

No. 4055

**CEYLON**  
and  
**UNITED KINGDOM OF GREAT BRITAIN**  
**AND NORTHERN IRELAND**

**Exchange of letters (with annex) constituting an agreement  
regarding United Kingdom Service Establishments in  
Ceylon. Colombo, 7 June 1957**

*Official text: English.*

*Registered by Ceylon on 1 November 1957.*

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**CEYLAN**  
et  
**ROYAUME-UNI DE GRANDE-BRETAGNE**  
**ET D'IRLANDE DU NORD**

**Échange de lettres (avec annexe) constituant un accord  
relatif aux installations militaires du Royaume-Uni à  
Ceylan. Colombo, 7 juin 1957**

*Texte officiel anglais.*

*Enregistré par Ceylan le 1<sup>er</sup> novembre 1957.*

No. 4055. EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF CEYLON AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND REGARDING UNITED KINGDOM SERVICE ESTABLISHMENTS IN CEYLON. COLOMBO, 7 JUNE 1957

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*The High Commissioner for the United Kingdom in Ceylon to the Prime Minister of Ceylon*

OFFICE OF THE UNITED KINGDOM HIGH COMMISSIONER  
COLOMBO, CEYLON

7th June, 1957

My dear Prime Minister,

I write this letter to place on record the main points which the Ceylon and United Kingdom Delegations have agreed on behalf of their two Governments in the talks which began in Colombo on 29th March regarding United Kingdom Service Establishments in Ceylon. These are as follows :

(1) In accordance with the declared policy of the Ceylon Government that United Kingdom bases in the Island (hereafter referred to as "the Bases") should be closed down, the naval base at Trincomalee and the Royal Air Force station at Katunayake will be formally transferred to the Ceylon Government on 15th October, 1957, and 1st November, 1957, respectively.

(2) Subject to sub-paragraphs 3 and 4 below the United Kingdom Government will continue to use certain facilities for a limited time hereafter referred to as "the rundown". Such use of some of the facilities will cease within two to three years and of all will cease by 1st March, 1962, provided that, if the process of rundown is interrupted by causes outside the control of the United Kingdom Government, the period of rundown may be increased as may be mutually agreed.

(3) During the rundown the use of these facilities will be subject to the general control of the Ceylon Government and the Ceylon Government reserves to itself the right to deny such use to the United Kingdom Government if any situation arises where,

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<sup>1</sup> Came into force on 7 June 1957 by the exchange of the said notes.

in pursuance of its general international policy, the Ceylon Government finds it necessary to do so. Subject to this condition the Ceylon Government will grant the United Kingdom Government the free and uninterrupted use and operation of these facilities and the right to administer their establishments as at present. The United Kingdom Government for its part will not, in the use of the facilities, interfere with such plans of development as the Ceylon Government might undertake in the areas concerned. If any difficulties should arise in this connection the two Governments will consult together in order to arrive at a satisfactory solution.

(4) Detailed arrangements regarding the facilities which it is intended the United Kingdom may continue to use, and arrangements which it is intended to put into operation to implement sub-paragraphs 1 to 3 above in other respects, will be made.

(5) In addition to the grant of facilities under sub-paragraph 3 above, the Ceylon Government will give to the United Kingdom Forces all necessary facilities and assistance in connection with (i) the withdrawal of the Forces (ii) the removal or disposal by the Forces of all their stores, equipment and other movable property.

(6) The Government of Ceylon shall pay to the United Kingdom Government the sum of Rs. 22 million in five equal instalments of Rs. 4,400,000 in each of the Ceylon Government financial years 1957-58 to 1961-62 inclusive. This payment will be made in respect of the installations to be transferred to the Ceylon Government and the cancellation of certain claims between the two Governments arising out of the occupation or disposal of the bases by United Kingdom Forces. Detailed provisions regarding financial matters are contained in the Annex to this letter, which Annex shall be regarded as an integral part hereof. In each year payment will be made in Rupees within the total of United Kingdom estimated governmental expenditure in Ceylon, any balance being paid in sterling at the rate of Rs. 13-3102 to £1.

