



"The Board considered the question of the post-war disposition of the defence projects and installations which the Government of the United States has built or may build in Canada. The Board noted that the two Governments have already reached specific agreements for the post-war disposition of most of the projects and installations thus far undertaken. It considers that such agreements are desirable and should be made whenever possible.

"The Board recommends the approval of the following formula as a generally fair and equitable basis to be used by reference whenever appropriate in the making of agreements in the future and to cover such defence projects, if any, the post-war disposition of which has not previously been specifically provided for:

"A: All immovable defence installations built or provided in Canada by the Government of the United States shall within one year after the cessation of hostilities, unless otherwise agreed by the two Governments, be relinquished to the Crown either in the right of Canada or in the right of the province in which the same or any part thereof lies, as may be appropriate under Canadian law.

"B: All movable facilities built or provided in Canada by the Government of the United States shall within one year after the cessation of hostilities, unless otherwise agreed by the two Governments, at the option of the United States Government:

(1) be removed from Canada; or

(2) be offered for sale to the Government of Canada, or with the approval of the Government of Canada, to the Government of the appropriate Province at a price to be fixed by a Board of two appraisers, one to be chosen by each country and with power to select a third in the case of disagreement.

"C: In the event that the United States Government has foregone its option as described in B(1), and the Canadian Government or the Provincial Government decides to forego its option as described in B(2), the facility under consideration shall be offered for sale in the open market, any sale to be subject to the approval of both Governments.

"D: In the event of no sale being concluded the disposition of such facility shall be referred for recommendation to the Permanent Joint Board on Defence or to such other agency as the two Governments may designate.

"The principles outlined above shall reciprocally apply to any defence projects and installations which may be built in the United States by the Government of Canada.

"All of the foregoing provisions relate to the physical disposition and ownership of projects, installations, and facilities and are without prejudice to any agreement or agreements which may be reached between the Governments of the United States and Canada in regard to the post-war use of any of these projects, installations, and facilities."

It gives me pleasure to inform you that the Canadian Government has also approved this Recommendation and has so informed the Permanent Joint Board on Defence.

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

W. L. MACKENZIE KING,
Secretary of State for External Affairs.