

Whatever naval, military and air measures the United Kingdom plan to take with respect to the defence of Newfoundland cannot fail to have an important bearing on our defence plans not only for Sydney, but also for the entire Canadian Atlantic coast, and in consequence it is urged that occasion be sought to explore this question with the British authorities next month.

2. Although certain informal inquiries concerning the steps contemplated by the Admiralty in the matter of the defence of Newfoundland were put forward by the Chief of the Naval Staff, the general exploration of this mutually important problem was not undertaken in the absence of specific authority to proceed to this end.

3. This Department has recently received Copy No. 15 of the Committee of Imperial Defence document O.D.C. 794-R, "Newfoundland Defence Scheme 1936". It has been the subject of study by the Joint Staff Committee and, as a result, the following observations are submitted for your consideration.

4. In view of the dominant strategic position of Newfoundland in relation to the Gulf of St. Lawrence and the Atlantic seaboard of Canada, it is of vital importance to this country that no actual or prospective enemy should be permitted to utilize that Island, or its Labrador coast line, as a base for naval or air operations.

In addition, as pointed out in the Memorandum previously submitted and referred to in para. 1 above, the security of Bell Island and of sea communications to and from the mines there situated and Sydney, N.S. is essential to the continued operation of the steel industry in Eastern Canada.

5. On the other hand, it would appear from the text of the "Newfoundland Defence Scheme" that the defence preparations contemplated by the British Government in conjunction with the Administration of Newfoundland are of a somewhat superficial nature. In particular, the means allotted for air and naval reconnaissance of its coast line appear dangerously inadequate from the point of view of possible enemy plans for attack on Canadian objectives.

6. It is understood that the Governor of Newfoundland and his Secretary will be in Ottawa for Easter. It is strongly urged that arrangements be made which will permit discussions to be undertaken with these Officials on defence problems of mutual importance during their visit. These discussions would be exploratory and would involve no commitments.

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