

shall consider such representation and proposals as the other Government may make and shall afford adequate opportunity for consultation with a view to reaching a mutually satisfactory agreement.

2. The Government of each country shall accord sympathetic consideration to, and when requested, shall afford adequate opportunity for consultation regarding such representations as the other Government may make with respect to the operation of customs regulations, control of foreign exchange, quantitative restrictions or the administration thereof, the observance of customs formalities, and the application of sanitary laws and regulations for the protection of human, animal or plant health or life.

3. If agreement is not reached after due consultation as described above, either Government shall be free to terminate this Agreement in whole or in part on thirty days' written notice.

4. Greater than nominal penalties shall not be imposed by Canada or Nicaragua in connection with the importation of articles the growth, produce or manufacture of the other country because of errors in documentation which are obviously clerical in origin or with regard to which good faith can be established.

ARTICLE VI

1. Nothing in this Agreement shall be construed to prevent the adoption or enforcement of such measures as the Government of either country may see fit to adopt relating to the importation or exportation of gold or silver; or relating to the control of the import or export of sale for export of arms, ammunition, or implements of war, and in exceptional circumstances, all other military supplies.

2. Subject to the requirement that, under like circumstances and conditions, there shall be no arbitrary discrimination by either country against the other country in favour of any other foreign country, and without prejudice to the provisions of paragraphs 1 and 2 of Article V, the provisions of this Agreement shall not extend to prohibitions or restrictions:

- (1) imposed on moral or humanitarian grounds;
- (2) designed to protect human, animal or plant health or life;
- (3) relating to prison-made goods;
- (4) relative to the enforcement of police or revenue laws;
- (5) directed against mis-branding, adulteration, and other fraudulent practices, such as are provided for in the pure food and drug laws of either country; or
- (6) directed against unfair practices in import trade.

3. It is understood that the provisions of this Agreement relating to laws and regulations affecting the sale, taxation or use of imported articles within Canada and Nicaragua are subject to the constitutional limitations on the authority of the Governments of the respective countries.

ARTICLE VII

The advantages already accorded or which in the future may be accorded by either country to adjacent countries to facilitate frontier traffic and the advantages which may result from a customs union of which either country may become a party shall be excepted from the operation of this Agreement.