

4. If course suggested does not commend itself to your Government we would be prepared to accept the draft Agreement, with the following modification in Article 1 Section I(a) to bring it more into conformity with Article 2 Section I(a), "provided that such rates shall in no case be higher than the rates chargeable on similar goods under the British Preferential Tariff of Canada." We would further be prepared to bring the Agreement before Parliament immediately for approval but suggest it should be limited in its duration under Article 10 definitely to one year. The purpose of above proposals is to permit full discussion of a definitive Trade Agreement at Ottawa at the time of the Imperial Economic Conference and to ensure that such definitive Trade Agreement will be in accord with the policies and principles for the development of intra-Empire trade which may be agreed upon at the Conference. In any event, the draft Agreement upon which so much excellent work has been done will, we assume, be the basis on which Agreement will be made.

5. Events are moving very rapidly. We are most anxious to complete promptly trade Agreements of mutual advantage but equally desire to do nothing that may restrict action at what promises to be a most vital Imperial Conference. We shall be glad to learn the views of your Government on these proposals.

R. B. BENNETT

966.

*Le premier ministre de Nouvelle-Zélande au Premier ministre  
Prime Minister of New Zealand to Prime Minister*

TELEGRAM

Wellington, March 21, 1932

URGENT. Your telegram 11th March concerning Trade Agreement. The New Zealand Government regret that your Government cannot see their way to approve Agreement as drafted. We also regret that we are unable to adopt proposal in paragraph 3. As regards the alternative course mentioned in paragraph 4, the New Zealand Government, being anxious to develop closer trade relations between our two countries, is willing that Agreement as initialled should be brought into force for 1 year with modification of Article I suggested by you, on the understanding, firstly, that as imposition of duties on wool, hides and skins under Intermediate and General Tariffs cannot be made to synchronise with ratification of the Agreement and actual rates must naturally remain undisclosed, meanwhile it would be preferable to leave these items out of the Schedule and that motor cars should remain at the present rates now in force pending Ottawa Conference when these particular items could be further dealt with, secondly, that the whole Agreement will be reviewed at the time of the Ottawa Conference, and thirdly, that owing to the limited period during which the Agreement may operate the New Zealand Government could not be expected to disturb existing trade relations with the Straits Settlements by increasing duties on rubber soles, canvas footwear. If you agree, kindly advise, firstly, alterations you suggest in Article X,