

ment of the United Kingdom that changes in their domestic guarantee arrangements should be made as necessary so that these arrangements are effective for the purposes described in paragraph 4 above.

7. The Government of the United Kingdom, after consultation with the Government of Canada and other co-operating Governments, have advised the Government of Canada of the cereals, cereal products and by-products for which, subject to the approval of Parliament, it is proposed initially to specify minimum import prices, and these are set out in the attached agreed Annex. As regards the minimum import prices to be applied to the initial range of products the Government of the United Kingdom have consulted the Government of Canada and other co-operating Governments and it is understood that if the prices prescribed are as agreed, they will be acceptable to the Government of Canada. Any subsequent changes shall be a matter for joint consultation between the Government of the United Kingdom and the principal co-operating Governments, and as regards any changes which affect the particular interests of the Government of Canada, the Government of the United Kingdom shall seek the agreement of the Government of Canada. In addition, the Government of the United Kingdom shall not make any significant change in the general level of minimum import prices except after agreement with the Government of Canada and other principal co-operating Governments.

8. The Government of the United Kingdom shall take action to maintain the levels of the prescribed minimum import prices by such levies on imports as may be necessary for this purpose. Subject to your confirmation of the willingness of the Government of Canada to co-operate in these arrangements, the Government of the United Kingdom shall exempt from levies all imports of products in the attached Annex which originated in and were consigned from Canada to the United Kingdom except in the following circumstances:—

- (i) When the general level of offering prices to the United Kingdom market from Canada for any product in the attached Annex is (after taking into account any customs duty chargeable) below the appropriate prescribed minimum import price for that product, the Government of the United Kingdom may, after notifying the Government of Canada, apply a levy generally equivalent to the difference between the two to that product for so long as such conditions make it necessary.
- (ii) When an individual parcel of any product in the Annex originated in and was consigned from Canada to the United Kingdom and the price paid for that parcel, together with any customs duty chargeable and any levy applicable under sub-paragraph (i) above is less than the appropriate minimum price, a levy equal to the difference between the two may be applied.

In the circumstances described in sub-paragraph (i) and (ii) above such levies may be applied by the Government of the United Kingdom notwithstanding their commitments to the Government of Canada with respect to the products listed in the Annex, as specified in Schedule XIX annexed to the General Agreement on Tariffs and Trade, and under the relevant provision of the Exchange of Letters of October 30th 1947 between our two Governments relating to the Trade Agreement of 1937. It is also the intention of the Government of the United Kingdom that in the implementation of these arrangements suitable provision shall be made to avoid prejudice to normal trade practices of forward contracting.

9. The Government of the United Kingdom shall review the minimum import price arrangements before the beginning of each crop year commencing on the 1st July, or on request during a crop year, in consultation with the Government of Canada and other co-operating Governments.