

PAYMENT FOR CERTAIN DEFENSE INSTALLATIONS

Exchange of notes at Washington June 23 and 27, 1944
Entered into force June 27, 1944

58 Stat. 1290; Executive Agreement Series 405

The Canadian Ambassador to the Secretary of State

CANADIAN EMBASSY
AMBASSADE DU CANADA

WASHINGTON, D.C.

June 23, 1944

No. 238

SIR,

I have the honour to refer to the exchange of notes between the Governments of Canada and the United States dated January 27, 1943,¹ regarding the post-war disposition of defence projects and installations constructed in Canada by the Government of the United States. These notes approved the 28th Recommendation of the Permanent Joint Board on Defence, which said in part:

“The Board considered the question of the post-war disposition of the defence projects and installations which the Government of the United States has built or may build in Canada. The Board noted that the two Governments have already reached specific agreements for the post-war disposition of most of the projects and installations thus far undertaken. It considers that such agreements are desirable and should be made whenever possible.

“The Board recommends the approval of the following formula as a generally fair and equitable basis to be used by reference whenever appropriate in the making of agreements in the future and to cover such defence projects, if any, the post-war disposition of which has not previously been specifically provided for:

“A: All immovable defence installations built or provided in Canada by the Government of the United States shall within one year after the cessation of hostilities, unless otherwise agreed by the two Governments, be relinquished to the Crown either in the right of Canada or in the right of the

¹ EAS 391, *ante*, p. 305.

province in which the same or any part thereof lies, as may be appropriate under Canadian law.”

2. As hereinafter explained, the two governments have agreed that special arrangements should be made relating to permanent United States air installations in Canada and to the telephone line from Edmonton to the Alaska boundary built by the United States Government.

3. In note no. 643 of December 18, 1943, I informed you that the Canadian Government “will not accept payment from the United States Government for the construction of any permanent facilities or improvements made by the Canadian Government on United States Government account on airfields in Northwest Canada, and will make payment to the United States Government for all construction of a permanent nature carried out by the United States Government on air routes in this area.”

4. It was subsequently agreed between the two Governments that, in addition, the Canadian Government should assume the cost of permanent air installations elsewhere in Canada and at Goose Bay (Labrador) built by or on the account of the United States Government, the cost of the telephone line from Edmonton to the Alaska boundary built by the United States Government, and the cost of the proposed improvement program on the Northwest Staging Route.

5. Discussions have recently taken place between representatives of the two Governments regarding the details of the decisions and arrangements referred to in the two preceding paragraphs, with a view to listing the installations involved and their costs, and to settling the exact amount of money to be paid by the Canadian Government to the United States Government.

6. It is my understanding that the following has been agreed as a result of these discussions. The Canadian Government will pay to the United States Government the following amounts in United States dollars for construction carried out by the United States Government:

Northwest Staging Route (including contracts not yet completed)	\$31,311,196
Flight strips along the Alaska Highway	3,262,687
Flight strips along the Mackenzie River	1,264,150
Hudson Bay Air Route	27,460,330
Airfield at Mingan, P. Q.	3,627,980
Airfield at Goose Bay, Labrador	543,000
Telephone line from Edmonton to Alaska boundary	9,342,208
TOTAL	76,811,551

7. The details of the costs of construction are shown in the attached appendices marked “I”, “II” and “III”,² which have been prepared by the United States War Department. The appendices show that costs of \$90,683,571 were actually incurred by the United States Government in con-

² Not printed here.

struction but \$13,872,020 of this amount was for installations which, although of value to joint defence during the war, have no permanent value. It has been agreed that the Canadian Government should pay that part of United States construction costs which represents installations having a permanent value, namely \$76,811,551.

8. The costs incurred by the Canadian Government on United States Government account which the Canadian Government will assume pursuant to the decisions reached are as follows:

Northwest Staging Route	\$18, 359, 953
Northeast Canada	1, 290, 010
Airfield at Goose Bay, Labrador	9, 950, 000
TOTAL	\$29, 599, 963

In addition the Canadian Government will pay \$5,161,000 for the projected improvement program on the Northwest Staging Route. Details of the four items mentioned in this paragraph are given in the attached appendix marked "IV".³

9. It is understood that all the items mentioned in the four appendices, whether or not of permanent value, will be relinquished to the Canadian Government pursuant to the Exchange of Notes of January 27, 1943, hereinbefore referred to. However, such relinquishment does not affect existing arrangements for the maintenance, operation and defence of these facilities for the duration of the war. In this connection, it is relevant to quote the following extract from the Journal of the meeting of the Permanent Joint Board on Defence held April 12-13, 1944:

"In noting this decision of the two Governments, (i.e. the decision of the Canadian Government to assume the costs of the installations), the Board observed that it relates only to the financial aspect of the facilities in question and has no bearing on existing arrangements for the maintenance, operation and defence of the facilities for the duration of the war. It is the Board's understanding that the existing arrangements will remain in effect for the duration of the emergency as previously agreed upon unless modified by mutual agreement between the two Governments."

10. 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, Sir, the renewed assurance of my highest consideration.

LEIGHTON McCARTHY

The Honourable CORDELL HULL,
Secretary of State of the United States,
Washington, D.C.

³Not printed here.

The Secretary of State to the Canadian Ambassador

DEPARTMENT OF STATE
WASHINGTON
June 27, 1944

EXCELLENCY:

I have the honor to refer to your note of June 23, 1944 in regard to a decision of the Canadian Government to reimburse the United States Government for the expenditures on certain defense installations in Canada and at Goose Bay (Labrador). The proposals set forth in Your Excellency's note are acceptable to the Government of the United States. It is agreed that your note and this 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.

For the Secretary of State:
A. A. BERLE, Jr.

His Excellency,
The Honorable LEIGHTON McCARTHY, K.C.,
Ambassador of Canada.