

Exchange of Notes (March 29 and 30, 1933), Prolonging for
Nine Months the Commercial "Modus Vivendi" of
December 20 and 27, 1932, Between
Canada and Germany

The Secretary of State for External Affairs of Canada to the German
Consul General for Canada

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

OTTAWA, March 29, 1933.

SIR,

I have the honour to refer to your letter dated the 21st March, 1933, in which you submit certain proposals designed to provide for the establishment of *de facto* "most favoured nation" treatment between Canada and Germany, for a limited period of time.

The Canadian Government is in agreement with the views expressed by you on behalf of the German Government as to the desirability of providing for a *modus vivendi*, based upon the establishment of *de facto* most favoured nation treatment in tariff matters. To this end the Canadian Government, acting under statutory authority, will provide for the application of the intermediate tariff to the natural and manufactured products of Germany. The rates of the intermediate tariff are the lowest tariff rates which are now accorded to any foreign country. For this purpose a draft recommendation to the Governor General in Council has been drawn up according to the benefit of intermediate tariff to German goods, for a period of nine months from the 1st April, 1933. A copy of the draft recommendation is enclosed and, if the considerations set forth therein are in accord with the views of your Government, I shall recommend the immediate passing of an Order in Council in such terms.*

You will observe that the recommendation provides for its extension for a period of nine months, subject, however, to termination at an earlier date, in the event that the German Government ceases to accord most favoured nation treatment to Canada in tariff matters. This clause differs slightly from that suggested in your letter, but it would seem to be desirable to have the arrangement extend for a period of nine months and the two Governments will then be in a position to take up the question of what further action should be taken with regard to the matter.

You will observe that provision is made for another clause along the general lines suggested by your letter, in order to protect legitimate trade against hardships which might result from a sudden withdrawal of the lower tariff rates.

You will also understand that the basis of this arrangement is reciprocal in its character, and that its continued application is contingent upon reciprocal action by the German Government in giving to Canadian products in tariff matters treatment not less favourable than that accorded to the products of any other foreign country.

Such an arrangement will doubtless be advantageous to both countries in covering the period preceding the conclusion of some more permanent arrangement. You will, of course, understand that the acceptance of a temporary

* P.C. 598, March 31, 1933. See CANADA GAZETTE, April 8, 1933.