

- (d) Canada to waive all interest on the final conclusion of hostilities in residual value of assets purchased for or in connection with the R.C.A.F. Overseas Squadrons including reserve stores and pipeline supplies, except as provided in (e), and have no responsibility for their ultimate disposal nor assume any obligation in respect of the disposal of such assets or cost of returning them to U.K.
- (e) Canada to be entitled, upon cessation of hostilities, to receive any aircraft and equipment which Canada may have paid for in connection with the operation of the R.C.A.F. Overseas Squadrons subject to the payment by Canada of packing and shipping charges arising out of their shipment to Canada.
- (f) The cost of advanced training in U.K. of aircrew replacements for service in the R.C.A.F. Overseas Squadrons to be considered as offset by the cost of training R.A.F. personnel in Canada, this offset to be restricted for the present to the fiscal year 1945-46.

The various consideration in support of these proposals are given below.

Residual value of B.C.A.T.P. Assets.

3. Under the terms of the June 5th, 1942 Agreement and the amendment thereto, the United Kingdom would be entitled to an apportionment of a 50% interest in residual assets other than those supplied to the United Kingdom under the Lease Lend Act and other than land. It is obviously impracticable to hand over 50% of the physical assets of the Plan to U.K. at the termination date so that, by inference, either disposal by sale must take place or a valuation must be made. In view of the immense stocks of equipment which will remain at the termination of the Air Training Plan, disposal by sale is greatly complicated by various factors entirely apart from the fact that war time equipment is of relatively little use in peace time. If certain equipment can be secured at nominal prices, undoubtedly extensive sales will take place but the process will be a lengthy one. In this regard the President of the War Assets Corporation has estimated that the

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Minutes and Documents of the Cabinet War Committee,  
Volume XVI, July - December 1944, (R.G. 2, 7c, Volume 16)

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