Owing to the effects of the War on external trade, much new material, especially in relation to government control of trade, has had to be introduced into this Part of the Year Book and since much of the material on tariff relationships has remained unchanged, only those countries with which new arrangements have been made are dealt with below. The reader is referred to pp. 382-393 of the 1941 Year Book for standing agreements with British and foreign countries. These, however, are subject to the following modifications:—

The Canada-New Zealand Trade Agreement of 1932 has required yearly renewals to keep it in force. It was extended on Sept. 30, 1941, without fixed date of expiry, to continue indefinitely until terminated on six months' notice by either party. The tariff quota of heavy cattle, on which United States duty was reduced from 3 to 1½ cents per pound in the Trade Agreement with Canada of Nov. 17, 1938, was the subject of a Presidential Proclamation on Dec. 22, 1941. The proclamation allocated the quota on the same basis as in 1941, that is, 193,950 head to Canada and 31,050 to all other exporting countries. The most-favoured-nation clause of this agreement gives Canada duty reductions or assurance of continuance of existing rates on 84 United States tariff items which comprise the United States concessions to Argentina in a Trade Agreement of Oct. 14, 1941.

A Trade Mission, headed by the Hon. James A. MacKinnon, Minister of Trade and Commerce, which left Canada in August, 1941, for a tour of South American countries, negotiated Trade Agreements with Chile, Argentina and Brazil, executed a commercial Modus Vivendi with Ecuador, and arranged for a joint declaration with the Foreign Political Economic Commission of Peru favouring a Trade Agreement with that country.

Ecuador.—The first of these agreements to be concluded was a commercial Modus Vivendi between Canada and Ecuador effected by exchange of Notes at Quito on Aug. 26, 1941. It established reciprocal most-favoured-nation treatment as regards tariffs, control of foreign exchange, and imports. Exception was made of advantages given by Canada to other parts of the British Empire and by Ecuador to adjacent countries to facilitate frontier traffic. The Modus Vivendi removed from Canadian goods an Ecuador surcharge of 50 p.c. applicable in the absence of a Trade Agreement to imports from countries whose trade balance with Ecuador is favourable to them by more than 30 p.c. and to which Canada had been liable since 1936. It also gave Canada on some articles the benefit of rates usually 30 p.c. below the normal tariff. An Order in Council of Sept. 25, 1941, gave effect in Canada to the tariff provisions of the exchange of Notes and they became operative in both countries on Oct. 1, 1941, for an indefinite period, subject to termination on three months' prior notice.

Peru.—On Sept. 2, 1941, the Canadian Trade Mission and the Foreign Political Economic Commission of Peru exchanged Notes at Lima which affirmed that the Governments of Canada and Peru desire to place their commercial relations on a permanent basis. Liberal commercial policies of Canada and Peru, the Note said, make it possible to consider the conclusion of a reciprocal most-favoured-nation Trade Agreement. The two Governments undertook to maintain exchange of information through their representatives with a view to arriving at an agreement when certain Peruvian negotiations with another country were further advanced.