

No. 12355

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**CANADA  
and  
HUNGARY**

**Trade Agreement (with related exchanges of notes). Signed at  
Ottawa on 11 June 1964**

*Authentic text : English.*

**Protocol to renew for a period of three years the above-mentioned  
Trade Agreement. Signed at Budapest on 9 August 1968**

**Protocol to renew the above-mentioned Trade Agreement. Signed  
at Budapest on 9 August 1971**

*Authentic texts : English, French and Hungarian.*

*Registered by Canada on 28 March 1973.*

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**CANADA  
et  
HONGRIE**

**Accord de commerce (avec échanges de notes connexes). Signé à  
Ottawa le 11 juin 1964**

*Texte authentique : anglais.*

**Protocole renouvelant pour trois ans l'Accord de commerce sus-  
mentionné. Signé à Budapest le 9 août 1968**

**Protocole prorogeant l'Accord de commerce susmentionné. Signé  
à Budapest le 9 août 1971**

*Textes authentiques : anglais, français et hongrois.*

*Enregistrés par le Canada le 28 mars 1973.*

## TRADE AGREEMENT<sup>1</sup> BETWEEN CANADA AND THE HUNGARIAN PEOPLE'S REPUBLIC

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The Government of Canada and the Government of the Hungarian People's Republic, desirous of regulating and facilitating trade between the two countries upon the basis of equality and reciprocal advantage,

Have agreed as follows :

### *Article I*

Each Contracting Party shall accord to the other Contracting Party unconditional most-favoured-nation treatment in all matters with respect to customs duties and charges of any kind imposed on or in connection with importation or exportation and with respect to the method of levying such duties and charges, with respect to the rule and formalities connected with importation or exportation, and with respect to all internal taxes or internal charges of any kind, and with respect to all laws, regulations and requirements affecting internal sale, offering for sale, purchase, distribution or use of imported goods within the territory of such Contracting Party.

Accordingly, products of each Contracting Party imported into the territory of the other Contracting Party shall not be subject, in regard to the matters referred to in the first paragraph of this article, to any duties, taxes or charges other or higher, or to any rules or formalities more burdensome, than those to which like products of any third country are or may hereafter be subject.

Similarly, products exported from the territory of a Contracting Party and consigned to the territory of the other Contracting Party shall not be subject, in regard to matters referred to in the first paragraph of this article, to any duties, taxes or charges other or higher, or to any rules or formalities more burdensome, than those to which like products when consigned to the territory of any third country are or may hereafter be subject.

Any advantage, favour, privilege or immunity which has been or may hereafter be granted by either Contracting Party, in regard to the matters referred to in the first paragraph of this article, to any product of any third

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<sup>1</sup> Came into force provisionally on 11 June 1964, the date of signature, and definitively on 25 May 1965, the date of the exchange of the instruments of ratification, which took place in Budapest, in accordance with article VII.

country shall be accorded immediately and without compensation to like products originating in the territory of the other Contracting Party, and irrespective of the nationality of the carrier.

Each Contracting Party shall accord to the other Contracting Party most-favoured-nation treatment with respect to sales or purchases involving exports.

#### *Article II*

Each Contracting Party shall accord to the products of the other Contracting Party, which have been in transit through the territory of any third country receiving most-favoured-nation treatment from the importing country, treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such third country. Each Contracting Party shall, however, be free to maintain its requirements of direct consignment existing on the date of signature of the present Agreement in respect of any goods in regard to which such direct consignment has relation to that Contracting Party's prescribed method of valuation for duty purposes.

#### *Article III*

The advantages accorded by Canada exclusively to countries and their dependent overseas territories entitled to the benefits of the British Preferential Tariff shall be excepted from the operation of this Agreement.

#### *Article IV*

No prohibitions or restrictions shall be applied by either Contracting Party on the importation or exportation of any product from or to the territory of the other Contracting Party which are not similarly applied to the importation or exportation of the like product from or to the territories of all third countries except for import or exchange restrictions applicable to all countries in like circumstances for the purpose of safeguarding the external financial position and balance of payments.

The provisions of the present Agreement shall not limit the right of either Contracting Party to apply prohibitions or restrictions of any kind directed to the protection of its essential security interests.

*Article V*

The Contracting Parties will facilitate visits for business purposes between the two countries.

