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(Translation)

The First Deputy Minister for Foreign Trade of the Union of Soviet Socialist Republics to the Secretary of State for External Affairs

EMBASSY OF THE U.S.S.R.

OTTAWA, February 29, 1956

SIR,

I have the honour to acknowledge receipt of your letter of this date which reads as follows :

"On the occasion of signing the Trade Agreement between Canada and the Union of Soviet Socialist Republics, I have the honour to inform you that the Government of Canada reserves the right to fix under the Canadian Customs Act values of goods for ordinary and special duty in the following terms :

(a) If, as a result of the obligations incurred by Canada under the aforesaid Agreement, any product is being imported or is likely to be imported into Canada in such quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products, the Government of Canada shall be free, in respect of such product and to the extent and for such time as may be necessary to prevent or remedy such injury, to fix values for ordinary and special duty purposes ;

(b) In determining whether values should be established in respect of any product pursuant to paragraph (a) and in determining the level at which such values should be fixed, the Government of Canada will take into account the prices of like or directly competitive products, if any, being imported at that time from other countries, in order to maintain the most-favoured-nation treatment stipulated in Article 1 of the above mentioned Trade Agreement between Canada and the U.S.S.R.

(c) Before the Government of Canada takes action pursuant to paragraph (a) it will give notice in writing to the Government of the U.S.S.R. as far in advance as may be practicable and will afford the latter an opportunity to consult with it in respect of the proposed action. In critical circumstances where delay would cause damage which it would be difficult to repair, action under paragraph (a) may be taken provisionally without prior consultation, on the condition that consultation shall take place immediately after taking such action."

I have the honour to inform you that the contents of the above mentioned letter have been duly noted.

Accept, Sir, the assurances of my highest consideration.

S. A. BORISOV

The Honourable L. B. PEARSON,
Secretary of State for External Affairs,
Ottawa.

