

EXCHANGE OF NOTES (DECEMBER 21 AND 23, 1933) EXTENDING INDEFINITELY THE COMMERCIAL "MODUS VIVENDI" OF MARCH 29/30, 1933, BETWEEN CANADA AND GERMANY

The Secretary of State for External Affairs of Canada to the German Consul General for Canada.

DEPARTMENT OF EXTERNAL AFFAIRS CANADA

OTTAWA, December 21, 1933.

Sir,

I have the honour to refer to your interview of December 6th with officials of my Department and of the Department of Trade and Commerce respecting the tariff relations between Canada and Germany at which you stated that your Government would be prepared to extend, indefinitely, the "modus vivendi" between Canada and Germany which expires December 31st next, provided that the new "modus vivendi" may be terminated at any time by either Government, and that, in the event of such termination, natural or manufactured products of either country would continue to enjoy, on importation into the other, the benefits of the agreement for a period of six weeks from the date of notice of termination. I understand further that your Government would prefer that the extension of the "modus vivendi" be made by an Exchange of Notes in the same way in which it was first concluded rather than by the signature of a definitive Agreement.

In reply I have the honour to inform you that the Canadian Government is in agreement with the views expressed by you on behalf of the German Government and to this end a draft recommendation to the Governor General in Council has been drawn up according to the benefit of the Intermediate Tariff to six weeks' notice. A copy of the draft recommendation is enclosed, and, if the German goods, indefinitely, from January 1, 1934, subject to termination after considerations set forth therein are in accord with the views of your Government, I shall recommend the immediate passing of an Order-in-Council* in such terms.

As you will be aware from my letter of October 4th, the policy of the German Government in restricting the amount of foreign exchange made available for the purchase of Canadian wood pulp has served to curtail one of the chief advantages which the Canadian Government had anticipated would accrue from the "modus vivendi" under which the German Government agreed to extend most-favoured-nation treatment to Canadian goods. Wood pulp for the manufacture of artificial silk is one of those few products in which our trade with Germany has attained a considerable volume in recent years. It may be pointed out that Canadian purchases of artificial silk yarn from Germany during the seven months from April to October, 1933, were valued at \$127,363, whereas wood pulp for the manufacture of artificial silk was \$97,747. In view of the trade which Germany is now doing with Canada in artificial silk yarn, I trust that your Government will not impede the importation into Germany of Canadian wood pulp for the manufacture of artificial silk, this being one of the few products the trade in which we hoped to promote through the conclusion of the "modus vivendi" with Germany.

* P.C. 2674, December 23, 1933. See *Canada Gazette*, January 6, 1934.