

No. 1800

**UNITED STATES OF AMERICA
and
CANADA**

**Exchange of notes constituting an agreement relating to the
disposal of United States excess property in Canada.
Ottawa, 11 and 18 April 1951**

Official text: English.

Registered by the United States of America on 8 July 1952.

**ÉTATS-UNIS D'AMÉRIQUE
et
CANADA**

**Échange de notes constituant un accord relatif à la dispo-
sition des biens en surplus des États-Unis sis au Canada.
Ottawa, 11 et 18 avril 1951**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 8 juillet 1952.

No. 1800. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND CANADA RELATING TO THE DISPOSAL OF UNITED STATES EXCESS PROPERTY IN CANADA. OTTAWA, 11 AND 18 APRIL 1951

I

The Canadian Secretary of State for External Affairs to the American Ambassador

DEPARTMENT OF EXTERNAL AFFAIRS
CANADA

No. 100

Ottawa, April 11, 1951

Excellency :

I. I have the honour to refer to the exchange of Notes between Canada and the United States of America of November 22nd and December 20th, 1944,² which constituted an agreement concerning the post-war disposition of United States defence projects in Canada, and to recent discussions concerning the disposal of United States excess property in Canada.

II. Under instructions from my Government, I have the honour to make the following proposals for the disposal of such United States property in Canada as has been or may be determined to be excess by United States Government agencies, and has been or may be so reported, as provided hereinafter :

1. The Government of the United States shall remove from Canada all of its property which it desires to retain.
2. The Government of Canada may arrange through its appropriate governmental agencies for the purchase from the Government of the United States of any remaining property which it the Government of Canada may wish to obtain for its own use and disposition, such purchases being made directly by the Canadian Government agencies concerned, and not through Crown Assets Disposal Corporation.

¹ Came into force on 18 April 1951 by the exchange of the said notes.

² United Nations, *Treaty Series*, Vol. 101, p. 257.

3. All other excess property shall be sold or disposed of by Crown Assets Disposal Corporation (CADC), an agency of the Canadian Government, in accordance with the following procedure :
- (a) The United States reporting agencies shall provide reports of excess property on CADC designated forms. These reports of excess shall contain details of condition and age of equipment, information in accordance with CADC Equipment and Material Codes, and such other information as may be mutually agreed.
 - (b) The United States reporting agencies will on the report of excess transfer all right, title and interest in the property to CADC, which will accept the transfer of such property subject to physical inspection. Property which upon physical inspection is judged to be of a type or in a condition which would make economic disposal by CADC impracticable may be rejected and returned to the United States reporting agencies which may dispose of such property by abandonment, donation or sale under conditions to be agreed upon between CADC and the U.S. reporting agencies or may make other disposition not conflicting with Canadian public interest.
 - (c) After the property has been taken into custody by CADC, reports of excess shall not be modified, cancelled or withdrawn except by mutual consent of the United States reporting agency and CADC.
 - (d) If called upon by CADC the United States reporting agency shall at its expense assemble excess property at locations to be decided by mutual agreement.
 - (e) The United States reporting agencies shall advise CADC of the names of the signing officers entitled to issue reports of excess.
 - (f) CADC shall arrange and be responsible for the custody of excess property and shall take steps to accept custody within a reasonable time after the receipt of the report of excess, and shall endeavour to do so within three weeks.
 - (g) Sales prices shall be determined by CADC after calling for bids, and shall be deemed to include duty and taxes payable by the purchaser to the Canadian Government. The acceptability of sales prices and the modification of the Equipment and Material Codes under which excess property has been declared by the United States, shall be at the discretion of CADC.

- (h) 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
- (i) appropriate deductions for operational costs, including the cost of custodianship, shipping and restoration of premises as required, and
 - (ii) ten per cent of the remainder after the above deductions, to cover costs of administration,

shall be paid to the appropriate United States reporting agency as proceeds to the United States from sales of property hereunder.

- (i) 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 after the effective date of this agreement. 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.
- (j) If at any time CADC determine that excess property has no commercial value or that the estimated costs of care and handling of such property would exceed the estimated proceeds from its sale, such property may be destroyed or abandoned by CADC at its discretion. The account with respect to such property shall be closed and the United States reporting agency notified accordingly. In the event that operational costs incident to the disposal of excess property exceed the proceeds of sales, such excess costs are to be borne by Crown Assets Disposal Corporation.

III. 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.

IV. 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.

V. If the foregoing proposals are acceptable to the United States Government, I have the honour to suggest that this Note and your confirmatory reply thereto shall constitute an Agreement between our two Governments on this matter, which will take effect upon receipt by the Government of Canada of your reply. The 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 such property as may have already been reported to it.

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

L. B. PEARSON

Secretary of State for External Affairs

His Excellency The Honourable Stanley Woodward
Ambassador of the United States of America
100 Wellington Street
Ottawa

II

The American Ambassador to the Canadian Secretary of State for External Affairs

UNITED STATES EMBASSY

No. 317

Ottawa, April 18, 1951

Excellency :

I have the honor to acknowledge receipt of Your Excellency's Note No. 100 dated April 11, 1951, outlining provisions for the disposal of excess United States Government property in Canada through the agency of the Crown Assets Disposal Corporation.

The terms of the arrangements are acceptable to my Government and it is agreed that your note under reference and this reply shall be regarded as placing on record the understanding arrived at between our two Governments on this matter.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

Stanley WOODWARD

His Excellency The Honorable
The Secretary of State for External Affairs
Ottawa