(7) Installations to be transferred to the Ceylon Government in accordance with the provisions of paragraph 2 of the said Annex shall be handed over as and when vacated by the United Kingdom Forces.

(8) The United Kingdom Forces and the members thereof will continue to enjoy during the period of rundown all the immunities and privileges hitherto enjoyed by them.

(9) During the period of rundown and after its completion the Ceylon Government, in accordance with normal Commonwealth practice but subject to the requirements of the general policy of the Ceylon Government, will continue to allow (a) United Kingdom naval vessels to refuel at Colombo; and (b) aircraft of the United Kingdom Forces, and on charter to those Forces, to overfly and stage through Ceylon.

(10) The United Kingdom Delegation supplied to the Ceylon Delegation a programme of the numbers of locally recruited employees of the United Kingdom Forces who it was intended would, as a consequence of the rundown, cease to be employed by the United Kingdom. The United Kingdom authorities will furnish at regular intervals both forecasts of future redundancies and particulars of impending discharges.

I should be grateful to have your confirmation that the foregoing is acceptable to the Ceylon Government as a summary of the results of our discussions and that this letter and your reply shall constitute an agreement between our two Governments.

Yours sincerely,

(Signed) C. G. L. SYERS  
High Commissioner

The Hon. S. W. R. D. Bandaranaike, M.P.  
Prime Minister of Ceylon  
Colombo

#### ANNEX ON FINANCIAL MATTERS

The detailed provisions regarding financial matters (referred to in sub-paragraph (6) of the letter to which this forms the annex) are as follows :

1. The claims of each Government arising out of the occupation or disposal of the Bases were made known to the other Government and were discussed at the talks mentioned in the said letter. These claims are cancelled and the Ceylon Government undertakes the settlement of outstanding balances on existing claims and of any future claims by third parties in respect of damage compensation relating to requisitioned property occupied by the United Kingdom Forces.

2. Ceylon will take over all the United Kingdom Forces installations (including any United Kingdom interest in the land) as vacated, except—

- (a) The Fuel tanks at Colombo and Trincomalee.
- (b) The present Royal Air Force site at Colpetty including Steuart Lodge and Coolgardie.
- (c) Trenchard House.
- (d) Two Naval Residences in Gregory's Road, Colombo.
- (e) Thirty prefabricated houses at Trincomalee.

The installations taken over will include fixed fans, all water plant, the generators and electrical systems at Royal Naval Yard, Trincomalee, Diyatalawa, and Royal Air Force Station, Katunayake, and refrigerating equipment at Lotus Road Cold Stores but not movable refrigerating units at Mud Cove, Trincomalee. All other fixtures, fittings, equipment, machinery, cranes, hoists, plant and stores other than normal landlords' fixtures will be excluded.

3. During the period of the rundown the following arrangements shall apply :

- (a) The United Kingdom Forces will make no payment in respect of rates payable to local authorities and maintenance of public roads.

- (b) The United Kingdom Forces, who will be paying the operating costs of the water and electrical systems at the Bases, will charge for all supplies made either to the Ceylon Forces or to non-service users, and will not make any payment to the Ceylon authorities for the supplies used by themselves or in respect of the use of any facilities still operated by them.
- (c) If the United Kingdom authorities should wish to dispose of installations, other than those to be transferred to the Ceylon Government under this agreement, the Ceylon Government will be consulted and will give sympathetic consideration to the grant of such facilities as may be necessary to enable the United Kingdom authorities to obtain a fair price for the installations concerned. If the United Kingdom authorities wish to dispose of freehold properties other than those to be transferred to the Ceylon Government under this agreement the Ceylon Government will be consulted.
- (d) At the Royal Ceylon Air Force stations no charges against the Royal Air Force will be made for the use enjoyed by the Royal Air Force of common user facilities operated at no appreciable extra cost by the Royal Ceylon Air Force, *e.g.* air traffic control, fire and crash services, navigation aids. Similarly in the case of common user facilities operated by the Royal Air Force no charges against the Royal Ceylon Air Force will be made provided no appreciable extra cost is involved. So long as any common user facilities at Katunayake are operated by the Royal Air Force or the Royal Ceylon Air Force, the cost of maintenance, to standards which will be mutually agreed, of runways, aprons, taxi tracks, and roads will be shared equally between the Royal Air Force and the Royal Ceylon Air Force. Until this maintenance work can be performed by the Royal Ceylon Air Force it will be undertaken as an agency service by the Air Ministry Directorate General of Works. In the event of the airfield at Katunayake being used by international civil air traffic the agreement of the Royal Air Force to accept a liability for paying half the cost of airfield &c. maintenance would require revision.
- (e) After 1st November, 1957, the Royal Ceylon Air Force will assume responsibility for any rent payable to private land owners in respect of land occupied by the Royal Air Force. The Royal Air Force will reimburse the Royal Ceylon Air Force the same proportion of the total net rent paid by the Royal Ceylon Air Force in respect of the said land as the area of land occupied by the Royal Air Force bears to the total of the area of the said land. The proportion of rent to be reimbursed will be adjusted at intervals as and when the Royal Ceylon Air Force progressively takes over land and buildings at present occupied by the Royal Air Force.
- (f) The Royal Ceylon Air Force will assume complete responsibility for the cost of operation and maintenance of facilities transferred to them.
- (g) Each Air Force will be responsible for the cost of maintaining buildings occupied by it.

