

CANADA

TREATY SERIES, 1946

No. 12

EXCHANGE OF NOTES

(March 30, 1946)

BETWEEN

CANADA

AND

THE UNITED STATES OF AMERICA

CONSTITUTING AN AGREEMENT

ON THE SUBJECT OF WAR SURPLUSES

AND RELATED MATTERS

Effective March 31, 1946



OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY

1946

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CANADA

TREATY SERIES, 1946

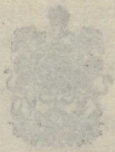
No. 12

EXCHANGE OF NOTES

SUMMARY

CANADA

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 EDMOND GOUVERNEUR, C.M.G., B.A., LL.B.
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**EXCHANGE OF NOTES (MARCH 30, 1946) BETWEEN CANADA AND
THE UNITED STATES OF AMERICA CONSTITUTING AN
AGREEMENT ON THE SUBJECT OF WAR
SURPLUSES AND RELATED MATTERS**

I

*The Secretary of State for External Affairs of Canada
to the United States Ambassador*

DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA, March 30, 1946.

No. 44

Excellency,

I have the honour to refer to discussions which have recently taken place between representatives of our Governments on the subject of war surpluses and related matters. It is my understanding that these representatives have agreed on the following proposals which are acceptable to the Canadian Government.

2. With regard to defence installations and equipment owned by the United States Government and located in Canada and not yet otherwise disposed of, the two Governments have found it mutually advantageous to expedite and simplify the procedure set forth in the 33rd Recommendation of the Permanent Joint Board on Defence and approved by the two Governments, while continuing to accept its underlying principles. To the extent, therefore that this agreement is inconsistent with the exchange of notes of November 22 and December 20, 1944, it shall be regarded as superseding them.*

3. It is agreed that for the sum of \$12,000,000 (U.S.) the United States Government will transfer to the Canadian Government the following defence installations, projects and/or supplies and equipment connected therewith owned by the United States Government and located in Canada, the original cost price of which was approximately \$59,000,000 (U.S.). In each case the details are listed in appendices to this note,** giving approximate original costs, as follows:

(a) *Immovable Property.*

Original cost: \$27,882,825 (Appendix I).

(b) *Movable Property in Northwestern Canada.*

Original cost: \$16,481,811 (Appendix II).

(c) *Movable Property in Northeastern Canada.*

Original cost: \$197,841 (Appendix III).

(d) *Movable Property heretofore reported to Crown Assets Allocation Committee but not sold.*

Original cost: \$9,994,650 (Appendix IV).

(e) *United States Navy Property lend-leased to the United Kingdom, declared surplus and left in Canada.*

Original cost: \$4,349,717 (Appendix V).

4. It is understood that United States forces now stationed in Canada will continue to use without cost, until their withdrawal from Canada, such immovable

* For the Exchange of Notes of November 22 and December 20, 1944, see Treaty Series 1944, No. 35.

** For these appendices see pages 6, 7, 9, 10 and 12 below.

and movable property as they may require but which may be transferred to the Canadian Government under this agreement. Ordinary depreciation, damage, wear, tear and loss in connection with any such property will not be a charge against the United States Government.

5. The Government of the United States will retain the right to recapture certain property necessary for the use of its armed forces in an amount not to exceed 15 per cent of the original cost value of the material listed in Appendix II, page 1, and items 10, 11, 12, 13, 14, 15, 17, 18, 19, 20 and 21 of Appendix II, page 2, totalling approximately \$12,000,000. The United States Government will designate in writing to the Canadian Government prior to May 15, 1946, such articles as it desires to withdraw and appropriate adjustments of the financial settlement covered in paragraph 3 will be arranged.

6. Any United States Government owned property located in Canada which is not transferred to the Canadian Government under this agreement, may be withdrawn from Canada by the United States Government or sold in Canada for United States account, either by negotiation between the two Governments or by War Assets Corporation as has been the procedure heretofore.

7. Lend Lease aircraft, aircraft parts and accessories returned to United States account from the United Kingdom and located in Canada will be disposed of in the following manner:

(a) The United States Government will indicate in writing to the Canadian Government prior to 30th May, 1946, that property it desires to recapture. The Canadian Government agrees to assist in the best of its ability the United States Government in the preparation for movement and the movement of such property.

(b) Combat type aircraft, aircraft parts and accessories, left by the United States Government in Canada, will be transferred to Canadian account for salvage without further reimbursement to the United States Government.

