

*Exchange of Letters between the High Commissioner for the United Kingdom and the Secretary of State for External Affairs regarding the Margins of Preference on Wrought Iron and on Logs of certain dimensions.*

(I)

SIR, OTTAWA, November 16, 1938.

In my letter of to-day's date I referred to certain modifications of the United Kingdom-Canada Trade Agreement which His Majesty's Governments in the United Kingdom and in Canada have agreed to make in order to facilitate the conclusion of Trade Agreements between the United States and Canada and between the United States and the United Kingdom.

Apart from these modifications, which relate to United States goods specified in the schedules of the two Agreements about to be concluded, the negotiations have suggested the desirability of two further modifications of the United Kingdom-Canada Trade Agreement.

The United Kingdom Government understand that the Canadian Government would appreciate release from the obligation to maintain a fixed margin of preference on wrought iron (Item 377e—formerly ex 377a *et al.*) which appears to complicate unnecessarily the wording of a number of iron and steel items to be included in the Canada-United States Agreement. The United Kingdom Government for their part are accordingly prepared to agree to the deletion of this item from Schedule V to the United Kingdom-Canada Trade Agreement of 1937.

At the same time the United Kingdom Government, with a view to maintaining a proper relationship between sawn timber and the logs from which it may be sawn, would appreciate your consent to the extension to logs of certain dimensions of the rates of duty on wood and timber of coniferous species for which provision is to be made in Schedule I of the Trade Agreement between the United Kingdom and the United States of America. They accordingly propose to reduce the duty on wood and timber of coniferous species in logs neither end of which is less than 14 inches in mean diameter to 16s. per standard as from the date on which the Trade Agreement is to become effective (1st January, 1939). In the eventuality contemplated in the proviso to the concession (removal of the import excise tax on lumber imported into the United States of America) the United Kingdom Government propose to accord free entry to wood and timber of coniferous species in logs neither end of which is less than 12 inches in mean diameter and which are 15 feet or more in length.

I should be glad if you would be so good as to advise me whether the Canadian Government concur in the arrangements outlined above.

I have the honour to be,

Sir,

Your obedient servant,

GERALD CAMPBELL

THE RT. HON. W. L. MACKENZIE KING, M.P.,  
Secretary of State for External Affairs,  
Ottawa.