

product is being imported into its territory in such increased quantities and under such conditions as to cause or threaten serious injury to the domestic producers in its territory of like or directly competitive products, Canada will be free, in respect of such product, and to the extent and for such a time as may be necessary to prevent or remedy such injury, to establish values for ordinary and special duty purposes.

2. In determining whether values should be established in respect of any product pursuant to paragraph 1 and in determining the level at which such values should be established, Canada will take into account the prices of like or directly competitive products, if any, being imported at that time from other countries.
3. Before Canada takes action pursuant to paragraph 1, it will give notice in writing to Japan as far in advance as may be practicable and will afford the latter an opportunity to consult with it in respect of the proposed action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph 1 may be taken provisionally without prior consultation, on the condition that consultation shall take place immediately after taking such action.

I have the honour to state further that in the view of the Government of Canada these provisions are consistent with the General Agreement on Tariffs and Trade and that the Government of Canada will regard these provisions as continuing to be applicable in the event that the General Agreement on Tariffs and Trade is applied between Canada and Japan.

I avail myself, Excellency, of this opportunity to renew assurances of my highest consideration.

L. B. PEARSON

Secretary of State for External Affairs.

His Excellency Koto Matsudaira,
Ambassador of Japan,
Ottawa.

IV

OTTAWA, March 31, 1954.

YOUR EXCELLENCY,

I have the honour to acknowledge receipt of Your Excellency's Note dated March 31, 1954 which reads as follows:

"On the occasion of signing the Agreement on Commerce between Canada and Japan, I have the honour to inform Your Excellency that the Government of Canada reserves the right to establish values for ordinary and special duty purposes in the following terms:

1. If, as a result of unforeseen developments and of the effect of the obligations incurred by Canada under the aforesaid Agreement, any product is being imported into its territory in such increased quantities and under such conditions as to cause or threaten serious injury to the domestic producers in its territory of like or directly competitive