

**EXCHANGE OF NOTES (FEBRUARY 22 AND 23, 1943) BETWEEN
CANADA AND THE UNITED STATES OF AMERICA RECORDING
AN AGREEMENT RESPECTING THE WHITE PASS AND YUKON
ROUTE RAILWAY**

I

*The Secretary of State for External Affairs of Canada
to the Chargé d'Affaires ad interim of the
United States of America in Canada*

DEPARTMENT OF EXTERNAL AFFAIRS

No. 17

OTTAWA, February 22, 1943.

Sir,

I have the honour to refer to the correspondence and negotiations with regard to the White Pass and Yukon Route. I am enclosing for your information a copy of an Order in Council P.C. 10067, dated the 6th of November, 1942. This Order in Council is in terms which have already met with your approval, and which establish the legal foundation for the operation and maintenance by the Government of the United States of America for the duration of the war of the Railway owned by the British Yukon Railway Company and the British Columbia-Yukon Railway, which form parts of the White Pass and Yukon Route.

2. The arrangements which have been agreed upon contemplate that there may be agreements concluded between the Government of the United States of America and the Government of Canada, or the Government of the Province of British Columbia, in respect of matters within the jurisdiction of such governments. It is my understanding that the authorities of your Government who are interested in this matter considered that such agreements should be of a flexible character, and should be entered into by recording, from time to time, by Exchange of Notes, arrangements which concern the two Governments. It is likely that in the course of the operation of the White Pass and Yukon Route further matters will arise requiring modifications and changes, and that your Government and mine will co-operate in bringing these about. There are, however, certain understandings which have already met with the approval of the interested departments of the two Governments during the negotiations at the meeting which was held on October 16, 1942.

3. Accordingly, it is desirable to place on record the following understandings:

(1) The monthly rental is to be paid by the United States Government in United States Dollars, and insofar as United States taxation is concerned is to be net to the companies.

(2) The Canadian Government will continue to charge against the Canadian companies, namely the British Columbia-Yukon Railway Company and the British Yukon Railway Company in the usual manner all taxes other than taxation of operating income. For the term of the lease, corporation income taxes will be based upon income from rental only, and there will be no taxation of operating profits as such. Similarly, it is open