

No. 3194

**CANADA
and
NORWAY**

**Exchange of notes constituting an agreement concerning
settlement of claims arising out of the war. Ottawa,
7 and 18 March 1950**

Official text: English.

Registered by Canada on 27 March 1956.

**CANADA
et
NORVÈGE**

**Échange de notes constituant un accord concernant le
règlement des créances nées de la guerre. Ottawa,
7 et 18 mars 1950**

Texte officiel anglais.

Enregistré par le Canada le 27 mars 1956.

No. 3194. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN CANADA AND NORWAY CONCERNING SETTLEMENT OF CLAIMS ARISING OUT OF THE WAR. OTTAWA, 7 AND 18 MARCH 1950

I

The Minister of Norway to Canada to the Secretary of State for External Affairs

ROYAL NORWEGIAN LEGATION

Ottawa, March 7, 1950

Sir,

On the 23rd and 24th February, 1950, discussions took place in Oslo between representatives of the Canadian and the Norwegian Governments on the subject of the Canadian Government's claim for reimbursement in respect of Canada's share of the value of supplies distributed to the civilian population of Norway by the combined military authorities under the Supreme Allied Command in 1945.

I have now been instructed to convey to you the following factors which in the view of the Norwegian Government are relevant to these discussions :

1. As you will be aware the original total claim of US \$34 million in respect of Civil Affairs deliveries to Norway has never been accepted by Norway, and the Norwegian Government are of the opinion that a reduction of about 30% would give a fair figure. It is agreed that it is impossible at the present time to ascertain from which of the three supplying countries the various commodities originated.

2. In view of the Norwegian Government the claim cannot be regarded as a dollar claim, and it can in no way be said to contain an exchange guarantee in terms of dollars.

The notes which the Governments of Canada, the United Kingdom and the United States sent to the Norwegian Government in April 1945 contain the following paragraph :

“While as a matter of convenience, these bills will be presented in terms of U.S. dollars, the recipient Governments will be asked to pay in currencies acceptable to the supplying Governments.”

¹ Came into force on 18 March 1950 by the exchange of the said notes.

In their reply of May 1945 the Norwegian Government answered as follows :

“It is understood that the question of the currency in which payments shall be effected will have to be settled by agreement with each supplying country.”

The bills for the goods were not presented until long after the goods had been delivered and sold in Norway at market prices. The billed price totalled 34 million dollars, which, at a rate of exchange of 5 Norwegian kroner to the U.S dollar equals *170 million kroner*. This is a much higher figure than the total amount which the sale of the goods had brought in Canada's share, which was stipulated at 5% of the total, equals 8.5 million kroner, and with the requested reduction of 30% the figure would be brought down to *5.9 million kroner*.

3. The Norwegian Government have taken cognizance of the settlements arrived at between the Canadian and the Netherlands Governments and the Canadian and the Danish Governments.

The Norwegian Government also greatly appreciate the statement made by the Canadian delegates during the discussions in Oslo that the Canadian Government in their endeavours to reach an amicable settlement of this claim were prepared to taken into consideration Norway's war effort and war losses, and the long-term effects of the war upon the Norwegian economy.

At the end of the discussions the Norwegian representatives suggested that the claim of the Government of Canada be settled as follows :

Either

By payment before the 31st March 1950, from the Government of Norway to the Government of Canada of *US \$850,000 in cash*

Or

By the Norwegian Government paying into a kroner account for the Government of Canada *8 million kroner*, the whole amount to be used in Norway for the purchase of property and to cover other expenditures of the Canadian Government in Norway and by Canadians for educational and cultural purposes. The Norwegian Government would at any time be willing to consider a request from the Canadian Government for the transfer of part of the kroner amount into other “soft” currencies, but there would be no obligation on the part of the Norwegian Government to allow such transfers.

I would appreciate being informed of the Canadian Government's reaction to the above mentioned proposals made by the Norwegian Government.

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

Daniel STEEN

II

The Secretary of State for External Affairs to the Minister of Norway to Canada

DEPARTMENT OF EXTERNAL AFFAIRS

No. 16

Ottawa, March 18, 1950

Excellency,

I have the honour to acknowledge receipt of your Note dated March 7, 1950, relating to the claim of the Government of Canada for reimbursement in respect of Canada's share of the value of supplies distributed to the civilian population of Norway by the combined military authorities under the Supreme Allied Command.

I am pleased to inform you that the Government of Canada accepts the first alternative proposal set out in your Note, which involves the cash payment, before March 31, 1950, by the Government of Norway to the Government of Canada of the sum of \$850,000.00 in United States funds.

The settlement described above shall cover the entire claim of Canada for reimbursement in respect of Canada's share of the supplies referred to above. In agreeing to this settlement, the Government of Canada has reduced its original claim after taking into consideration Norway's effort and war losses and the long term effects of the war upon the Norwegian economy.

The Canadian Minister in Norway has been requested to make the necessary arrangements with respect to the payment of Canada's claim. It is my understanding that your Note dated March 7, 1950, and this reply shall be regarded as constituting an Agreement between the Government of Norway and the Government of Canada on this matter.

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

L. B. PEARSON
Secretary of State for External Affairs