(c) Non-combat type aircraft, aircraft parts and accessories left by the United States Government in Canada will be transferred to the account of the Canadian Government without reimbursement to the United States Government except that when flyable non-combat type aircraft and Anson aircraft containing Lend Lease components are disposed of for use as flyable aircraft, appropriate reimbursement in respect of the Lend Lease content of such complete aircraft will be made to the United States Government by the Canadian Government. The Canadian Government further agrees that flyable non-combat type aircraft other than Ansons will not be disposed of as flyable aircraft outside of Canada without consultation between appropriate agencies of the two Governments. The United States Government agrees that in the case of proposed sales of this type it will not unreasonably withhold its agreement.

(d) It is further agreed that any similar property which may become available in Canada following May 30, 1946, shall be dealt with in a like manner, provided that the United States Government shall give thirty days' notice from the date of such property becoming available in Canada of its intention to return such property to the United States.

8. The Canadian Government will designate an agency to co-ordinate the acceptance of custody of property transferred under this agreement by the United States Government to the Canadian Government. It is understood that the United States Government will not abandon property transferred to the Canadian Government under this agreement until after having provided a reasonable opportunity for the Canadian Government to arrange for custody.

9. It is understood that this agreement does not affect existing agreements between the two countries relating to the transfer of responsibility from the United States to Canada for defence projects.

10. At the request of the Canadian Government, and in order to provide equipment necessary for the training programs of the Canadian armed forces, the United States Government will endeavour to make available surplus military type equipment, up to April 1, 1947, in such quantities and at such prices as may be negotiated between the two Governments up to a maximum cost of \$7,000,000 (U.S.). The Canadian Government will make a payment on account into a suspense account of the United States Government of \$7,000,000 (U.S.) to apply against such purchases. If the United States Government is unable to provide under this agreement the amount of equipment that the Canadian Government desires to purchase and therefore the payment on account should exceed the amount finally determined to be payable, the excess remaining in the suspense account will be returned to the Canadian Government.

11. The effective date of this agreement shall be March 31, 1946, except that with regard to sales of movables concluded and invoiced by War Assets Corporation on or before that date, the Canadian Government will make payment to the United States Government in accordance with existing agreements. During the period in which the negotiations have been in progress, and pending the coming into force of the agreement, the United States Government has undertaken and undertakes not to remove from Canada any of the property covered by the agreement.

12. If the foregoing is acceptable to the Government of the United States, this note and your reply thereto shall be regarded as placing on record the understanding arrived at between our Governments.

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

N. A. ROBERTSON,
For the Secretary of State for External Affairs.

II

The United States Ambassador to the Secretary of State for External Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

OTTAWA, March 30 1946.

No. 470

Sir:

I have the honor to refer to your note No. 44 of March 30, 1946, referring to discussions which have recently taken place between representatives of our two Governments on the subject of war surpluses and related matters and setting forth therein certain proposals which they have reached and which, you state, are acceptable to the Canadian Government.

At the direction of my Government, I have the honor to state that the proposals submitted in your note under reference are acceptable to the Government of the United States and it concurs in the proposal that your note and this reply shall be regarded as placing on record the understanding arrived at between the two Governments on these matters.

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

RAY ATHERTON.

**APPENDICES TO NOTE No. 44 OF MARCH 30, 1946, FROM THE
SECRETARY OF STATE FOR EXTERNAL AFFAIRS OF CANADA**

APPENDIX I

IMMOVABLE PROPERTY

<i>Description</i>	<i>Estimated Cost</i> (In U.S. Dollars)
Edmonton Station Hospital (includes Post of Edmonton) ...	\$ 1,720,042.00
Edmonton Railhead	2,031,504.00
U.S. Army Recreation Centre	86,000.00
U.S. Signal Corps Camp	204,359.00
Weather Stations (Alaska Highway and North Atlantic)	919,962.00
Alaska Highway Relay Stations	9,409,814.00
Haine's Road Relay Stations	1,039,883.00
Railhead and Appurtenances, McCrae, Y.T.	2,787,587.00
Headquarters (NWSC Whitehorse)—Facilities and Appurtenances	4,976,833.00
Standard Oil Housing Area & Office Building	4,706,841.00
	\$27,882,825.00

APPENDIX II

MOVABLE PROPERTY IN NORTHWESTERN CANADA
(Northwest District, Sixth Service Command)

