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*The Canadian Chargé d'Affaires at Washington to the Paraguayan Minister
at Washington*

CANADIAN LEGATION,

WASHINGTON

MAY 21st, 1940.

SIR,—It being the desire of the Governments of Canada and Paraguay to facilitate the commercial relations existing between the two countries, I have the honour to inform you that the Canadian Government is prepared to accept the following arrangement and to give it immediate effect so far as Canada is concerned:—

(1) The Canadian Government will extend the benefits of the Intermediate Tariff of Canada to products originating in and coming from the Republic of Paraguay when conveyed without transshipment from a port of Paraguay or from a port of a country enjoying the benefits of the Preferential or Intermediate Tariff into a sea, lake or river port of Canada.

(2) The Government of Paraguay will extend to products originating in and coming from Canada unconditional most-favoured-nation treatment in tariff matters.

(3) The Governments of Canada and Paraguay will grant each other in all matters pertaining to the allocation of exchange made available for commercial transactions or in the allocation of quotas either in respect of exchange or in respect of quantitative control of imports, treatment not less favourable than is granted to any other country.

The Government of each country shall give sympathetic consideration to any representations which the other Government may make in respect of the application of the provisions of this Article.

(4) It is understood that the present note and your reply will constitute an agreement between our two Governments, which will enter into force one month after this date, and will remain in force until terminated upon three months' notice by either Government to the other.

Accept, Sir, etc.

MERCHANT MAHONEY,

*His Majesty's Chargé d'Affaires ad Interim
for Canada in the United States.*