

AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE
GOVERNMENT OF THE UNITED KINGDOM ON THE
SETTLEMENT OF WAR CLAIMS

CANADA

Signed at Ottawa, March 6, 1946

TREATY SERIES, 1946

No. 10

Article 1

AGREEMENT

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ON THE

SETTLEMENT OF WAR CLAIMS

Signed at Ottawa, March 6, 1946



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EDMOND CLOUTIER

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

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(1) All claims of the Government of Canada in respect of the costs incurred by it under contracts entered into before March 1, 1946 for the manufacture or production of such claims shall be paid to the Receiver General of Canada on February 28, 1946, shall be paid to the Government of Canada without prejudice to the right of the Government of the United Kingdom to claim reimbursement from third countries in respect of such claims.

AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE UNITED KINGDOM ON THE SETTLEMENT OF WAR CLAIMS

Signed at Ottawa, March 6, 1946

The Government of the United Kingdom and the Government of Canada, in order to arrive at a prompt and final settlement of all outstanding accounts between them arising out of the war, agree as follows:

Article 1

The Government of the United Kingdom will pay to the Government of Canada the sum of \$150,000,000 and thereupon each of the two Governments will, with the exceptions noted below, cancel all claims against the other which arose on or after September 3, 1939, and prior to March 1, 1946, in respect of supplies, services, facilities and accommodation delivered or furnished during that period, whether such claims are known or unknown.

Article 2

The two Governments agree that such payment and cancellation shall be in full settlement of all such claims and neither Government will raise or pursue any such claims against the other.

Article 3

The settlement covered by this Agreement includes without limitation thereto—

(a) All claims of the Government of Canada in respect of the construction for the Admiralty of ships which were in the course of construction on September 1, 1945, and which were to be completed by agreement between the two Governments;

(b) All claims arising out of the operations of the Inspection Board of the United Kingdom and Canada and in this case the period covered by the settlement shall extend to March 31, 1946, the Government of Canada taking over all the assets and liabilities of that Board as of that date;

(c) All claims of the Government of the United Kingdom arising out of the operation by the Department of Munitions and Supply of Canada of joint production projects and all claims relating to the period before March 1, 1946, arising from past or future re-negotiation of contracts or the retroactive adjustment of prices paid by or charged to the Government of the United Kingdom in Canada;

(d) All claims between the two Governments arising from the sharing of profits or losses before March 1, 1946, under contracts or arrangements made before that date and where projects covered by profit or loss sharing agreements continue in operation beyond that date, shares of profits or losses accruing on and after that date shall not be affected by this Agreement except in the case of the Inspection Board covered in paragraph (b) above;

(e) All claims between the two Governments arising from the disposal in the United Kingdom of surplus war assets of the Government of Canada, or from the disposal in Canada of surplus war assets of the Government of the United Kingdom, provided that this Agreement shall not prejudice the right of either Government to remove any of its surplus war assets from the country of the other, either for its own use or for transfer to others; and



(f) All claims of the Government of Canada in respect of the costs incurred by it under contracts entered into before March 1, 1946, for the manufacture of locomotives and rolling stock in Canada for the Government of India, without prejudice to the right of the Government of the United Kingdom to recover the amount of such claims from the Government of India.

Article 4

(i) The balance in the United Kingdom Suspense Account held by the Bank of Canada on February 28, 1946, shall be paid to the Government of the United Kingdom.

(ii) The balance in the United Kingdom Cash Receipts Account held by the Receiver General of Canada on February 28, 1946, shall be paid to the Government of Canada without prejudice to the right of the Government of the United Kingdom to claim reimbursement from third countries in respect of payments made on their behalf out of the United Kingdom Cash Receipts Account.

Article 5

The settlement covered by this Agreement shall not include the following—

(a) The loan to the Government of the United Kingdom under the War Appropriation (United Kingdom Financing) Act, 1942, which is covered by another agreement;

(b) The amount of \$425,000,000 owing by the Government of the United Kingdom to the Government of Canada with respect to the British Commonwealth Air Training Plan, which is covered by another agreement;

(c) Claims of the two Governments arising out of the sharing of military relief expenditures which are to be dealt with in accordance with the procedures already established or to be established;

(d) Claims arising out of established procedures under which periodical settlements are made in regard to payment of pensions and war service gratuities, reimbursement of expenditures for salaries, pay and allowances, travelling and living expenses of personnel on an individual basis, the transfer of personal funds of prisoners of war and other similar payments of a routine nature;

(e) Claims arising out of the settlement of accounts between postal administrations;

(f) Balances held by departments of either Government on behalf of and to the order of departments of the other Government.

Article 6

Each Government agrees to repay to the other amounts paid since February 28, 1946, in respect of claims cancelled under this Agreement.

Article 7

The two Governments will consult together, through their appropriate departments and representatives, concerning the interpretation and implementation of this Agreement.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

SIGNED in duplicate at Ottawa this 6th day of March, 1946.

For the Government of Canada:

J. L. ILSLEY,

Minister of Finance.

For the Government of the United Kingdom:

MALCOLM MACDONALD,

High Commissioner for the United Kingdom.