Item	Location	Estimated Cost (In U.S. Dollars)
1	Equipment on Highway	\$ 2,089,395.00
2	Movable P.C. & S. Property at Highway Camps	152,000.00
3	General Stores at Highway Camps	57,000.00
4	Shop: Nelson	
	Tools & Equipment	70,000.00
	Ordnance Vehicles	65,000.00
	Eng. Equipment	32,000.00
	Spare Parts	150,000.00
5	Shop: Whitehorse	
	Tools & Equipment	150,000.00
	Spare Parts	300,000.00
6	Equipment Whitehorse	608,750.00
7	Equipment Whitehorse	600,000.00
8	Q.M. Whitehorse Property	970,000.00
	Subsistence	66,811.00
9	Eng. Property	125,000.00
10	Eng. Property Working Stock	75,000.00
11	Q.M. Whitehorse (Est.)	1,046,050.00
12	Eng. Property	
	Fort Nelson	12,000.00
	Fort St. John	10,000.00
	Dowell area W.H.	450,000.00
	S.O. Area W.H.	275,000.00
	Highway	30,000.00
13	Medical Whitehorse Hospital	125,000.00
14	Laundry Equipment Whitehorse	100,000.00
15	Petroleum Products	1,250,000.00
16	Fort St. John Equipment for Sale Pool	24,860.00
17	Fort St. John Ord. Shop & P.C.S.	179,072.00
18	Edmonton Equipment	94,692.00
19	Edmonton for Sale Pool Equipment	52,870.00
20	Edmonton Medical Hospital	125,000.00
21	Edmonton Laundry Equipment	100,000.00
22	843 Signals/Bds. Etc.	135,000.00
23	Edmonton Q.M. Prop.	273,456.00
24	Edmonton Eng. Supplies	1,050.00
25	Eng. Equipment Whitehorse	420,600.00
26	Transportation Corp. Equipment	172,000.00
27	Special Service Items	20,000.00
TOTAL		\$10,407,606.00

ALASKA WING AIR TRANSPORT COMMAND

Item	Location	Estimated Cost (In U.S. Dollars)
1. Air Inst. Division	Fort Nelson	\$ 132,684.00
2. " " "	Whitehorse	394,059.00
3. " " "	Watson Lake	31,000.00
4. " " "	Edmonton	133,634.00
5. " " "	Gr. Prairie	4,289.00
6. " " "	Namao	8,941.00
7. " " "	Ft. St. John	4,333.00
8. 1432 AAFBU Q.M.	Watson Lake	4,969.00
9. " " "	Whitehorse	18,527.00
10. " " " Ord. Veh.	St. John	41,050.00
11. " " " " "	Dawson Cr.	12,200.00
12. " " " " "	Edmonton	314,319.00
13. " " " Spare Parts	Edmonton	159,000.00
14. " " " Q.M.	Edmonton	649,443.00
15. " " " Q.M.	Dawson Cr.	2,000.00
16. " " " Air Supply Can.		2,941,000.00
17. " " " Sig. General		328,000.00
18. " " " English Supplies		
19. " " " Equipment	Edmonton	60,000.00
20. " " " Medical	Edmonton	65,000.00
21. " " " Chem. Warfare	Edmonton	10,000.00
22. AAF Prop.	Edmonton	6,000.00
23.	Edmonton	32,346.00
24.	Ft. Nelson	3,600.00
25. AHF Equipment	Whitehorse	65,995.00
26. " " and Gas	(To R.C.A.F.)	50,150.00
27. " " "	St. John (To R.C.A.F.)	61,577.00
	Gr. Prairie	
	(To R.C.A.F.)	60,868.00
28. " " "	Watson	68,708.00
29. " " "	Whitehorse	50,150.00
30. " " "	Ft. Nelson	50,150.00
31. Weather Equipment	Smith River	3,800.00
32. " " "	Log Cabin	2,330.00
33. " " "	Canyon Creek	2,775.00
34. " " "	W. H. Radio Sonde	1,800.00
35. " " "	Edmonton	1,700.00
36. " " "	Pr. Geo.	1,330.00
37. " " "	Wagner	1,370.00
38. " " "	Others	300.00
39. " " "	MacKenzie Valley	30,708.00
40. 1432 AAF. BU. Petroleum		64,100.00
41. Special Service Items		200,000.00
	TOTAL	\$6,074,205.00

APPENDIX III

MOVABLE PROPERTY IN NORTHEASTERN CANADA

Indian House Lake Weather Station

		<i>Estimated Cost</i> (In U.S. Dollars)
Weather Equipment	\$ 2,600.00	
Radio Equipment	7,110.00	
General Supplies	14,600.00	
TOTAL	\$24,310.00	\$24,310.00

Lake Harbour Weather Station

Weather Equipment	\$ 2,600.00	
Radio Equipment	12,054.00	
General Supplies	14,600.00	
TOTAL	\$29,254.00	\$29,254.00

