

Note for Correspondents:

Under the terms of this Agreement, Canada and Japan will exchange unconditional most-favoured-nation treatment with respect to customs duties and other charges, and all rules and formalities, internal taxes and other regulations concerning trade. The Agreement also provides that neither country will impose or maintain restrictions or prohibitions affecting its trade with the other country, unless similar measures are applied equally to all third countries. Similarly, in the allocation of foreign exchange and in the administration of foreign exchange restrictions affecting trade, each country will accord unconditional most-favoured-nation treatment.

Under the terms of this Agreement, Canada reserves the right to establish special values for duty on any imports entering Canada in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products. In the event of such special values being applied, and in determining the level at which such values should be applied, Canada will take into account the prices of like or directly competitive products imported from other countries.

Under the Agreement either country may temporarily impose discriminatory import and exchange restrictions, if such restrictions are required on balance of payments grounds. However, such restrictions must not discriminate between Canada and other dollar countries or other countries with convertible currencies. The Government of Japan has also undertaken, subject to certain agreed exceptions, to accord Canada unconditional non-discriminatory treatment in relation to any other country with respect to import and exchange controls to the following list of nine commodities: wheat, barley, woodpulp, flaxseed, primary copper, lead in pigs, zinc spelter, synthetic resin and milk powder.

The Agreement also provides for non-discrimination in state trading practices. Both countries undertake to conform to internationally accepted fair trade practices, particularly in matters pertaining to trade marks, marks of origin and rights under patents. They also undertake to cooperate in the prevention of any practices which might prejudicially affect their mutual trade and to accord sympathetic consideration to any representations that the other country may make.

The two countries have agreed that the provisions of this Agreement continue to be applicable in the event that the General Agreement on Tariffs and Trade is applied between Canada and Japan. The Contracting Parties to the General Agreement at their Eighth Session in September 1953 arranged for Japan to participate in their sessions, pending the time at which Japan might negotiate with a view to accession. A Declaration was also prepared by which those contracting parties in a position to do so would agree to have the provisions of GATT govern commercial relations between themselves and Japan during the same period. The Prime Minister, Mr. St. Laurent, indicated in his speech in Tokyo on March 11th that, with completion of action on the commercial agreement between Canada and Japan, Canada would expect to be in a position to apply the General Agreement on Tariffs and Trade to Canadian-Japanese trading relations. In that event the GATT would govern commercial relations between Canada and Japan provisionally, subject to the terms of the bilateral Agreement.