

nationals or the owners of the said vessels in respect of the vessels or their cargoes; and for the purpose of this Agreement the expression "owners" shall be deemed to include all persons having an interest in or a claim in respect of the said vessels or their cargoes.

5. The Government of Canada, in view of the above settlement and of representations concerning adjustments in the accounts of military relief supplies and in consideration of the serious long-term effects of the war on the French economy, agrees to accept an amount of U.S. \$7,535,580 in French francs in full and final settlement of the claim referred to in paragraph 1 above.

6. The Government of France agrees to deposit from time to time as requested to the credit of the Government of Canada in special accounts established for this purpose, French francs not exceeding the equivalent in value of U.S. \$7,535,580 including payments equivalent to U.S. \$1,000,000 already made on account under the arrangement referred to in paragraph 1 above. French francs so transferred to the account of the Government of Canada will be credited under this settlement in terms of U.S. dollars at the rate of exchange established in accordance with the rules and regulations of the International Monetary Fund or, in the absence of such a rate, at the rate of exchange used by the Government of France in its official transactions on the date each such deposit is made.

7. Any deposits into the special accounts may be used by the Government of Canada:

- (a) to meet any of its current expenditures in France;
- (b) to purchase and improve real property for Canadian diplomatic and consular establishments in France;
- (c) to purchase in France furniture and furnishings for Canadian Government establishments both in France and in other countries;
- (d) to meet the costs of educational and cultural programmes which the Canadian Government may undertake or arrange in France;
- (e) to provide for any other expenditures which might later be agreed upon between our two governments.

The Canadian Government considers that deposits into the special accounts at the rate of the equivalent of U.S. \$500,000 every six months will be sufficient to meet its requirements under items (a), (b) and (c) above. The requirements of the Government of Canada to meet the costs of educational and cultural programmes in France will be the subject for discussion between our two governments when inauguration of such programmes is being considered.

8. If the present note correctly sets out the understanding reached between the representatives of our two governments in regard to the foregoing, I have the honour to suggest that this note and your reply be regarded as constituting an agreement between our two governments.

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

BROOKE CLAXTON.