Crystal 3, Padloping Island

Weather Equipment	\$16,500.00	
Radio Equipment	42,292.00	
General Supplies	14,600.00	
TOTAL	\$73,392.00	\$73,392.00

Megatina Weather Station (Lake Mary)

Weather Station	\$ 2,600.00	
Radio Equipment	18,482.00	\$21,442.00
General Supplies		
TOTAL	\$21,442.00	

Clyde River Weather Station

Weather Equipment	\$16,500.00	
Radio Equipment	18,343.00	
General Supplies	14,600.00	
TOTAL	\$49,443.00	\$49,443.00

GRAND TOTAL **\$197,841.00**

APPENDIX IV

MOVABLE PROPERTY HERETOFORE REPORTED TO CROWN ASSETS
ALLOCATION COMMITTEE BUT NOT SOLD

<i>Standard Commodity Classification:</i>	<i>Estimated Cost (In U.S. Dollars)</i>
01 Live animals	\$ 3,693.96
02 Crude Animal Products, edible	159.69
03 Crude Animal Products, inedible	3.92
04 Crude vegetable products, edible	9.54
05 Crude vegetable products, inedible	48.90
07 Coal, crude petroleum, related crude hydrocarbons	103,352.89
09 Crude non metallic minerals (Except coal and petroleum)	5,230.90
11 Leather	277.94
12 Boot and shoe cut stock and shoe findings	797.27
13 Wood basic materials, except pulpwood	332,241.73
14 Pulp, paper and paperboard	40,955.36
15 Textile basic manufacturers	30,593.04
16 Food and beverage basic materials	769.83
17 Oils, fats, waxes, etc.	119.53
18 Petroleum and coal products, except raw material for chemical industries	102,969.94
19 Chemicals	118,220.91
21 Iron, and iron and steel scrap	463,749.25
22 Steel	64,873.12
24 Nonferrous metals	88,939.06
25 Fabricated metal basic products	108,808.20
26 Nonmetallic mineral basic products—structural	84,782.74
27 Nonmetallic mineral basic products—nonstructural	29,903.21
29 Miscellaneous basic materials	7,554.60
31 General purpose industrial machinery and equipment ...	246,160.39
32 Electric machinery and apparatus	150,420.01
33 Special industry machinery	136,430.17
34 Metal working machinery	69,055.03
35 Agricultural machinery and implements, except tractors	538.75
36 Construction, mining, excavating and related machinery	51,374.32
38 Office machines	10,590.73
39 Miscellaneous machinery	83,683.07
41 Communication equipment and electronic devices	68,180.08
42 Aircraft	328,537.49
43 Ships, small watercraft and marine propulsion mach.	3,218,836.14
44 Railroad transportation equipment	917.00
45 Motor vehicles	312,436.83
49 Miscellaneous transportation equipment	88.40
51 Plumbing and heating equipment	123,973.11
52 Air-conditioning and refrigeration equipment	6,027.10
53 Lighting fixtures	15,269.44
54 Furniture and fixtures	239,228.04
55 Photographic goods	2,671.09
56 Optical instruments and apparatus	2,117.86
57 Indicating, recording and controlling instruments and accessories, except watches and clocks	3,895.24
58 Professional and scientific instruments and apparatus except as in Classification 57	7,322.21
59 Miscellaneous equipment	139,322.21
61 Food, manufactured	116,475.02
65 Drugs and medicines	1,097.33
66 Toiletries, cosmetics, soap and household chemical preparations	29,115.05
67 Apparel, except footwear	17,931.34
68 Footwear	18,189.41
69 Fabricated textile products, except apparel	34,975.03
71 End products of leather, except apparel, footwear and luggage	20.23
72 Converted paper products and pulp goods	45,548.70
73 Products of printing and publishing industries	6,265.24



APPENDIX V

UNITED STATES NAVY PROPERTY LEND-LEASED TO THE UNITED KINGDOM,
DECLARED SURPLUS AND LEFT IN CANADA

	<i>Estimated Cost</i> (In U.S. Dollars)
Armament	\$2,441,900.00
A.N.D. Gear	65,657.68
Radio Equipment and W.T.	186,145.00
Engineering Equipment	243,093.42
Compass Equipment	1,500,438.00
2" U.P. Lockers	1,835,130.00
Ammunition	246,534.00
Electrical Gear	1,049,655.89
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Total of all returned Lend-Lease Navy Stores in Canada	\$7,568,553.99
Total of returned Lend-Lease Navy Stores which have been reported to CAAC	3,218,836.14
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BALANCE	<u>\$4,349,717.85</u>