

## APPENDIX "B-9"

## (1) ORIGIN AND NEGOTIATION HISTORY—NOTE 100

The International Agreement designated as Note 100 was originally proposed by the United States Government in 1949. The desirability and requirement of an agreement was basically due to confederation of Newfoundland with Canada, thus becoming a province of Canada and U.S. leased bases in Newfoundland coming within the laws of Canada. Prior to confederation the U.S. bases disposed of excess property by sale at the various bases, no doubt with consent of the Newfoundland Commission Government under the Colonial Office of the U.K. With confederation these previous arrangements apparently were no longer valid and to bring disposals of excess property under control and agreement between the Government of Canada and the Government of the United States was desirable.

A draft proposal on the subject of disposal of United States excess property located in Canada was submitted to Dr. R. A. Mackay, Department of External Affairs, Ottawa, by Mr. Julian F. Harrington, American Minister, American Embassy, Ottawa, on September 13th, 1949. This proposal was not accepted and negotiations continued until on December 5th, 1949, Mr. Harrington submitted another draft proposal, prepared in Washington, to Mr. A. D. P. Heeney, K.C., Under Secretary of State for External Affairs. This proposal was likewise considered unacceptable as drafted.

Negotiations continued, off and on, for the following year and in December 1950 a draft proposal, acceptable to Canada, was forwarded by the American Embassy, Ottawa, to Washington. With small adjustments this draft became Canadian Note 100, dated April 11th, 1951, signed by The Honourable L. B. Pearson, Secretary of State for External Affairs and it was accepted by the American Embassy Note 317, dated April 18th, 1951, signed by Mr. Stanley Woodward, American Ambassador to Canada.

Under the same date of April 18th, 1951, American Embassy Note 318 was submitted to the Department of External Affairs requesting that the provisions of Section 402, Public Law 152, 81st Congress be taken into account in Note 100 by the inclusion on bills of sale of former United States foreign excess property a notice to the purchaser along the following lines: "Under United States law excess United States Government property sold abroad may not be imported into the United States except upon determination of the Secretary of Agriculture, in the case of agricultural commodities, foods or cotton or woolen goods, or the Secretary of Commerce, in the case of other property, that such importation would relieve domestic shortages or otherwise be beneficial to the economy of the United States." The Secretary of State for Foreign Affairs replied by Note E-24, dated May 1st, 1951, that the suggestion was agreeable to the Canadian authorities and Crown Assets Disposal Corporation would insert the notice on offer forms to prospective purchasers.

The conflict in Korea was not the reason for negotiating this agreement, and the agreement was not negotiated for the purpose of meeting a temporary situation created by the Korean conflict as indicated in the evidence submitted at the last meeting of this Committee. According to our records the agreement was negotiated for the purpose of establishing an orderly and controlled method of disposal of United States property in Canada through a Canadian agency and still remains in effect for this purpose.