4. The procedure for the disposal of surplus equipment and stores will be as follows :

- (a) The Ceylon Government will be given the first option to purchase equipment and stores of which the United Kingdom authorities may wish to dispose during the rundown period.
- (b) The United Kingdom authorities will notify the Ceylon Government of equipment and stores available for purchase, together with the prices proposed, and the Ceylon Government will within 21 days of such notification state whether they desire to purchase the equipment or stores and if so the price they are prepared to pay.
- (c) If the Ceylon Government's offer is acceptable as regards price and other terms to the United Kingdom authorities the equipment or stores will be handed over on payment.
- (d) If the Ceylon Government does not make any offer in accordance with paragraph (b) above, or if their offer is not acceptable to the United Kingdom authorities, the equipment or the stores concerned will be removed by the United Kingdom authorities or offered for sale by auction or otherwise without further reference to the Ceylon Government provided that in exceptional cases by mutual agreement the equipment or stores shall not be offered for sale.
- (e) The Ceylon Government will subject to its normal regulations and practices regarding visas issue any necessary visas and permits to residents of other countries who apply to visit Ceylon for the purpose of purchasing equipment or stores of which the United Kingdom authorities may wish to dispose. In the case of purchases of equipment or stores by such residents of other countries, the Ceylon Government will so far as possible grant any export licences which may be necessary for the removal of the equipment or stores from Ceylon.
- (f) Customs duty on equipment and stores sold will be payable by the United Kingdom authorities at the rate of 20 per cent of the sale price for all items other than cars and imported furniture, to which the normal rates will apply, except that no duties will be payable in respect of equipment and stores which are sold to the Ceylon Government or which were purchased locally by the United Kingdom authorities. In the case of equipment or stores purchased by residents of countries other than Ceylon, the Ceylon Government will grant to the exporter drawback of duty at the time of export on production of evidence that the articles exported were disposed of by the United Kingdom authorities.
- (g) The above procedure shall not apply in the case of equipment and stores transferred to the Ceylon Government as part of facilities transferred for operation by them, payment for which shall be on the basis of United Kingdom Services vocabulary rates plus departmental expenses less depreciation.

## II

*The Prime Minister of Ceylon to the High Commissioner for the United Kingdom  
in Ceylon*

Colombo, 7th June, 1957

My dear High Commissioner,

I refer to your letter of 7th June, 1957, setting out the results of discussions which began in Colombo on 29th March, 1957 regarding the United Kingdom Service Establishments in Ceylon, which reads as follows :

[See letter I ]

2. I am pleased to confirm that your letter is acceptable to the Ceylon Government as a summary of the results of the discussions and that your letter, together with this reply, shall constitute an agreement between our two Governments.

Yours sincerely,

(Signed) S. W. R. D. BANDARANAIKE

His Excellency Sir Cecil Syers, K.C.M.G., C.V.O.  
High Commissioner for U. K. in Ceylon

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