

No. 3873

**UNITED STATES OF AMERICA
and
CANADA**

**Exchange of notes (with annex and related aide-mémoire)
constituting an agreement concerning financial arrangements
for the furnishing of certain supplies and
services to naval vessels. Ottawa, 21 July 1955**

Official text: English.

Registered by the United States of America on 13 June 1957.

**ÉTATS-UNIS D'AMÉRIQUE
et
CANADA**

**Échange de notes (avec annexe et aide-mémoire y relatif)
constituant un accord concernant les modalités financières
de la fourniture de certains approvisionnements
et services à des navires de guerre. Ottawa, 21 juillet
1955**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 13 juin 1957.

No. 3873. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND CANADA CONCERNING FINANCIAL ARRANGEMENTS FOR THE FURNISHING OF CERTAIN SUPPLIES AND SERVICES TO NAVAL VESSELS. OTTAWA, 21 JULY 1955

I

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

No. 22

Ottawa, July 21, 1955

sir :

I have the honor to refer to recent conversations between Canadian and United States officials concerning the enactment authorizing the Secretary of the Navy to furnish certain supplies and services to foreign naval vessels at United States ports and naval bases provided a prior agreement conferring reciprocal rights on the United States, and covering reimbursement therefor, has been negotiated with the country concerned. These agreements will obviate the necessity for obtaining advances of funds from naval vessels of friendly foreign nations for routine port services and facilitate the furnishing of their immediate supply requirements at United States naval activities.

My Government would be happy to conclude an agreement for such purposes with Canada and I understand that Canadian officials are like-minded.

The terms of the agreement my Government would be prepared to enter into are set forth in the Annex² to this Note. I suggest that if these terms are acceptable to your Government, your reply to that effect and this Note be considered an agreement which would come into force ninety days from the date of your reply and apply to all supplies and services furnished on or after such date. The agreement could be terminated by either Government by giving notice of such termination at least ninety days in advance of the effective date thereof.

¹ Came into force on 19 October 1955, ninety days from the date of the Canadian note, in accordance with the terms of the said notes.

² See p. 56 of this volume,

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

R. Douglas STUART

Enclosure :

Annex ¹

The Honorable Lester B. Pearson
Secretary of State for External Affairs
Ottawa

A N N E X

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CANADA CONCERNING FINANCIAL ARRANGEMENTS FOR THE FURNISHING OF CERTAIN SUPPLIES AND SERVICES TO NAVAL VESSELS

Article I

Where routine port services such as pilotage, tugs, garbage disposal, line handling, etc. are maintained by a naval authority of one of the Governments, they will be furnished to visiting naval vessels of the other Government without charge. At ports where there is a naval authority but no such facilities are maintained, the resident naval authority will organize the necessary services for visiting naval vessels of the other Government and, if requested, will pay for the services and either recover costs in cash from the visiting naval vessel or obtain signatures on documents for reimbursement.

Article II

Miscellaneous supplies, such as fuel, provisions, spare parts and general stores, will be furnished by each of the Governments to visiting naval vessels of the other Government on a reimbursable basis without an advance of funds, on the condition that such miscellaneous supplies are available in the naval supply system of the host Government.

Article III

Services, such as overhauling, repairs, alterations, and installation of equipment, together with supplies incidental thereto, will be furnished by each of the Governments to visiting naval vessels of the other Government when funds to cover the estimated cost of such supplies and services have been made available in advance by the benefiting Government, on the condition that such supplies are available in the naval supply system of the host Government or readily obtainable from commercial sources.

¹ See below.

Article IV

Supplies which are distinctive to the naval service of the host Government, and supplies which have been duly classified under applicable security regulations of such naval service, shall not be required to be furnished under the terms of this Agreement.

