

set forth in Article 3 of the Treaty of Peace with Japan signed at the city of San Francisco on September 8, 1951, as long as the situation set forth in the second sentence of the said Article continues with respect to the administration, legislation and jurisdiction over those areas.

I have further the honour to request Your Excellency to be good enough to confirm the foregoing understanding on behalf of your Government.

I avail myself, Excellency, of this opportunity to renew assurances of my highest consideration.

KOTO MATSUDAIRA

Ambassador of Japan

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

II

OTTAWA, March 31, 1954.

YOUR EXCELLENCY,

I have the honour to acknowledge receipt of Your Excellency's Note dated March 31, 1954 which reads as follows:

"With reference to the Agreement on Commerce between Japan and Canada signed today, I have the honour to inform Your Excellency that the most-favoured-nation provisions of the said Agreement shall not apply to advantages accorded or to be accorded hereafter by Japan to such areas as set forth in Article 3 of the Treaty of Peace with Japan signed at the city of San Francisco on September 8, 1951, as long as the situation set forth in the second sentence of the said Article continues with respect to the administration, legislation and jurisdiction over those areas.

I have further the honour to request Your Excellency to be good enough to confirm the foregoing understanding on behalf of your Government."

On behalf of the Government of Canada I have the honour to confirm the understanding stated in Your Excellency's Note with respect to the application of the Agreement on Commerce signed today to the areas specified in Article 3 of the treaty of Peace with Japan.

I avail myself, Excellency, of this opportunity to renew assurances of my highest consideration.

L. B. PEARSON

Secretary of State for External Affairs

His Excellency Koto Matsudaira,
Ambassador of Japan,
Ottawa.

III

OTTAWA, March 31, 1954.

YOUR EXCELLENCY,

On the occasion of signing the Agreement on Commerce between Canada and Japan, I have the honour to inform Your Excellency that the Government of Canada reserves the right to establish values for ordinary and special duty purposes in the following terms:

1. If, as a result of unforeseen developments and of the effect of the obligations incurred by Canada under the aforesaid Agreement, any