

9. It is understood that this agreement does not affect existing agreements between the two countries relating to the transfer of responsibility from the United States to Canada for defence projects.

10. At the request of the Canadian Government, and in order to provide equipment necessary for the training programs of the Canadian armed forces, the United States Government will endeavour to make available surplus military type equipment, up to April 1, 1947, in such quantities and at such prices as may be negotiated between the two Governments up to a maximum cost of \$7,000,000 (U.S.). The Canadian Government will make a payment on account into a suspense account of the United States Government of \$7,000,000 (U.S.) to apply against such purchases. If the United States Government is unable to provide under this agreement the amount of equipment that the Canadian Government desires to purchase and therefore the payment on account should exceed the amount finally determined to be payable, the excess remaining in the suspense account will be returned to the Canadian Government.

11. The effective date of this agreement shall be March 31, 1946, except that with regard to sales of movables concluded and invoiced by War Assets Corporation on or before that date, the Canadian Government will make payment to the United States Government in accordance with existing agreements. During the period in which the negotiations have been in progress, and pending the coming into force of the agreement, the United States Government has undertaken and undertakes not to remove from Canada any of the property covered by the agreement.

12. If the foregoing is acceptable to the Government of the United States, this note and your reply thereto shall be regarded as placing on record the understanding arrived at between our Governments.

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

N. A. ROBERTSON,
For the Secretary of State for External Affairs.

II

The United States Ambassador to the Secretary of State for External Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

OTTAWA, March 30 1946.

No. 470

Sir:

I have the honor to refer to your note No. 44 of March 30, 1946, referring to discussions which have recently taken place between representatives of our two Governments on the subject of war surpluses and related matters and setting forth therein certain proposals which they have reached and which, you state, are acceptable to the Canadian Government.

At the direction of my Government, I have the honor to state that the proposals submitted in your note under reference are acceptable to the Government of the United States and it concurs in the proposal that your note and this reply shall be regarded as placing on record the understanding arrived at between the two Governments on these matters.

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

RAY ATHERTON.