Article V

(a) Costs of services to be furnished in accordance with Article I of this Agreement will be reimbursed to the host Government at the standard rate prescribed for use within the naval service of the host Government. In the absence of a standard rate, such costs will be reimbursed to the host Government in full, including the cost of labour, material and overhead incurred by the naval authority performing the services. Costs of services to be performed in accordance with Article III of this Agreement will be reimbursed to the host Government in full, including the cost of labour, material and overhead incurred by the naval authority performing the services, plus charges covering the cost of military pay and allowances and depreciation of machinery and equipment. If such services covered by either Article I or Article III above are obtained commercially, reimbursement will be made in the amount of the contract cost to the host Government. Costs of supplies to be furnished in accordance with Article II of this Agreement will be reimbursed at the prices at which such supplies are regularly made available for use within the naval service of the host Government, plus auxiliary charges covering costs of such items as packing, crating, handling and transportation.

(b) The Royal Canadian Navy now makes a standard charge of 10 % for services and materials sold to certain foreign Government except where special handling or packaging is required, in which case actual costs are determined and added to the cost of materials. The United States Navy, on the other hand, determines individual charges associated with the sale of materials or services. For the purposes of this Agreement the Royal Canadian Navy's method of determining charges for materials and services provided under the terms of this Agreement shall apply to ships of the United States Navy visiting Canadian ports, and the United States Navy's method of determining charges for such materials and services shall apply to ships of the Royal Canadian Navy visiting United States ports.

Article VI

Prior to the departure of a visiting naval vessel from a port or naval establishment of the host Government, the Commanding Officer of each such visiting naval vessel shall be presented with one bill covering the total value of all services and supplies furnished by the port or naval establishment. This bill will be either paid in cash or appropriately certified by such Commanding Officer as to the receipt and acceptance of the services and supplies listed thereon. The bill so certified will be returned to the appropriate naval

representative at the port or naval establishment, who will forward it in such manner as may be prescribed by regulation of his naval service for ultimate presentation to the appropriate representative of the benefiting Government. The bill will be due and payable within a period of thirty (30) days from the time of presentation to such representative.

Article VII

In the case of an extended visit, intermittent billings for the supplies and services furnished in accordance with this Agreement shall be presented to the Commanding Officer of the visiting naval vessel or vessels at such intervals as may be mutually agreed upon between such Commanding Officer and the authorized naval representative of the host Government. Such billings shall be certified and processed for payment in the same manner as provided in Article VI hereof.

Article VIII

All payments for services and supplies covered by this Agreement shall be made in currency acceptable to the host Government.

II

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

DEPARTMENT OF EXTERNAL AFFAIRS
CANADA

No. D 180

Ottawa, July 21, 1955

Excellency :

I have the honour to refer to your Note No. 22, of July 21, 1955 proposing that our two Governments should make a reciprocal agreement to provide certain supplies and services to naval vessels, each of our respective countries when visiting the other.

2. The Canadian Government is glad to concur in the terms of the Agreement set forth in the Annex to your Note. I agree with your suggestion that this exchange of Notes should be considered an Agreement coming into force ninety days from this date, and which could be terminated by either Government by giving notice of such termination at least ninety days in advance of the effective date thereof.

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

L. B. PEARSON
Secretary of State for External Affairs

His Excellency R. Douglas Stuart
Ambassador of the United States of America
Ottawa

AIDE-MÉMOIRE

The first sentence of Article I of the proposed agreement on financial arrangements for port services to naval vessels may be the subject of some misunderstanding unless clarified. In order to preclude future misunderstanding, the following interpretation is made at this time :

Canadian Naval ships obtaining routine port services at naval installations provided by United States Navy uniformed personnel will not be required to pay for such services where similar services are provided United States Navy ships at Canadian naval installations ; however, at most United States Naval installations services such as pilotage, tugs, garbage disposal, etc., must be paid for, either in cash or on a reimbursable basis. The same charges are made for United States Navy ships at these United States Navy installations. Therefore, it is expected that United States Navy ships will pay for such services at Canadian ports.

United States Embassy
Ottawa, July 21, 1955