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*The Minister for Foreign Affairs of Spain  
to the Deputy Minister of the Department of Trade  
and Commerce of Canada.*

DEPARTMENT OF FOREIGN AFFAIRS

MADRID, January 29, 1952.

EXCELLENCY,

In connection with the conversations held the last few days, I have the honour to express to you the agreement of the Spanish Government, to the settlement of the commercial debts pending with Canada, for a total sum not exceeding \$650,000 and in accordance with the following conditions:

1. "Commercial Arrears" for the purpose of this repayment arrangement will be those debts contracted by natural and juridical Spanish persons with Canadian firms as the result of imports into Spain, prior to July 18th, 1936, of Canadian goods.

2. The Spanish debtors must justify with documents and in the usual way before the Spanish Institute of Foreign Exchange, before June 30th, 1952, the amount of their debts.

3. Settlement will be made in the following manner:

(a) By release on the part of the Foreign Exchange Institute of the type of currency in which the debt is stipulated.

(b) The rate of exchange to be applied by the Spanish Foreign Exchange Institute in those cases in which the debtors have made deposits in pesetas as guarantee, shall be that which served as a basis to make the deposit provided that it is not lower than the official rate at present in force. In those cases in which the rate of exchange of the guarantee deposit was lower than the present official rate, the latter will apply.

(c) On such debts in which no deposits have been made, the rate of exchange to be applied will be fixed by the Spanish Foreign Exchange Institute according to the circumstances prevailing in each case. Although it is not possible to indicate at this time the actual rate at which these debts will be converted into dollars, efforts will be made so that the rate of exchange be such as to facilitate the payment of the debts, consideration being given to the fact that the debtors have had the use of the money in the intervening years.

(d) Those debts guaranteed by deposits in pesetas will be refunded immediately, and the liquidation of the remaining debts will be made at the rate of \$25,000 per month as from the moment that the former have been paid up, but not later than June 30th, 1952.

4. Such applications as may be filed at the Spanish Foreign Exchange Institute exceeding \$650,000 will have to be taken in consideration independently from this agreement.

I shall appreciate it if you will kindly express to me the conformity of the Canadian Government on the above.

ALBERTO MARTIN ARTAJO.