

No. 1078

UNITED STATES OF AMERICA
and
CANADA

Exchange of notes constituting an agreement relating to the control of exports of potatoes from Canada to the United States of America. Washington, 23 November 1948

Official text: English.

Registered by the United States of America on 6 March 1951.

ÉTATS-UNIS D'AMÉRIQUE
et
CANADA

Échange de notes constituant un accord relatif au contrôle des exportations de pommes de terre du Canada vers les États-Unis d'Amérique. Washington, 23 novembre 1948

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 6 mars 1951.

No. 1078. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND CANADA RELATING TO THE CONTROL OF EXPORTS OF POTATOES FROM CANADA TO THE UNITED STATES OF AMERICA. WASHINGTON, 23 NOVEMBER 1948

I

The Canadian Ambassador to the Secretary of State

CANADIAN EMBASSY
AMBASSADE DU CANADA

No. 538

Washington, D. C., November 23rd, 1948

Sir,

I have the honour to refer to the discussions which have taken place between the representatives of the Government of Canada and of the Government of the United States of America regarding the problems which would confront the Government of the United States in the operation of its price support and other programmes for potatoes if the imports of Canadian potatoes, during this current crop year, were to continue to be unrestricted. After careful consideration of the various representations which have been made to the Canadian Government on this subject, the Canadian Government is prepared to:

1. Include Irish potatoes in the list of commodities for which an export permit is required under the provisions of the Export and Import Permits Act.
2. Withhold export permits for the movement of table stock potatoes to the United States proper, excluding Alaska.
3. Issue export permits for the shipment of Canadian certified seed potatoes to the United States, but only under the following circumstances:

(a) Export permits will be issued to Canadian exporters for shipments to specified States in the United States and such permits will only be granted within the structure of a specific schedule. The schedule is designed

¹ Came into force on 23 November 1948, by the exchange of the said notes.

to direct the shipment of Canadian certified seed potatoes into those States where there is a legitimate demand for certified seed potatoes and only during a short period immediately prior to the normal seeding time. A draft of this schedule is now being jointly prepared by Canadian and United States officials.

(b) Export permits would only be granted to Canadian exporters who could give evidence that they had firm orders from legitimate United States users of Canadian seed potatoes. Canadian exporters would also be required to have included in any contract into which they might enter with a United States seed potato importer a clause in which the importer would give an assurance that the potatoes would not be diverted or reconsigned for table stock purposes.

(c) The Canadian Government would survey the supply of Canadian certified seed potatoes by class and consider the possibility of giving precedence to the export of Foundation and Foundation A classes of certified seed.

(d) The names and addresses of the consignees entered on the export permit would be compiled periodically and this information would be forwarded to the United States Government.

In instituting a system which has the effect of restricting exports of Canadian potatoes to the United States, the Canadian Government recognizes a responsibility to the Canadian commercial grower in certain surplus potato areas and is prepared to guarantee a minimum return on gradable potatoes for which the grower cannot find a sales outlet. Although the details of such a programme have not been finalized, it is anticipated that the Canadian Government will announce, at approximately the same time as potatoes are placed under export control, a floor price which will be effective April 1st, 1949 for certain carlot shipping areas in the East. To implement this programme the Canadian Government would inspect the potato holdings of commercial growers in Prince Edward Island, and several counties of New Brunswick, on or after April 1st and would undertake to pay a fixed price for every hundred pounds of Canada No. 1 potatoes found in the bins. It is not anticipated that any actual payment would be made at that time and it would be understood that if any of the potatoes examined were subsequently sold or used for seed purposes the owner would forfeit any claim for assistance on such potatoes. In other words, the Canadian Government would make no payment on potatoes which move into export trade, or which are used for seed purposes.

It should be noted that the Canadian proposals to institute export permit control on Canadian potatoes and to inaugurate a price support programme are contingent upon assurances from the United States Government that:

(a) The United States Government will not hereafter impose any quantitative limitations or fees on Canadian potatoes of the 1948 crop exported to the United States under the system of regulating the movement of potatoes from Canada to the United States outlined herein.

(b) The Canadian Government proposal, as outlined herein, to guarantee a floor price to certain commercial growers in the Maritime Provinces would not be interpreted by United States authorities as either a direct or indirect subsidy and that in consequence there would be no grounds for the imposition of countervailing duties under Section 303 of the United States Tariff Act of 1930.¹

If the United States Government in its replying note accepts the Canadian proposals and gives to the Canadian Government the assurances required, as outlined above, this note and the reply thereto will constitute an agreement on this subject.

Accept, Sir, the renewed assurances of my highest consideration.

H. H. WRONG

The Honourable George C. Marshall
Secretary of State of the United States
Washington, D. C.

II

The Acting Secretary of State to the Canadian Ambassador

November 23, 1948

Excellency:

The Government of the United States appreciates the assurance of the Government of Canada contained in your note no. 538 of November 23, 1948, that the Government of Canada is prepared, contingent upon the receipt of certain assurances from the Government of the United States, to establish the controls outlined therein over the exportation of potatoes from Canada to the United States.

¹ United States of America: 46 Stat. 687.

In view of the adverse effect which unrestricted imports of Canadian potatoes would have on the potato programs of the United States and the fact that it is anticipated that the Canadian proposal will substantially reduce the quantity of potatoes which would otherwise be imported into the United States, and in the interest of international trade between the United States and Canada and other considerations, the United States Government assures the Canadian Government that it will not hereafter impose any quantitative limitations or fees on Canadian potatoes of the 1948 crop imported into the United States under the system of regulating the movement of potatoes to the United States outlined in the Canadian proposal.

The Government of the United States also wishes to inform the Canadian Government with respect to that Government's proposal to guarantee a floor price to certain commercial growers in the Maritime Provinces, that in the opinion of the Treasury Department, the operation of such a proposal as outlined by the Canadian Government would not be considered as a payment or bestowal, directly or indirectly, of any bounty or grant upon the manufacture, production, or export of the potatoes concerned and no countervailing duty would, therefore, be levied, under the provisions of Section 303, Tariff Act of 1930, as a result of such operation of the proposal on potatoes imported from Canada.

The United States Government agrees that your note under reference, together with this reply, will constitute an agreement on this subject.

Accept, Excellency, the renewed assurances of my highest consideration.

Robert A. LOVETT
Acting Secretary of State
of the United States of America

His Excellency Hume Wrong
Ambassador of Canada