

LETTER No. 1

OTTAWA, February 23, 1937.

SIR,

With reference to Article 16 of the Trade Agreement signed this day, I have the honour to inform you that the Canadian Government, having taken note of the statements of the United Kingdom Government in the course of the recent discussions:

- (1) that it is essential to the national security that the production of the zinc smelting industry in the United Kingdom should be maintained at a satisfactory level;
- (2) that at any enquiry into the question of the effects of imports of zinc from oversea Empire countries on the maintenance of the production of zinc in the United Kingdom at a satisfactory level having regard to the needs of national security, the Canadian zinc producers would have the opportunity of submitting evidence, and
- (3) that the Government of the United Kingdom would consult the Canadian Government before taking any decision to impose a customs duty on imports of Canadian zinc into the United Kingdom,

agree that it will be open to the United Kingdom Government, after such enquiry and after consultation with the Canadian Government, and notwithstanding the provisions of Article 1 of the Trade Agreement, to impose a customs duty on imports of zinc produced or manufactured in Canada, without prejudice however, to the provisions of Article 3 of the Agreement.

It is understood that no customs duty will be imposed on Canadian zinc which is not equally applicable to zinc from other oversea Empire sources.

I have the honour to be,

Sir,

Your obedient servant,

W. L. MACKENZIE KING

Sir Francis L. C. Floud, K.C.B.,
High Commissioner in Canada for
His Majesty's Government in the
United Kingdom,
Ottawa.