*Article VI*

The Government of each Contracting Party shall give sympathetic consideration to any representation which the Government of the other Contracting party may make in respect of the implementation of the present Agreement.

*Article VII*

The present Agreement shall enter into force provisionally on the date of signature. It shall, however, be ratified as soon as possible thereafter by both Contracting Parties and shall enter into force definitively on the date of the exchange of the instruments of ratification which shall take place in Budapest.

It shall remain in force for a period of three years from the date of signature and may be renewed for a further period if both Contracting Parties agree thereto. To this end the Contracting Parties shall enter into negotiations for renewal of the agreement not less than six months before its date of expiration.

DONE in Ottawa this 11th day of June, 1964 in two copies in the English language.

For the Government of Canada :

MITCHELL W. SHARP

For the Government of the Hungarian People's Republic :

PETER MOD

## RELATED EXCHANGES OF NOTES

*I a*

*The Canadian Minister of Trade and Commerce to the First Deputy  
Minister of Foreign Affairs of the Hungarian People's Republic*

DEPARTMENT OF TRADE AND COMMERCE

Ottawa, June 11, 1964

Sir,

On the occasion of signing today the Trade Agreement between the Government of Canada and the Government of the Hungarian People's Republic, I have

the honour to confirm that, in pursuance of the desire of the Government of Canada and the Government of the Hungarian People's Republic to expand trade between the two countries, we have reached the following understandings :

The Government of the Hungarian People's Republic will see to it that the appropriate Hungarian Foreign Trade Enterprises shall buy in Canada under normal commercial conditions Canadian goods of their choice from Canadian firms or their agents to a value of \$24 million during the three years of the current Agreement, with purchases in each of the first and second years of the Agreement of not less than \$4 million and \$5 million respectively. These purchases shall include Canadian wheat in the quantities and under the conditions indicated hereunder :

The Government of the Hungarian People's Republic will see to it that the Hungarian Foreign Trade Enterprise, Agrimpex, shall buy, and the Government of Canada undertakes to supply through the Canadian Wheat Board or its agents, during the three years of the current Agreement, 250,000 metric tons of Canadian wheat for shipment from Canada. At buyer's option, all or part of the above-mentioned quantity of wheat may be taken in flour equivalent.

It is further agreed that any cash purchases in Canada of Canadian feed barley by Agrimpex, up to 125,000 metric tons during the three years of the current Agreement, shall be accepted against the total Hungarian wheat purchase commitment.

In recognition of the possible variation in Hungary's annual import needs for wheat it is understood that the quantities of wheat purchased by Agrimpex under the above commitment may vary from year to year. However, it is agreed that, in each of the first two years of the Agreement, the Hungarian purchase of wheat as such shall be not less than 30,000 metric tons.

Quantities of Canadian wheat which may be purchased by Agrimpex and supplied by the Canadian Wheat Board in excess of the 250,000 metric tons mentioned above, will be subject to negotiation between the two parties.

It is the wish of the two Governments that trade between Canada and Hungary should progressively expand on both sides to a mutually satisfactory level. It is agreed that each Government will give sympathetic consideration to any representations the other Government may wish to make with respect to the development of this trade.

Accept, Sir, the assurances of my highest consideration.

MITCHELL SHARP

His Excellency Peter Mod  
First Deputy Minister of Foreign Affairs  
of the Hungarian People's Republic  
Ottawa

## II a

*The First Deputy Minister of Foreign Affairs of the Hungarian People's Republic to the Canadian Minister of Trade and Commerce*

HEAD OF THE DELEGATION OF THE HUNGARIAN PEOPLE'S REPUBLIC

June 11, 1964

Sir,

On the occasion of signing today the Trade Agreement between the Government of the Hungarian People's Republic and the Government of Canada, I have the honour to confirm that, in pursuance of the desire of the Government of the Hungarian People's Republic and the Government of Canada to expand trade between the two countries, we have reached the following understandings :

[See note I a]

Accept, Sir, the assurances of my highest consideration.

PETER MOD

The Honourable Mitchell Sharp  
Minister of Trade and Commerce  
Ottawa

## I b

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Ottawa, June 11, 1964

Sir,

I have the honour to refer to the recent discussions which have taken place in Ottawa between representatives of our governments on the subject of the establishment of diplomatic relations and of diplomatic and trade representation between our two countries.

