

**Exchange of Notes (December 20 and 27, 1932), Concerning a
Commercial "Modus Vivendi" Between
Canada and Germany**

*The Acting Secretary of State for External Affairs of Canada to the German
Consul General for Canada*

DEPARTMENT OF EXTERNAL AFFAIRS, CANADA

OTTAWA, 20th December, 1932.

SIR,—I have the honour to refer to your conversations of December 8th and December 15th with the Under-Secretary of State for External Affairs and other Departmental officials respecting the negotiation of a Treaty of Commerce and Navigation between Canada and Germany.

In reply I have the honour to inform you that the Canadian Government, realizing the force of your Government's view that it would require several months to draw up a complete Treaty of Commerce and Navigation, particularly if it were to include Conventional rates on products of special interest to the commerce of Canada and Germany, are in cordial agreement with the views expressed by your Government as to the desirability of concluding, as soon as may be practicable, a "modus vivendi" based on the exchange of most-favoured-nation treatment in tariff matters.

I have the honour to state, however, after examining the statutes on the subject, that the Canadian Government are not authorized to enter into an Agreement explicitly according most-favoured-nation treatment to any country without the approval of Parliament. Consequently they would not be authorized to effect an exchange of notes in the terms of the draft note which you presented to the Under-Secretary of State for External Affairs on the occasion of your recent interview.

Under Section 4 of the Customs Tariff, however, the Governor General in Council is empowered to extend to any country, in consideration of satisfactory benefits, the Intermediate Tariff which in fact is now the lowest tariff accorded to any foreign country. Accordingly, the Canadian Government are disposed to view with favour your alternative suggestion that as a temporary expedient, a separate Declaration be made, on the part of each Government, that "de facto" most-favoured-nation treatment in tariff matters be accorded natural and manufactured products of the other. For this purpose a draft recommendation to Council has been drawn up according the benefit of the Intermediate Tariff to German goods for a period of three months from January 1st, 1933. A copy of the draft recommendation is enclosed and if the considerations set forth therein are in accord with the views of your Government, I will recommend the passing of an Order in Council in such terms.*

While it is not practicable to write such an undertaking into the Order in Council, you are authorized to inform your Government that, if any rates lower than the Intermediate Tariff are accorded to any other foreign country during this period, they will also be extended to Germany.

The Canadian Government take note of the view of your Government that the temporary regional tariff preferences which it is proposed to accord to limited quantities of wheat, barley for feeding purposes, and Indian corn, by treaties with Roumania, Bulgaria, Jugo-Slavia and Hungary, should be regarded

* P.C. 2807, December 27, 1932. See Canada Gazette January 7, 1933.