

lower duties Ireland granted the United Kingdom in 1938. The present arrangement is working satisfactorily and there is no occasion to consider its revision.

Australia

Commercial relations with Australia were rather strained during the negotiation of the new Agreement with the United States as a result of Australian unwillingness to facilitate those negotiations in any way. Preliminary conversations are now under way looking toward the negotiation of a Trade Agreement between Australia and United States. If and when those discussions take definite shape we shall probably be compelled to re-examine the Canada-Australian Trade Agreement. Canada has already agreed to interpose no objection to the reduction of the Australian preference on soft wood lumber to the level of the United States duties on imported Canadian lumber. It is likely that the United States will ask Australia to relieve Canada from the obligation to maintain present duties on raisins and on canned fruits, and will seek reductions in unbound preferences in Australia which will require reconsideration of existing arrangements.

New Zealand

Trade with New Zealand will be adversely affected by the new regime of exchange control and import licensing which their Government has had to introduce in order to protect the exchange rate between the New Zealand £ and the £ sterling and to

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