including Canadian shipping and marine insurance charges. Any purchases of Canadian dollars for foreign exchange convertible into gold during the first half of 1946 to the extent of this agreement shall be regarded as having been made in the first half of that year. These purchases of Canadian dollars for gold or foreign exchange convertible into gold shall be reduced by an amount equal to the Canadian dollar equivalent of the purchases of Canadian dollars or other foreign exchange convertible into gold from Canada during the first half year in the United States dollars for imports from Canada during the first half year. It is understood that the Government of China supplies satisfactory evidence of such purchases and that the foreign exchange convertible into gold in Canada shall be credited to the account of such purchases of Canadian dollars for that half year. The amount of such purchases of Canadian dollars for that half year shall be carried over to the succeeding half year period of the agreement.

Yours very truly,
Ambassador of China