# EXCHANGE OF NOTES

(December 21 and 23, 1933)

# EXTENDING INDEFINITELY THE COMMERCIAL "MODUS VIVENDI" OF MARCH 29-30, 1933

BETWEEN

## CANADA AND GERMANY

IN FORCE JANUARY 1, 1934



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

DEPARTMENT OF EXTERNAL AFFAIRS CANADA SIR,

OTTAWA, December 21, 1933.

I have the honour to refer to your interview of December 6th with officials tariff partment and of the D your interview of Trade and Commerce respecting of my Department and of the Department of Trade and Commerce respecting Government and of the Department at which you stated that your the tariff relations between Canada and Germany at which you stated that your between Canada and Germany at which you stated that your between Canada and Germany at which you stated that your between Canada and Germany at which you stated that provided that Government and of the Department of Trade and Covernment of Statuted that you between Canada and Germany at which you stated that you between Canada and Germany at which you stated that you between Canada and Germany at which you stated that "modus vivendi" the new "modus and Germany which expires December 31st next, provided that and that in modus vivendi" many which expires December 31st next, provided that it is that it is not to be the control of t the new "modus vivendi" may be terminated at any time by either Government, either co. in the event of may be terminated at any time by either dependent of the control of and that, in the event of such termination, natural or manufactured products of of the scountry would continue the such termination. either country would continue to enjoy, on importation into the other, the benefits

of the agreement for a period of six weeks from the date of notice of termination.

of the agreement for a period of six weeks from the date of notice of termination. I understand further that your Government would prefer that the extension the "modus vivendi" that your Government would prefer that the same way in of the "modus vivendi" be made by an Exchange of Notes in the same way in ment.

Was first conclude made by an Exchange of Agreewhich it was first concluded rather than by the signature of a definitive Agree-

In reply I have the honour to inform you that the Canadian Government ernmant with the canadian German is in agreement with the honour to inform you that the Canadian Government in Collection and to the views expressed by you on behalf of the German in Collection and to the views expressed by you on the Governor General Collection and to the canadian Collection to the Governor General Collection and to the canadian Collection and to the canadian Government with the views expressed by you on behalf of the Canadian Government in Collection and to the Canadian Government with the views expressed by you on behalf of the German in Collection and to the canadian Government with the views expressed by you on behalf of the German in Collection and to the canadian Government with the views expressed by you on behalf of the German in Collection and to the canadian Government with the views expressed by you on behalf of the German in Collection and the canadian Government with the views expressed by you on behalf of the German in Collection and the canadian Government with the views expressed by you on behalf of the Governor General collection and the canadian Government with the views expressed by your on behalf of the Governor General collection and the canadian Government with the collection of the Governor General collection and the canadian Government with the collection of the Governor General co Government with the views expressed by you on behalf of the Gernal German has been down and a draft recommendation to the Governor General German has been down and a draft recommendation to the Intermediate Tariff to in Council and to this end a draft recommendation to the Governor German lass been drawn up according the benefit of the Intermediate Tariff to six weeks, indefinitely up according the benefit of the Intermediate Tariff to six weeks, indefinitely up according to the subject to termination after the six weeks, indefinitely up according to the subject to termination after the subject to the subj German las been drawn up according the benefit of the Intermediate Tarmesix weeks, indefinitely, from January 1, 1934, subject to termination after consideration of the Intermediate Tarmesix weeks, notice. A notice of the Intermediate Tarmesix weeks, and if the Intermediate Tarmesix weeks, notice of the Intermediate Tarmesix weeks, and if the Intermediate Tarmesix weeks, notice of the Intermediate Tarmesix weeks, and if the Intermediate Tarmesix weeks, notice of the Intermediate Tarmesix weeks, and in the Intermediate Ta six weeks, indefinitely, from January 1, 1934, subject to termination are considerations set forth 1. A copy of the draft recommendation is enclosed, and, if the I shall recommendation is enclosed, and it is the I shall recommendation is enclosed, and it is the I shall recommendation is enclosed. considerations set forth therein are in accord with the views of your Government, as a commend the inverse of the draft recommendation is enclosed, and, it is shall recommend the inverse of an Order-in-Council\* in such terms.

I shall recommend the immediate passing of an Order-in-Council\* in such terms.

