

(Translation)

DEPARTMENT OF FOREIGN AFFAIRS

No. 1541-D-156.

Quito, 26th August, 1941.

Sir,—With the object of strengthening the relations which happily exist between Ecuador and Canada, and pending the conclusion of a Trade Agreement between the two countries, I have the pleasure to propose to Your Excellency, on behalf of the Ecuadorian Government, the following commercial *modus vivendi*:—

1. Articles, the growth, produce or manufacture of Ecuador shall not, on importation into Canada, be subject to higher duties or charges than those levied or which will be levied on like articles, the growth, produce or manufacture of any other foreign country.

2. In order to secure the advantages aforesaid, such articles shall be transported from a port of Ecuador into a sea, lake or river port of Canada, without transshipment, or in transit through a country which enjoys the benefits of the British Preferential or Intermediate Tariffs of Canada.

3. The advantages now accorded, or which may hereafter be accorded by Canada exclusively to other territories under the sovereignty of His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty, protection or mandate, shall be excepted from the operation of this agreement.

4. Articles, the growth, produce or manufacture of Canada shall not, on importation into Ecuador, be subject to higher duties or charges than those levied or which will be levied on like articles the growth, produce or manufacture of any other foreign country. In consequence, the Government of Ecuador removes the 50% surcharge which is being applied to articles, the growth, produce or manufacture of Canada.

5. In order to secure the advantages aforesaid, such articles shall be transported from a port of Canada into a sea, lake or river port of Ecuador without transshipment, or in transit through a country which enjoys the benefits of the preferential tariff of Ecuador.

6. The advantages now accorded or which may hereafter be accorded by Ecuador to adjacent countries in order to facilitate frontier traffic shall be excepted from the operation of this agreement.

7. In accordance with Articles 1 and 4, any advantage which may be accorded by one of the two Governments to the articles, the produce or origin of a third country, other than those referred to in Articles 3 and 6, shall be accorded immediately and without compensation to the like products originating from the other country.

8. The two Governments shall grant one another reciprocally treatment not less favourable than is accorded under equal conditions to any other foreign country in all matters relating to the control of foreign exchange and imports.

9. This agreement shall come into force on the 1st October, 1941, and either of the Parties may terminate it at any time, upon prior three months' notice to the other.

The favourable reply from Your Excellency will constitute the completion of this commercial *modus vivendi*.

I avail, etc.,

J. TOBAR DONOSO.