

from what it would in the United Kingdom. Canada might thus find itself in the position of taking what might be regarded as directly punitive measures against Japanese trade at a time when neither the United Kingdom nor the United States were committed to taking similar steps.

(4) The United States has given notice of termination of its Commercial Treaty with Japan to take effect in six months' time---the period of notice provided in the Treaty. On the expiration of that period, the United States may or may not decide to withhold the benefits of most favoured nation treatment from Japan. If it does decide to do so the relative worsening of the tariff treatment of Japanese goods imported into the United States would not be as severe as the relative worsening of their treatment on importation into Canada which would result from the withholding of most favoured nation treatment by this country. If the United States withdrew most favoured nation treatment from Japan the tariff rates then applicable to Japanese imports would simply be those which applied to all countries from 1930 to 1935; the only appreciable effect on its tariff treatment of Japanese goods would result from the withdrawal of such benefits as Japan may have received from the conclusion by the United States since 1935 of Trade Agreements with third countries. In fact, however, the Trade Agreements with third countries were very carefully drawn with a view to minimizing the incidental advantages which Japan would secure from them by virtue of the most favoured nation clause. It will be seen, therefore, that even if the termination of the United States-Japanese Trade Agreement results in the withholding of most favoured nation treatment of Japan it will not be a very serious blow to Japanese export trade.

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