German you will be immediate passing of an Order-the policy of the council of the policy of the p German you will be aware from my letter of October 4th, the policy of the able for the purchase of Certain the amount of foreign exchange made available for the purchase of Certain the amount of foreign exchange made available advantage of Certain the amount of the certain the certain the certain the purchase of the certain the certain the policy of the certain the ce As you will be aware from my letter of October 4th, the policy of the for the rement in accord with the Council in such that the immediate passing of an Order-in-Council in such man Government in a such as for the remember in the remainder of the remember in the remainder of th able for the purchase of Canadian wood pulp has served to curtail one of the from th chief for the purchase of Canadian wood pulp has served to curtail one of the strength of the modus which the Canadian Government had anticipated would accrue the modus which the Canadian Government had anticipated to be strength of the German Government agreed to be modus which the Canadian Government had anticipated would not be strength or the modus which the German Government agreed to be strength or the modus which the German Government had anticipated would not be strength or the modus which the German Government had anticipated would not be strength or the modus which the German Government had anticipated would not be strength or the modus which the German Government had anticipated would not be strength or the modus which the German Government had anticipated would not be strength or the modus which the canadian great the modus which th from the "ages which the Canadian wood pulp has served to extend modus vivendi" under which the German Government agreed to manufacture avoured next to Canadian goods. Wood pulp for the canadian goods. extend modus vivendi" under which the German Government agreed with German Government agreed with German Government agreed with German Government agreed to manufacture of artificial illustratement to Canadian goods. Wood pulp for the German Government agreed to the German Government ag manufacture of artificial silk is one of those few products in which our trade pointed out by has attained by with Germany has attained a considerable volume in recent years. It may be the seven that Canadian during fartificial silk is one of those few products in which our trace the seven that Canadian a considerable volume in recent years. It may be the seven that Canadian a considerable volume in recent years. It may be the seven that Canadian a considerable volume in recent years. Dointed out that Canadian purchases of artificial silk yarn from Germany during during the months from April 1933 were valued at \$127,363, whereas the seven months from April to October, 1933, were valued at \$127,363, whereas pulp same period the seven months from April to October, 1933, were valued at \$127,363, whereas pulp same period the seven months from April to October, 1933, were valued at \$127,363, whereas pulp pulp same period the formal pulp s during the same period the c.i.f. value of Canadian shipments to Germany of the which or the manufacture. wood the same period the c.i.f. value of Canadian shipments to Germany of the which Germany is a superior of the c.i.f. value of Canadian shipments to Germany of the c.i.f. value of artificial silk was \$97,747. In view of the client your Germany is not considered that your Germany is not considered that the considered that t trade which Germany is now doing with Canada in artificial silk yarn, I trust dian wood Government will do the few the importation into Germany of Canada in the importation into Germany of the few that which Germany is now doing with Canada in artificial silk yarn, I trustian wood Government will not impede the importation into Germany of Canada in artificial silk, this being one of the few bucks the conclusion of the dian wour Government will not impede the importation into Germany of Canada in artificial products the trade in manufacture of artificial silk, this being one of the few modus bit trade in which the promote through the conclusion of the products the trade in which we hoped to promote through the conclusion of the modus vivendi " with Germany. \*P.C. 2674, December 23, 1933. See Canada Gazette, January 6, 1934.

In connection with the extension of this "modus vivendi" the Canadian ernment would appreciate an assurance of Government would appreciate an assurance from your Government that, in of event of quotas being established by a constant of this "modus vivendi" the Callada the event of quotas being established by a constant of the callada the constant of the constant of the constant of the const event of quotas being established by your Government that, in any class of goods, the system shall not be any class of goods, the system shall not be so administered as to cause discrimination against goods produced on root be so administered as to cause discrimination against goods produced on root of the system shall be so administered as to cause discrimination against goods produced on root of the system shall be so administered as to cause discrimination against goods are supplied to the system shall be so administered as to cause discrimination against goods. ination against goods produced or manufactured in Canada and that the colditions under which import licenses ditions under which import licences may be obtained for the importation of such goods shall not be less favourable than the goods shall not be less favourable than those applied in the case of similar goods the produce or manufacture of any other foreign country.

