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The Secretary of State for External Affairs to the First Deputy Minister of Foreign Affairs, Head of the Delegation of the Hungarian People's Republic.

THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Ottawa, June 11, 1964.

Sir,

I have the honour to refer to discussions between representatives of the Government of Canada and the Government of the Hungarian People's Republic concerning claims of the Government of Canada and of Canadian citizens against Hungary and claims of the Government of the Hungarian People's Republic against the Government of Canada.

The Canadian Government proposes that negotiations between the Canadian Government and the Hungarian Government be held with a view to reaching agreement on a lump-sum settlement of all outstanding reciprocal financial claims.

It is proposed that a settlement would take into account all claims of the Canadian Government and of Canadian citizens in respect of pre-war debts, war damages, and property the subject of nationalization, expropriation or other similar measures taken by the Hungarian authorities. The settlement would also take into account all obligations of the Hungarian Government to the Canadian Government and Canadian citizens arising out of the Treaty of Peace with Hungary signed in Paris on February 10, 1947. It would also take into account all Hungarian claims in respect of blocked and vested Hungarian assets in Canada.

It is proposed that negotiations commence at an early date to be determined by mutual agreement and that the two governments will seek an expeditious settlement within the three-year period of the trade agreement which is being signed at this time. It is understood that the Hungarian Government is prepared to negotiate on the basis of principles similar to those applied in other claims settlements concluded by Hungary, with a view to reaching an agreement no less favourable to Canada than those concluded by Hungary with other countries subsequent to the Second World War.

I would appreciate receiving confirmation that the Hungarian Government is agreeable to the commencement of negotiations on the foregoing basis.

Accept, Sir, the assurance of my highest consideration.

PAUL MARTIN

His Excellency Mr. Peter Mod,
First Deputy Minister of Foreign Affairs,
Head of the Hungarian Delegation,
Ottawa.