

ARTICLE 4.

Waiver of Interest Payments.

In any year in which the Government of the United Kingdom requests the Government of Canada to waive the amount of the interest due in the instalment of that year, the Government of Canada will grant the waiver if:—

(a) The Government of the United Kingdom finds that a waiver is necessary in view of the present and prospective conditions of international exchange and the level of its gold and foreign exchange reserves; and

(b) The International Monetary Fund certifies that the income of the United Kingdom from home-produced exports plus its net income from invisible current transactions in its balance of payments was on the average over the five preceding calendar years less than the average annual amount of United Kingdom imports during 1936-1938, fixed at 866 million pounds as such figure may be adjusted for changes in the price level of these imports. If waiver is requested for an interest payment prior to that due in 1955, the average income shall be computed for the calendar years from 1950 through the year preceding that in which the request is made; and

(c) Interest payments due in that year on any credit made available to the Government of the United Kingdom to which a similar provision for waiver of interest applies are also waived.

ARTICLE 5.

Exchange and Import Arrangements.

The Government of the United Kingdom and the Government of Canada agree that in respect of (a) the operation of exchange controls and arrangements, and (b) quantitative import restrictions, each will grant to the residents and products of the other, treatment not less favourable than that provided for in any instrument of agreement with the Government of any other country signed prior to the date of this Agreement.

ARTICLE 6.

Outstanding Interest-Free Loan.

The two Governments agree that the interest-free provision of the loan made to the Government of the United Kingdom under The War Appropriation (United Kingdom Financing) Act, 1942, will continue until January 1, 1951, and that the other arrangements with regard to the loan will continue as at present until that date. The two Governments agree to enter into discussions before January 1, 1951, with regard to the question of interest on, and the terms of repayment of, any balance of the loan then outstanding.