

be closed and the United States reporting agency notified accordingly. In the event that operational costs incident to the disposal of excess property exceed the proceeds of sales, such excess costs are to be borne by Crown Assets Disposal Corporation.

III. In the case of excess property arising in remote locations, or involving special difficulties in disposal by CADC, modifications in the arrangements set out above may be made by mutual agreement between the agencies concerned.

IV. The terms of the arrangements contained in this Note extend to all United States Government-owned property now or hereafter located in Canada except alcoholic beverages and tobacco products, excess property resulting from the joint exercises of Canadian and United States forces taking place on Canadian territory, property utilized in connection with the Atomic Energy Programme, land or any interest in land, or property of the Government of the United States used in connection with diplomatic or consular functions.

V. If the foregoing proposals are acceptable to the United States Government, I have the honour to suggest that this Note and your confirmatory reply thereto shall constitute an Agreement between our two Governments on this matter, which will take effect upon receipt by the Government of Canada of your reply. The Agreement shall be terminable by either Government on thirty days' written notice to the other, with the understanding that in the event of such termination, CADC will continue with the sale or disposal of such property as may have already been reported to it.

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

L. B. PEARSON