

- (i) The manner of accounting for the receipts from sales shall be as follows: CADC shall retain and be accountable to the Canadian Government for that amount of the receipts collected on behalf of the Canadian Government as duties and taxes and the amount equal to the remainder of the receipts, less
- (a) appropriate deductions for operational costs, and
 - (b) ten percent of the remainder after the above deductions, to cover costs of administration,
- shall be paid to the Treasurer of the United States of America through the appropriate United States reporting agency as proceeds to the United States from sales of property hereunder.
- (j) Settlement between the CADC and each reporting agency of the United States shall be made at such times as may be mutually agreed upon, but at least once every three months. Settlement shall be calculated in Canadian funds, which shall be converted into United States funds at the rate of exchange prevailing at the time of settlement.
4. In the case of excess property arising in remote locations, or involving special difficulties in disposal by CADC, modifications in the arrangements set out above may be made by mutual agreement between the agencies concerned.
 5. The terms of the arrangements contained in this Note are not applicable to the disposal of excess contract material originating in Canada arising from the performance or termination of contracts placed in Canada by the United States Government, its contractors or subcontractors, to the extent that such material is disposed of pursuant to normal contractual provisions contained in such contracts.
 6. The terms of the arrangements contained in this Note extend to all United States Government-owned property now or hereafter located in Canada except alcoholic beverages and tobacco products, excess property resulting from the joint exercises of Canadian and United States forces taking place on Canadian territory, property utilized in connection with the Atomic Energy Programme, land or any interest in land, or property of the Government of the United States used in connection with diplomatic or consular functions, or excess property referred to in paragraph 5 above.
 7. All references to the Exchange of Notes of April 11 and 18, 1951, in other agreements between our two Governments shall be deemed to be to the present agreement.
 8. This agreement shall be terminable by either Government on thirty days' written notice to the other, with the understanding that, in the event of such termination, CADC will continue with the sale or disposal of the property to which it may then have accepted transfer of right, title and interest.

If the foregoing proposals are acceptable to the United States Government, I have the honour to propose that this Note and your reply thereto shall constitute an Agreement between our two Governments on this matter to