In those discussions an understanding was reached that diplomatic relations would be established between the Hungarian People's Republic and Canada and that both parties would be entitled to open embassies, in Ottawa and Budapest respectively, as soon as they wish to do so.

It was understood also that the Hungarian People's Republic would be entitled to establish a Trade Commissioner's office in the city of Montreal, staffed by government trade officials who would have the equivalent privileges and immunities (but not the functions) of the head and members of the staff of a consulate; and that Canada, for its part, would reciprocally be entitled to establish trade representation in Hungary.

I have the honour to confirm the acceptance of these arrangements by the

Government of Canada and to request in return your confirmation of their acceptance by the Hungarian Government.

Accept, Sir, the assurances of my highest consideration.

PAUL MARTIN

His Excellency Peter Mod  
First Deputy Minister for Foreign Affairs  
Head of the Hungarian Delegation  
Ottawa

II b

*The First Deputy Minister of Foreign Affairs, Head of the Delegation of the Hungarian People's Republic to the Secretary of State for External Affairs*

HEAD OF THE HUNGARIAN DELEGATION

Ottawa, June 11, 1964

Sir,

I have the honour to thank you for your letter of June 11, 1964, regarding diplomatic relations to be established between the Hungarian People's Republic and Canada and regarding the opening of missions in both countries.

I confirm that the Hungarian Government accepts the arrangements outlined in your letter.

Accept, Sir, the assurance of my highest consideration.

PETER MOD

The Honourable Paul Martin  
Secretary of State for External Affairs  
Ottawa

I c

THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Ottawa, June 11, 1964

Sir,

I have the honour to refer to discussions between representatives of the Government of Canada and the Government of the Hungarian People's Republic concerning claims of the Government of Canada and of Canadian citizens against Hungary and claims of the Government of the Hungarian People's Republic against the Government of Canada.

The Canadian Government proposes that negotiations between the Canadian

Government and the Hungarian Government be held with a view to reaching agreement on a lump-sum settlement of all outstanding reciprocal financial claims.

It is proposed that a settlement would take into account all claims of the Canadian Government and of Canadian citizens in respect of pre-war debts, war damages, and property the subject of nationalization, expropriation or other similar measures taken by the Hungarian authorities. The settlement would also take into account all obligations of the Hungarian Government to the Canadian Government and Canadian citizens arising out of the Treaty of Peace with Hungary signed in Paris on February 10, 1947.<sup>1</sup> It would also take into account all Hungarian claims in respect of blocked and vested Hungarian assets in Canada.

It is proposed that negotiations commence at an early date to be determined by mutual agreement and that the two governments will seek an expeditious settlement within the three-year period of the trade agreement which is being signed at this time. It is understood that the Hungarian Government is prepared to negotiate on the basis of principles similar to those applied in other claims settlements concluded by Hungary, with a view to reaching an agreement no less favourable to Canada than those concluded by Hungary with other countries subsequent to the Second World War.

I would appreciate receiving confirmation that the Hungarian Government is agreeable to the commencement of negotiations on the foregoing basis.

Accept, Sir, the assurance of my highest consideration.

PAUL MARTIN

His Excellency Mr. Peter Mod  
First Deputy Minister of Foreign Affairs  
Head of the Hungarian Delegation  
Ottawa

II c

*The First Deputy Minister of Foreign Affairs, Head of the Delegation of the Hungarian People's Republic to the Secretary of State for External Affairs*

HEAD OF THE DELEGATION OF THE HUNGARIAN PEOPLE'S REPUBLIC

Ottawa, June 11, 1964

Sir,

I have the honour to refer to your letter of this date regarding the negotiation of a settlement of all outstanding reciprocal financial claims between the

<sup>1</sup> United Nations, *Treaty Series*, vol. 41, p. 135.



Government of the Hungarian People's Republic and the Government of Canada. I am glad to confirm that the proposals set forth in your letter are accepted by the Hungarian Government.

Accept, Sir, the assurances of my highest consideration.

