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Exchange of Notes

between His Majesty's Government in Canada and
the German Government

regarding

Commercial Relations between Canada and Germany

Ottawa, March 29/30, 1933

*Presented by the Secretary of State for Foreign Affairs
to Parliament by Command of His Majesty*

LONDON

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EXCHANGE OF NOTES BETWEEN HIS MAJESTY'S GOVERNMENT IN CANADA AND THE GERMAN GOVERNMENT REGARDING COMMERCIAL RELATIONS BETWEEN CANADA AND GERMANY.⁽¹⁾

Ottawa, March 29/30, 1933.

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

Department of External Affairs, Canada,

Sir,

Ottawa, March 29, 1933.

I HAVE the honour to refer to your letter dated the 21st March, 1933, in which you submit certain proposals designed to provide for the establishment of *de facto* "most-favoured-nation" treatment between Canada and Germany, for a limited period of time.

The Canadian Government is in agreement with the views expressed by you on behalf of the German Government as to the desirability of providing for a *modus vivendi*, based upon the establishment of *de facto* most-favoured-nation treatment in tariff matters. To this end the Canadian Government, acting under statutory authority, will provide for the application of the intermediate tariff to the natural and manufactured products of Germany. The rates of the intermediate tariff are the lowest tariff rates which are now accorded to any foreign country. For this purpose a draft recommendation to the Governor-General in Council has been drawn up according the benefit of intermediate tariff to German goods for a period of nine months from the 1st April, 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 shall recommend the immediate passing of an Order in Council in such terms.⁽²⁾

You will observe that the recommendation provides for its extension for a period of nine months, subject, however, to termination at an earlier date, in the event that the German Government ceases to accord most-favoured-nation treatment to Canada in tariff matters. This clause differs slightly from that suggested in your letter, but it would seem to be desirable to have the arrangement extend for a period of nine months, and the two Governments will then be in a position to take up the question of what further action should be taken with regard to the matter.

⁽¹⁾ By an Exchange of Notes of December 21/23, 1933, this agreement was extended indefinitely, subject to six weeks' notice.

⁽²⁾ P.C. 598, March 31, 1933. See *Canada Gazette*, April 8, 1933.

You will observe that provision is made for another clause along the general lines suggested by your letter, in order to protect legitimate trade against hardships which might result from a sudden withdrawal of the lower tariff rates.

You will also understand that the basis of this arrangement is reciprocal in its character, and that its continued application is contingent upon reciprocal action by the German Government in giving to Canadian products in tariff matters treatment not less favourable than that accorded to the products of any other foreign country.

Such an arrangement will doubtless be advantageous to both countries in covering the period preceding the conclusion of some more permanent arrangement. You will, of course, understand that the acceptance of a temporary arrangement of this character will not preclude the Canadian Government from urging the inclusion of conventional rates adapted to the special requirements of Canadian trade in any permanent arrangement that may be negotiated at a later date.

Yours sincerely,
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,

Sir, *Montreal, March 30, 1933.*

Referring to your letter of the 29th March, I have the honour to make, on behalf of my Government, the following declaration:—

The German Government agree to an arrangement under which *de facto* most-favoured-nation treatment is to be extended from the 1st April, 1933, for a period of nine months, subject, however, to termination at an earlier date in the event that the rates of the Intermediate Tariff cease to be the lowest rates accorded by Canada to the natural or manufactured products of any foreign country. The German Government will, therefore, within the limits of the above period, grant to the natural and manufactured products of Canada, upon importation into Germany, the rates of the Conventional Tariff of Germany, and on those items on which there are no conventional rates, the rates of the German Tariff for such time as German products are not treated less favourably in Canada than those of any other foreign country.

In the event that Canada is removed from the list of most favoured nations at a date prior to the expiration of the said period of nine months, pursuant to the provisions of the preceding clauses,

the increased rates applicable by such action shall not apply to goods imported into Germany on or before the expiration of thirty days after such date, provided that such goods have been *bona* contracted for and purchased in Canada for the purpose of exportation to Germany prior to such date.

I have, &c.

L. KEMPF, *F*

German Consul-General.