APPENDIX

EXCHANGE OF NOTES (MARCH 6, 1946) BETWEEN CANADA AND THE UNITED KINGDOM RELATING TO THE FINANCIAL AGREEMENT SIGNED BETWEEN THEM AT OTTAWA, MARCH 6, 1946

I

Dear Mr. Ilsley,

I have received your letter of 6th March on the relation between the implementation of our Agreement and the action of Congress on the Anglo-American agreement.

I confirm that my understanding of the position is the same as yours.

Our Agreement is of the greatest value to the common interests of our two countries, and I take this opportunity of expressing to you my most sincere appreciation of the action of your Government.

Yours sincerely,

HUGH DALTON

Dear Chancellor of the Exchequer,

On the occasion of the signature of the financial agreement between the Government of the United Kingdom and the Government of Canada, I should like to place on record our understanding regarding the entry into force and implementation of this agreement in relation to the action by the United States Congress on the financial agreement between the Government of the United Kingdom and the Government of the United States, signed at Washington on December 6, 1945.

The agreement between the United Kingdom and Canada has been drawn up in the expectation that the Anglo-American agreement will be approved by Congress and will enter into force some time during the current year. If, however, Congress does not approve the Anglo-American agreement, our understanding is that, in the terms of Article 8 of our agreement, a major change would have occurred in the international financial situation, which would materially alter prospective benefits and obligations flowing from our agreement, and that consequently it would be necessary forthwith to consider what changes in the provisions of our agreement the two Governments should agree to make, subject to such legislative approval as may be necessary. In these circumstances, it is also our understanding that Articles 5, 6 and 7 of our agreement will not be implemented until it is known whether the United States Congress has approved the Anglo-American agreement. I agree, however, that these articles are to be implemented immediately Congress approves the agreement.

I should appreciate it if you would confirm that the above understanding is in accordance with that of your Government.

Yours very truly,

J. L. ILSLEY.