PETER MOD

The Hon. Paul Martin  
Secretary of State for External Affairs  
Ottawa

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**PROTOCOL<sup>1</sup> TO RENEW FOR A PERIOD OF THREE YEARS  
THE TRADE AGREEMENT BETWEEN CANADA AND  
THE HUNGARIAN PEOPLE'S REPUBLIC CONCLUDED  
IN OTTAWA JUNE 11, 1964<sup>2</sup>**

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In connection with the expiration on June 10, 1967 of the Trade Agreement between Canada and the Hungarian People's Republic concluded in Ottawa June 11, 1964,<sup>2</sup> the Government of Canada and the Government of the Hungarian People's Republic, desiring to expand and diversify further trade between the two countries on the basis of mutual advantage, have agreed as follows :

1. The Trade Agreement of June 11, 1964 between Canada and Hungary, with the exception of article VII, is hereby renewed for a period of three years from the date of signature of this Protocol.

2. The Trade Agreement may be renewed for a further long term period if both Contracting Parties agree thereto. To this end, the two Contracting Parties shall enter into negotiations for renewal of the Agreement not less than six months before its date of expiry.

3. Either government, 24 months from the date of signature of this Protocol, may terminate the Agreement by giving notice in writing and, in this event, the expiry date of the Agreement will be the end of the sixth month from the date of the receipt of such notice.

4. This Protocol shall enter into force provisionally from the date of signature. It shall be ratified by both Contracting Parties as soon as possible and it shall enter into force definitively on the date of the exchange of the instruments of ratification which shall take place in Ottawa.

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<sup>1</sup> Came into force provisionally on 9 August 1968, the date of signature, and definitively on 23 September 1969, by the exchange of the instruments of ratification, which took place in Ottawa, in accordance with paragraph 4.

<sup>2</sup> See p. 234 of this volume.

FAIT en deux exemplaires, à Budapest, ce 9<sup>e</sup> jour d'août 1968, en français, anglais et hongrois, les trois textes faisant également foi.

DONE in Budapest, this 9th day of August, 1968 in two copies in the French, English and Hungarian languages, all three versions being equally authentic.

KÉSZÜLT Budapesten, 1968 Augusztus 9-ik napján két példányban francia, angol és magyar nyelven, mindhárom változatban egyenlő érvénnyel.

Pour le Gouvernement  
du Canada :

For the Government  
of Canada :

A Kanadai Kormány  
részéről :

[*Signé — Signed*]

JEAN-LUC PEPIN

Pour le Gouvernement  
de la République populaire  
hongroise :

For the Government  
of the Hungarian People's  
Republic :

A Magyar Népköztársaság  
Kormánya részéről :

[*Signé — Signed*]

JOZEF BIRO

PROTOCOL<sup>1</sup> BETWEEN THE GOVERNMENT OF CANADA  
AND THE GOVERNMENT OF THE HUNGARIAN  
PEOPLE'S REPUBLIC TO RENEW THE TRADE AGREE-  
MENT CONCLUDED IN OTTAWA, JUNE 11, 1964<sup>2</sup>

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The Government of Canada and the Government of the Hungarian People's Republic, noting that the Trade Agreement between Canada and the Hungarian People's Republic, of June 11, 1964,<sup>2</sup> as extended by the Protocol of August 9, 1968,<sup>3</sup> terminates on August 8, 1971, desiring to expand and diversify trade between the two countries on the basis of mutual advantage, have agreed as follows :

1. The Trade Agreement between Canada and the Hungarian People's Republic of June 11, 1964, exclusive of article VII, is hereby extended for the period August 9 to December 31, 1971.

2. Within the period of extension described in paragraph 1 of this Protocol, the Hungarian Foreign Trading Enterprises, within the framework of laws and regulations which apply to imports from all countries, have undertaken to buy in Canada from Canadian firms or their agents in any country under normal commercial conditions Canadian goods of their choice to a minimum value of 2.1 million dollars. The total purchases of the Hungarian Foreign Trading Enterprises will amount up to a minimum value of 17.1 million dollars during the period from August 9, 1968 to December 31, 1971.

3. This Protocol shall enter into force on the date of signature and shall take effect from August 9, 1971.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this Protocol.

DONE in two copies at Budapest, this 9th day of August 1971, in the English, and French and Hungarian languages, each version being equally authentic.

For the Government  
of Canada :

[Signed]

E. L. BOBINSKI

For the Government  
of the Hungarian People's Republic :

[Signed]

TAMÁS HUSZÁR

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<sup>1</sup> Came into force on 9 August 1971 by signature, in accordance with paragraph 3.

<sup>2</sup> See p. 234 of this volume.

<sup>3</sup> See p. 250 of this volume.