

The project, authorized by exchange of notes between the Canadian and U.S. governments in June, 1942, no longer possessed any defence value in the opinion of the U.S. military authorities.

Canada having waived its option to purchase the facilities, it had been agreed that the two governments should not proceed with original plans for joint valuation and establishment of a reserve price. U.S. authorities now proposed that, without any further reference to the Joint Defence Board, facilities be advertised in both countries with a view to sale and that the United States be permitted to remove anything they wished.

The Canadian government would be allowed to purchase any facilities not sold or removed; anything not so disposed of might after a two-year period at the option of the United States be removed, or left in situ and regarded as of no value unless put to beneficial use. The principle would be recognized that, in the event of beneficial use, the U.S. government should receive fair compensation, but the Canadian government would assume no custodial responsibility or responsibility for payment of compensation in such event.

With the concurrence of the Department of National Revenue, exemption on import duties and excise taxes would be granted on any portions sold for operation in Canada.

(External Affairs memorandum, Nov.30, 1946
- Cabinet Document 343).

12. The Cabinet, after discussion, agreed that the U.S. proposals for disposition of the Canol facilities be approved on the understanding that the government assume no responsibility for custody or compensation.

German prisoners of war; permission for selected personnel to remain in Canada

13. The Prime Minister, referring to the discussion at the meeting of September 17th, 1946, said that the Under-Secretary of State for External Affairs had reported that, according to present plans, about 2,000 German prisoners of war still remaining in Canada would be transferred to the United Kingdom late in December. Numerous representations had been made that a selected group of these men be allowed to settle in Canada, on the grounds that they were potentially useful for industries such as lumbering and agriculture. Only those who would become valuable Canadian

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