

**EXCHANGE OF NOTES (MAY 7 AND 15, 1945) BETWEEN CANADA
AND THE UNITED STATES OF AMERICA PROVIDING FOR THE
CONTINUATION OF THE PRINCIPLES OF THE HYDE PARK
DECLARATION INTO THE POST-WAR TRANSITIONAL PERIOD,
WITH SPECIAL REFERENCE TO THE PROBLEM OF RECON-
VERSION OF INDUSTRY.**

I

*The Ambassador of the United States of America
to the Acting Secretary of State for External Affairs*

EMBASSY OF THE UNITED STATES OF AMERICA

No. 320

OTTAWA, May 7, 1945.

SIR:

Under the Hyde Park Declaration of April 20, 1941, measures were taken to make the most prompt and effective utilization of the productive facilities of the United States and Canada for wartime purposes. As the period of reconversion approaches, the Government of the United States has given consideration to the continuance of co-operative measures. It believes that these measures apply as a matter of course to the Pacific War and it has noted that the Declaration itself contains no termination date, specific or implied. Accordingly, under the instructions of my Government, I have the honor to propose that the general principles of the Hyde Park Declaration be continued on a fully reciprocal basis for the remainder of the war and that the same spirit of co-operation between the two countries should characterize their treatment of reconversion and other problems of mutual concern as the transition to peacetime economy progresses.

Consequent upon the degree of integration resulting from our wartime measures of co-operation in the economic field, numerous specific problems will arise from time to time. One such problem to which urgent attention is being given is the reconversion of industry to the maximum extent compatible with vigorous prosecution of the war against Japan. The problem is particularly urgent from the viewpoint of the United States because the Hyde Park Declaration was implemented in large part by the equal application to Canada of domestic procedure in respect of priorities and allocations.

It is evident that during this initial phase of reconversion, priorities administered by the respective control agencies of the two governments are of the utmost importance to industries seeking to prepare for normal trading conditions. In response to informal inquiries received from Canadian officials in Washington and on condition of reciprocity, particularly where Canada is a principal supplier of materials needed for reconversion and civilian production, the Government of the United States would be prepared to implement the following principles as regards requirements which Canadian industry may desire to fulfil in this country for reconversion purposes:

1. The application of the priorities powers towards Canadian requirements should be as closely parallel to the application of the same powers toward domestic requirements as is practicable.
2. Canada should, in general, be given priorities assistance only of a character and to an extent parallel to priorities assistance given similar