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*The Chargé d'Affaires ad interim of Canada to the Acting Secretary  
of State of the United States of America*

No. 518

WASHINGTON, D.C.,  
August 23, 1960.

Sir,

I have the honour to refer to your Note of July 20 in which you propose certain understandings to govern the loan by the Government of the United States of United States Submarine BURRFISH to the Government of Canada.

I have been instructed to inform you that with the exception noted below, these understandings are acceptable to my Government.

With respect to numbered paragraph 7 of your Note, the Canadian Government understands that it will save the United States Government harmless only in respect of claims asserted by third parties arising out of the transfer of the vessel to Canada and its use by Canada.

Subject to your concurrence in this understanding, my Government proposes that your Note, this reply, and your further Note confirming my Government's understanding with regard to paragraph 7, shall constitute an Agreement governing the loan of this submarine effective the date of your Note of confirmation.

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

Chargé d'Affaires ad interim  
S. F. R.

The Honourable C. Douglas Dillon,  
Acting Secretary of State,  
Washington, D.C.