

GOVERNMENT



OF CANADA

PRESS RELEASE

DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

No. 106

FOR RELEASE IN MORNING PAPERS OF
WEDNESDAY, DECEMBER 21, 1955.

The Department of External Affairs announced today the conclusion of an Agreement with the Norwegian Government providing for the loan by Canada to Norway of three Prestonian class frigates. The three ships which will be loaned to Norway are the modernized anti-submarine frigates Penetang, Prestonian and Toronto. The Agreement is in the form of an Exchange of Notes between the Secretary of State for External Affairs, Mr. L. B. Pearson, and the Norwegian Ambassador to Canada, His Excellency A. C. Gunneng.

These ships will be available as part of the North Atlantic Treaty defence force and their transfer to the Royal Norwegian Navy is further evidence of the Canadian Government's continuing strong support of NATO.

Ottawa, December 20, 1955.

NO. DL 40

Excellency:

I have the honour to refer to recent discussions in Ottawa between Canadian and Norwegian defence officials concerning the loan by Canada of three Prestonian Class Frigates to Norway.

The terms of agreement which were worked out in Ottawa are contained in the Annex to this Note. These terms are agreeable to my Government. I propose, therefore, that, if the terms are also acceptable to your Government, your reply to that effect and this Note should constitute an Agreement between our respective Governments, effective on the date of the Exchange of Notes. In accordance with paragraph 7 of the Annex, this Agreement may be terminated for any ship or ships on receipt of six calendar months' notice by either Government.

Accept, Excellency, the renewed assurances of my highest consideration.

(Sgd.) L.B. Pearson

Secretary of State
for External Affairs.

His Excellency
Arne Christian Gunneng,
Ambassador of Norway,
Ottawa, Ontario.

TERMS OF AGREEMENT BETWEEN THE GOVERNMENT
OF CANADA AND THE GOVERNMENT OF NORWAY
CONCERNING THE LOAN TO NORWAY OF THREE
PRESTONIAN CLASS FRIGATES

MAIN GOVERNING CONDITIONS

1. Three Prestonian class Canadian frigates shall be loaned by the Government of Canada to the Government of Norway. The ships shall be loaned to the Government of Norway free of any loan charges..
2. The ships shall be commissioned as units of His Majesty's Royal Norwegian Navy and shall remain in commission during the period of loan except as may be required for refit and repair or as may be otherwise mutually agreed between the respective Chiefs of the Naval Staff of the Royal Canadian Navy and the Royal Norwegian Navy.
3. The Government of Canada will hand the ships over to the Government of Norway with such stores, ammunition and fuel, as agreed between the respective Chiefs of the Naval Staff of the Royal Canadian Navy and the Royal Norwegian Navy, and in the case of each ship an inventory of stores, ammunitions and fuel shall be prepared jointly to record these details. The Government of Norway will pay the Government of Canada the cost of all consumable stores, ammunition and fuel required at Canadian prices in effect on the date of handover.
4. The Government of Norway shall assume complete responsibility for the operation and maintenance of the ships from the date of handover, and, subject to Paragraphs 5 and 6 below, all risks, damage, and expenses of whatsoever nature met or incurred in relation to the ships during the period of loan shall be assumed by the Government of Norway.
5. In the event of a ship or ships becoming missing, lost, or a constructive total loss due to the Government of Norway's negligence, the Government of Norway shall pay compensation to the Government of Canada. The amount of compensation to be paid in respect of each ship shall be established by negotiations between the Governments of Canada and Norway. In all cases of loss not due to the Government of Norway's negligence, the Government of Norway shall not be required to pay compensation to the Government of Canada.
6. The Government of Canada reserves the right to modify the ships with such new equipment as, in the opinion of the Government of Canada, is desirable. The Government of Canada will assume the cost of procurement of such equipment, including normal supporting spare parts, and delivery to a suitable Norwegian naval base. The Government of Norway shall bear the cost of installation of the equipment. The cost of major structural alterations required by such installation shall be paid for by the Government of Canada.
7. The Agreement may be terminated for any ship or ships on receipt of six calendar months' notice by either Government.

CONDITIONS OF HANDOVER

8. The ships shall be accepted by the Government of Norway at an East Coast Canadian port or ports to be mutually agreed to by the respective Chiefs of the Naval Staff of the Royal Canadian Navy and the Royal Norwegian Navy. The handover of the ships will take place early in 1956 on dates to be agreed by the respective Chiefs of the Naval Staff.

9. The Governments of Canada and Norway agree that the state of each ship on the date of handover shall be as shown on the appropriate documents as agreed at the time of handover. These are:

- (a) Ship's Book
- (b) Inventory of Permanent Stores
- (c) Inventory of Consumable Stores
- (d) Armament Stores Ledgers
- (e) List of Publications
- (f) List of Navigational and Hydrographic Stores
- (g) Any additional document found necessary to record the details of the handover.

10. The officers and men of the Royal Norwegian Navy forming the crews of the three ships shall receive accommodation, messing and training in Her Majesty's Canadian ships and establishments free of charge prior to the handover of each ship to the Government of Norway, except that consumable stores issued to Norwegian personnel during this period, including rations, will be issued on recoverable invoice payable by the Government of Norway.

SPECIAL CONDITIONS

11. The Government of Norway may replace such name plates, tally plates, et cetera, as may be necessary to facilitate operation of the ships by the Royal Norwegian Navy. On termination of the loan the original or similar name plates, tally plates, et cetera, are to be replaced.

12. Subject to paragraph 5, on termination of the loan of all or any of the ships they shall be returned to the Government of Canada by the Government of Norway at an East Coast Canadian port or ports designated by the Government of Canada, in the same condition, except as modified in accordance with paragraph 6, including permanent stores, as they were received by the Government of Norway, with due allowance for fair wear and tear.

13. No alterations and additions or changes in equipment shall be carried out in the ships except where specifically allowed by the terms of this loan, without prior approval by the Government of Canada. The cost of such alterations and additions shall be paid by the Government of Norway.

14. The Government of Canada agrees to assist the Government of Norway to obtain any stores, spare parts, et cetera, from Canadian sources which are required for the operation and maintenance of the ships. Such stores, spare parts, et cetera, shall be purchased by the Government of Norway, at current cost, including handling and transportation charges.

15. The Government of Norway will ensure that no release of any classified equipment provided pursuant to this loan or information relating thereto is released by Norwegian personnel without prior approval by the Government of Canada.

16. The administration of the terms and conditions of this loan shall be a matter for arrangement between the respective Chiefs of the Naval Staff of the Royal Canadian Navy and the Royal Norwegian Navy.

ROYAL NORWEGIAN EMBASSY

Ottawa, December 20, 1955.

Sir:

I have the honour to refer to your Note No. DL-40 of December 20, 1955, concerning the loan by Canada of three Prestonian Class Frigates to Norway.

The Norwegian Government is glad to concur in the terms of agreement contained in the Annex to your Note and has instructed me to express its gratitude for the generous terms the Canadian Government so kindly has offered. I agree, therefore, that this Exchange of Notes should constitute an Agreement between our respective Governments, effective on the date of the Exchange of Notes. I also agree that, in accordance with paragraph 7 of the Annex, this Agreement may be terminated for any ship or ships on receipt of six calendar months' notice by either Government.

Accept, Sir, the renewed assurances of my highest consideration.

(Sgd.) ARNE GUNNENG

The Secretary of State
for External Affairs,
O t t a w a, Canada.