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March 12, 1941.

TO BE KEPT UNDER LOCK AND KEY.

It is requested that special care may be taken to ensure the secrecy of this document.

WAR CABINET.

UNITED STATES BASES.

Memorandum by the Secretary of State for the Colonies.

SINCE this matter was last before the War Cabinet on the 6th February (W.M. (41) 14th Conclusions, Minute 5), continuous discussions have taken place with the United States Delegates, in which the newly-arrived United States Ambassador has lately taken part.

Except as regards Articles I and II, and special clauses affecting individual territories, agreement has now been reached, or virtually reached, between His Majesty's Government and the United States Government on all outstanding points. This has involved important concessions on our side on such matters as Jurisdiction, Customs, Postal Facilities and Harbour Dues.

Attached is a revised draft of the Preamble to the Agreement and of Articles I and II (Annex A), in a form which it is understood that the United States Delegates are prepared to accept, after considerable discussion.

A Report by the Chiefs of Staffs on these two Articles is also attached (Annex B).

M.

Colonial Office, March 12, 1941.

ANNEX A.

Revised Draft of Preamble to the Agreement and of Articles I and II.

WHEREAS His Majesty's Government in the United Kingdom, in consultation with the Government of Newfoundland, are desirous at this time of further effectuating the declarations made on their behalf by his Excellency the Most Honourable the Marquess of Lothian, C.H., His Majesty's Ambassador Extraordinary and Plenipotentiary, in his communication of the 2nd September, 1940, to the Government of the United States of America, a copy of which is set out in Annex I hereto and made a part hereof;

And whereas it is agreed that leases in respect of the naval and air bases to be leased to the United States of America in Newfoundland, Bermuda, Jamaica, St. Lucia, Antigua, Trinidad and British Guiana respectively shall forthwith be executed substantially in the form of the drafts set out in Annex II hereto which are hereby approved;

And whereas it is desired to determine by common agreement certain matters relating to the lease of the said bases, as provided in the said communication of the 2nd September, 1940, and the reply thereto of the same date from Mr. Cordell Hull, Secretary of State of the United States, set out in the said Annex I and made a part hereof;

And whereas it is desired that this Agreement shall be fulfilled in a spirit of good neighbourliness between His Majesty's Government in the United Kingdom and the Government of the United States of America and that details of its practical application shall be arranged by friendly co-operation;

The Undersigned, duly authorised to that effect, have agreed on the terms of the present Agreement.

Article I.

General Description of Rights.

(1) The United States of America shall have all the rights, power and authority within the Leased Areas which are necessary for the establishment, use, operation and defence thereof, or appropriate for their control, and all the rights, power and authority within the limits of territorial waters and air spaces adjacent to, or in the vicinity of, the Leased Areas, which are necessary to provide access to and defence of the Leased Areas, or appropriate for control thereof.

(2) The said rights, power and authority shall include *inter alia* the right, power and authority—

(*a*) to construct (including dredging and filling), maintain, operate, use, occupy and control said bases;

(*b*) to improve and deepen the harbours, channels, entrances and anchorages, and generally to fit the premises for use as naval and air bases;

(*c*) to control, so far as may be required for the efficient operation of the Bases, and within the limits of military or naval necessity, anchorages, moorings and movements of ships and water-borne craft, and the anchorage, moorings, landings, take-offs, movements and operations of aircraft;

(*d*) to regulate and control within the leased areas all communications within, to and from the areas leased;

(*e*) to install, maintain, use and operate under-sea and other defences, defence devices and controls, including detecting, and other similar facilities; and including specifically with respect to Bermuda in the entrances to Castle Harbour.

(3) In the exercise of the above-mentioned rights, the United States agrees that the powers granted to it outside the Leased Areas will not be used unreasonably or, unless required by military necessity, so as to interfere with the necessary rights of navigation, aviation or communication to or from or within the territories, but that they shall be used in the spirit of the fourth clause of the Preamble.

(4) In the practical application of the foregoing paragraphs outside the Leased Areas there shall be, as occasion requires, consultation between the Governments of the United States and the United Kingdom.

ARTICLE II.

Defence.

When the United States is engaged in war or in time of other emergency, His Majesty's Government agree that the United States may exercise in the territories and surrounding waters or Air spaces all such rights, power and authority as may be necessary for conducting any military operations deemed desirable by the United States, but these rights will be exercised with all possible regard to the spirit of the fourth clause of the Preamble.

ANNEX B.

REPORT BY THE CHIEFS OF STAFF COMMITTEE.

(C.O.S. (41) 155.)

WE have examined the revised draft agreement referred to us on the 11th March, 1941. We consider that on military grounds articles I and II are objectionable because of the wide range of power accorded to the United States in peace, in emergency, and in war, without recognition of British authority or interest in the defence of the territories. As these articles now stand we wish to emphasise that, whether the United States is at war or not, the American interpretation of " military necessity " may obstruct the operation of our forces and fixed defences.

2. We accordingly strongly urge that Article II of the agreement should be amended to read as follows :—

> " When either the United States of America or the United Kingdom is engaged in war or in time of other emergency, it shall have all such rights, power and authority in the Territories and surrounding waters or air spaces as may be necessary for conducting any military operations deemed by it desirable; but these rights will be exercised with all possible regard to the spirit of the fourth Clause of the Preamble."

3. If, however, it is considered by His Majesty's Government that insistence on the above amendment would prevent agreement being reached and thereby substantially reduce or delay material assistance from the United States upon which the successful issue of the war almost certainly depends, we have no hesitation in expressing the view that, on military grounds, the agreement should be accepted as now drafted.

(Signed) DUDLEY POUND.
C. PORTAL.
R. H. HAINING (*V.C.I.G.S.*).

Great George Street, S.W. 1,
March 11, 1941.