

June 30, 1953.

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the recent decision by the United States Government on the recommendation of the Tariff Commission to impose on July 1st severe import restrictions upon a list of important dairy products, fats and oils, under Section 22 of the Agricultural Adjustment Act.

In this connection it will be recalled that the Secretary of State, in his note of May 15, 1953 in which he indicated appreciation of the concern of the Government of Canada regarding import controls on dairy products under Section 104 of the Defense Production Act of 1950, drew attention to the enquiry which the President had directed the Tariff Commission to undertake.

The measures which are now being introduced will involve the continuation and, in some respects, be an intensification of restrictions which have hitherto applied under Section 104 of the Defense Production Act. These import restrictions have been the subject of several communications from the Canadian Government and have been dealt with in substance at successive sessions of the Contracting Parties to the General Agreement on Tariffs and Trade. The Canadian Government is concerned that there should be further impairment, by the Government of the United States, of the principles upon which trade between Canada and the United States has been built up to the high levels which prevail at present, to the benefit of both countries.

The Canadian Government takes note that the Presidential Proclamation of June 9 states that these new controls, under Section 22 of the Agricultural Adjustment Act, are less arbitrary than their predecessors and more in conformity with the requirements of United States foreign trade and economic policy and with the reciprocal trade agreements to which the United States is a party.

The Canadian Government wishes to make clear that it does not regard these new import restrictions as any more in accordance with the Trade Agreement between Canada and the United States when they are imposed under Section 22 of the Agricultural Adjustment Act than the restrictions imposed under Section 104 of the Defense Production Act. The Canadian Government notes that these new measures were proclaimed by the United States Government without advance consultation on the problems of joint concern which are thus created. In the view of the Canadian Government, international trade is of critical importance to the maintenance of prosperity in both countries. International trade is the essential basis also of the international co-operation which must be continued to secure our common defence. Agricultural policy has become a very sensitive matter in many countries in addition to the United States and trade in agricultural products constitutes a very important part of world trade. The Canadian Government is apprehensive, therefore, both at the spread of agricultural protectionism, and at the threat of dumping of agricultural products into the channels of world trade which is likely to accompany it.

The Canadian Government must refer in particular to the fact that these new measures have been proclaimed by the President of the United States under legislation which is permissive rather than mandatory in its terms and that this legislation has been amended since the date upon which the General Agreement on Tariffs and Trade came into force. The consequences of unilateral resort to such practices, on the part of important countries, is bound to raise grave problems, not only for international trade but for the whole structure of international co-operation.

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