

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



OTTAWA
J. O. PATENAUDE, I.S.O.
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EXCHANGE OF NOTES (DECEMBER 21 AND 23, 1933) EXTENDING INDEFINITELY THE COMMERCIAL "MODUS VIVENDI" OF MARCH 29/30, 1933, BETWEEN CANADA AND GERMANY

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

DEPARTMENT OF EXTERNAL AFFAIRS CANADA

OTTAWA, December 21, 1933.

Sir,

I have the honour to refer to your interview of December 6th with officials of my Department and of the Department of Trade and Commerce respecting the tariff relations between Canada and Germany at which you stated that your Government would be prepared to extend, indefinitely, the "modus vivendi" between Canada and Germany which expires December 31st next, provided that the new "modus vivendi" may be terminated at any time by either Government, and that, in the event of such termination, natural or manufactured products of 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. I understand further that your Government would prefer that the extension of the "modus vivendi" be made by an Exchange of Notes in the same way in which it was first concluded rather than by the signature of a definitive Agreement.

In reply I have the honour to inform you that the Canadian Government is in agreement with the views expressed by you on behalf of the German Government and to this end a draft recommendation to the Governor General in Council has been drawn up according to the benefit of the Intermediate Tariff to six weeks' notice. A copy of the draft recommendation is enclosed, and, if the German goods, indefinitely, from January 1, 1934, subject to termination after considerations set forth therein are in accord with the views of your Government, I shall recommend the immediate passing of an Order-in-Council* in such terms.

As you will be aware from my letter of October 4th, the policy of the German Government in restricting the amount of foreign exchange made available for the purchase of Canadian wood pulp has served to curtail one of the chief advantages which the Canadian Government had anticipated would accrue from the "modus vivendi" under which the German Government agreed to extend most-favoured-nation treatment to Canadian goods. Wood pulp for the manufacture of artificial silk is one of those few products in which our trade with Germany has attained a considerable volume in recent years. It may be pointed out that Canadian purchases of artificial silk yarn from Germany during the seven months from April to October, 1933, were valued at \$127,363, whereas wood pulp for the manufacture of artificial silk was \$97,747. In view of the trade which Germany is now doing with Canada in artificial silk yarn, I trust that your Government will not impede the importation into Germany of Canadian wood pulp for the manufacture of artificial silk, this being one of the few 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 Government would appreciate an assurance from your Government that, in the event of quotas being established by your Government for the importation of any class of goods, the system shall not be so administered as to cause discrimination against goods produced or manufactured in Canada and that the conditions under which import licences may be obtained for the importation of such 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 existing high rate of duty on canned lobsters imported into Germany. Canned lobsters are a distinctly Canadian product and Canada is the chief exporter of this commodity to European countries. A year ago, when the "modus vivendi" between the two countries was first brought into force, there was a conventional duty of 200 reichsmarks per 100 kilogrammes gross weight on canned lobsters, but this conventional duty ceased to be effective on February 15, 1933, when the former German Trade Treaty with Sweden expired. This brought into force the General Tariff of 800 reichsmarks per 100 kilogrammes gross weight on canned lobsters imported from all sources. Even at par of exchange the present rate is equivalent to 86½ cents per pound (much more if converted at the current rate) and is almost a prohibitive rate of duty. This rate is four times as high as the rate in force when the "modus vivendi" was entered into last year.

I have the honour to be,

Sir,

Your obedient servant,

R. B. BENNETT

Secretary of State for External Affairs

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.

SIR,

I have the honour to acknowledge receipt of your letter of December 21st, in which you inform me that the Canadian Government is in agreement with the proposal of the German Government to extend, indefinitely, the "modus vivendi" between Germany and Canada, which expires December 31st next, provided that the new "modus vivendi" may be terminated at any time by either Government and that in the event of such termination natural or manufactured products of 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.

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

I have, therefore, the honour to declare, on behalf of my Government, that in view of the said Order-in-Council to be passed, Germany will continue beyond December 31, 1933, to grant Canada most-favoured-nation treatment, reserving, however, the right to withdraw from the arrangement at any time. In the latter event the increased rates applicable by such an action shall not



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

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

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

Availing myself of this opportunity to express to you my highest consideration,

I have the honour to be,

Sir,

Your obedient servant,

L. KEMPF, F.

German Consul General

FOR ONE YEAR THE TRADE ACT
JULY 6-8, 1933

BETWEEN

CANADA AND AUSTRIA

IN FORCE JANUARY 1, 1934



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