I would also request you to draw the attention of your Government to the ting high rate of duty on correct the attention of your Government to existing high rate of duty on canned lobsters imported into Germany. Canned lobsters are a distinctly Canadian lobsters are a distinctly Canadian product and Canada is the chief exporter this commodity to European countries. this commodity to European countries. A year ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, when the "modus vivendibetween the two countries was forther ago, and the between the two countries was first brought into force, there was a conventional duty of 200 reichsmerks per 100 lei duty of 200 reichsmarks per 100 kilogrammes gross weight on canned lobsters but this conventional duty according to the c but this conventional duty ceased to be effective on February 15, 1933, when the former German Trade Treety with San I feet to be effective on February 15, 1933, when the former German Trade Treety with San I feet to be effective on February 15, 1933, when the f former German Trade Treaty with Sweden expired. This brought into force General Tariff of 800 reichsmarks par 100 kg. General Tariff of 800 reichsmarks per 100 kilogrammes gross weight on cannot lobsters imported from all sources. lobsters imported from all sources. Even at par of exchange the present rate and is almost a prohibitive rate of the more if converted at the current rate and is almost a prohibitive rate of the more if converted at the current rate. and is almost a prohibitive rate of duty. This rate is four times as high as rate in force when the "modus vivendi" was entered into last year.

To etauborg homestand I have the honour to be, dove out at a importation into the other, the benefits Sir, a of our bros bluow vatauo .unisationed to selfon to stab Your obedient servant, our a not manually noiseaste suit tailt natera bluow toomareeve R. B. BENNETT materalia. Secretary of State for External Affairs concluded rather than by the signature of a definitive Agree-

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

# GERMAN CONSULATE GENERAL FOR CANADA Montreal, December 23, 1933.

ME

to

I have the honour to acknowledge receipt of your letter of December in which you inform me that the Canadian Government is in agreement the proposal of the German Government is in agreement in a green of the German Government is in agreement. the proposal of the German Government is in agreement vivendi" between Germany and Canada extend, indefinitely, the vivendi" between Germany and Canada, which expires December 31st its provided that the new "modus vivendi" may be between the common of the Germany and Canada, which expires December 31st its provided that the new "modus vivendi" may be expired to the Germany and Canada, which expires December 31st its provided that the new "modus vivendi" may be expired to the German Government to extend, indefinitely, the "modus vivendi" may be a second to the German Government to extend, indefinitely, the "modus vivendi" may be a second to the German Government to extend, indefinitely, the "modus vivendi" may be a second to the German Government to extend, indefinitely, the "modus vivendi" may be a second to the control of the German Government to extend, indefinitely, the "modus vivendi" may be a second to the control of the control provided that the new "modus vivendi" may be terminated at any time by either and that in the event of such as the control of the control of such as the control Government and that in the event of such terminated at any time by products of either country would continue to manufacture. products of either country would continue to enjoy, on importation into paties of the Agreement for a residue of the agreeme other, the benefits of the Agreement for a period of six weeks from the date notice of termination.

I have also read the draft recommendation to the Governor General media enclosed with your letter and I Council enclosed with your letter, and I am authorized to say that the Governor siderations set forth therein are in accord with a council enclosed. siderations set forth therein are in accord with the views of the German ernment.

I have, therefore, the honour to declare, on behalf of my Government, in view of the said Order-in-Council to be passed, Germany will control beyond December 31, 1933, to grant Canada, Germany will control to be passed, Germany will control to be passed, Germany will control to be passed, Germany will control to be passed. beyond December 31, 1933, to grant Canada most-favoured-nation treatment in the contract of th reserving, however, the right to withdraw from the arrangement at any last In the latter event the increased rates applicable by such an action shall



apply to Canadian goods imported into Germany before the expiration of six weeks after the day goods imported into Germany before the expiration of six weeks after the day on which the withdrawal has been notified to the Canadian

I take it that as soon as the Order-in-Council is passed I shall be notified.

With records in your letter, where the interest is the passed I shall be notified. With regard to certain supplementary suggestions made in your letter, which, ever, are not made in supplementary suggestions of the "modus vivendi" however, are not made a condition for the extension of the "modus vivendi" I have the honour tade a condition for the extensions before my Government I have the honour to say that I have laid the suggestions before my Government for decision and To say that I have laid the suggestions of my Government as soon for decision, and I shall transmit to you the views of my Government as soon as I have received. as I have received an answer.

Availing myself of this opportunity to express to you my highest considera-

I have the honour to be, Sir, Your obedient servant,

L. KEMPFF, German Consul General