

UNITED STATES



Treaty Series No. 63 (1948)

Agreement

between the Governments of the United Kingdom
and the United States of America

for a Settlement of Claims under the
Specific Agreements of
27th March, 1946

Washington, 12th July, 1948

*Presented by the Secretary of State for Foreign Affairs
to Parliament by Command of His Majesty*

LONDON

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Cmd. 7515

AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED KINGDOM AND THE UNITED STATES OF AMERICA FOR A SETTLEMENT OF CLAIMS UNDER THE SPECIFIC AGREEMENTS OF 27TH MARCH, 1946

Washington, 12th July, 1948

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America have reached agreement as set forth below regarding settlement of lend-lease and reciprocal aid accounts and certain financial claims of each Government against the other. This Agreement modifies and supplements the specific agreements between the two Governments signed on 27th March, 1946,⁽¹⁾ which implemented the Joint Statement of 6th December, 1945,⁽²⁾ regarding settlement for lend-lease, reciprocal aid, surplus war property and claims.

1. OFFSETTING ARRANGEMENT

The two Governments agree that the net amount to be paid by the Government of the United Kingdom to the Government of the United States in final discharge of the obligations of each Government to the other, under the Agreement on Lend-Lease and Reciprocal Aid Pipelines and Offsetting Arrangement (Agreement I of 27th March, 1946) and under this Agreement, is \$90,446,911. This amount replaces the estimate of \$118,000,000 used in paragraph 3 (a) of the Joint Statement of 6th December, 1945, and in Section E of Agreement I of 27th March, 1946. It is derived from the following figures which are final and not subject to amendment :—

(a) Payments due to the Government of the United States from the Government of the United Kingdom

(i) Lend-lease pipeline articles and services	\$234,040,131
(ii) Net balance of claims settled by this Agreement	\$4,095,000
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Total	\$238,135,131

(b) Payments due to the Government of the United Kingdom from the Government of the United States

(i) Reciprocal aid pipeline articles and services	\$93,418,220
(ii) Balance owing under the Agreement Relating to Tort Claims (Agreement IX of 27th March, 1946)	\$1,250,000
(iii) Net sum owing under the Agreement on Settlement of Intergovernmental Claims (Agreement II of 27th March, 1946)	\$53,020,000
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Total	\$147,688,220

(c) Balance due to the Government of the United States \$90,446,911

2. TERMS OF PAYMENT

In accordance with the provisions of the Joint Statement of 6th December, 1945, and the Agreement on Lend-Lease and Reciprocal Aid Pipelines and Offsetting Arrangement (Agreement I) of 27th March, 1946, the amount set

⁽¹⁾ "Treaty Series No. 13 (1946)," Cmd. 6813.

⁽²⁾ "Miscellaneous No. 15 (1945)," Cmd. 6709.

forth in the first sentence of numbered paragraph 1 above will be paid on the same terms as those specified in the Financial Agreement of 6th December, 1945,⁽²⁾ for the discharge of the credit provided therein.

3. MILITARY HOLDINGS

The Agreement Relating to Military Holdings (Agreement IV) of 27th March, 1946, set forth certain mutual obligations of the two Governments in respect to lend-lease and reciprocal aid articles held by the Armed Forces of the United Kingdom and the United States respectively. The provisions of that Agreement remain in effect except for the following specific modifications set forth in sub-paragraphs (a), (b) and (c) below, which have been agreed in consideration of the other provisions of this Agreement.

- (a) The Government of the United States relinquishes its right to the proceeds of any retransfers of lend-lease articles to third governments for military use (under paragraph 6 of Agreement IV) to which it has not yet given consent but may give consent after the date of this Agreement. The terms of settlement for such articles shall be at the full discretion of the Government of the United Kingdom.
- (b) The Government of the United States relinquishes its rights, in respect to lend-lease articles which have been or are to be disposed of for civilian use outside the United Kingdom and British Colonial Dependencies (under paragraph 7 of Agreement IV),
 - (i) to be offered the return of such articles,
 - (ii) to grant or withhold approval of such disposal, except in respect to articles (other than those rendered, prior to disposal, unfit for military use) defined as arms, ammunition, and implements of war by Proclamation number 2776 issued by the President of the United States on 26th March, 1948, 13 Federal Register 1623, 27th March, 1948, and
 - (iii) to any further proceeds of such disposal, except as has already been provided for by the Middle East Stores Disposal Agreement of 7th January, 1948,⁽³⁾ to the extent that these rights have not already been exercised.
- (c) The Government of the United States relinquishes its right in respect to lend-lease articles disposed of for scrap (paragraph 8 of Agreement IV), to any further payment for net proceeds of such disposals not already received and not provided for by the Middle East Stores Disposal Agreement of 7th January, 1948.

4. SPECIFIC CLAIMS ACCEPTED FOR OFFSET

During the course of the negotiations leading to this Agreement, representatives of the two Governments have discussed certain claims of each Government against the other, with the objective of arriving at as comprehensive a settlement as possible. The following claims were accepted by the Governments of the United States and the United Kingdom respectively for offset in this settlement and computed in the amounts indicated below in arriving at the net balance set forth in item (a) (ii) of numbered paragraph 1 above:—

(a) *Claims by the Government of the United States accepted by the Government of the United Kingdom*

(i) Lend-lease interest in fixed assets in Iran disposed of by the United Kingdom	dollars 650,000
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(2) "Miscellaneous No. 15 (1945)," Cmd. 6709.
 (3) "Treaty Series No. 61 (1948)," Cmd. 7513.

dollars

(ii) Rentals of equipment to the Anglo-Iranian Oil Company since 2nd September, 1945	47,000
(iii) Disposal of lend-lease uniform shorts in Kenya	285,000
(iv) Sales of tyres in the Middle East by the United Kingdom Commercial Company	130,000
(v) Freight charges, ineligible for lend-lease, on transportation of United Kingdom Commercial Company supplies	1,078,000
(vi) Lend-lease rubber retransferred to Finland	261,000
(vii) Lend-lease rescue boats	300,000
(viii) Financial interest in lend-lease military holdings of the British forces in Germany	5,000,000
(ix) Financial interest in lend-lease military holdings of the British forces, global, except Germany and the Middle East (to the extent covered by the Agreement of 7th January, 1948)	2,000,000
(x) Supplies eligible for reciprocal aid	124,000
(xi) Miscellaneous Middle East accounts	384,000
(xii) Lend-lease airfield equipment	13,000
Total	10,272,000
 (b) <i>Claims by the Government of the United Kingdom accepted by the Government of the United States</i>	
(i) Non-reciprocal aid area disbursements prior to 31st December, 1945	109,000
(ii) Balance due on sales of trucks in the Middle East	733,000
(iii) Balance due on Mediterranean area obligations	2,578,000
(iv) Reconditioning and reconversion of K.P.M. Line ships	400,000
(v) Services to British ships eligible for lend-lease	120,000
(vi) Reciprocal aid interest in fixed assets in Iran disposed of by the United States	650,000
(vii) Overpayments on lend-lease diversions and cost of guarding installations in East Africa	48,000
(viii) Post-reciprocal aid diesel oil	793,000
(ix) Transportation of equipment	43,000
(x) Reciprocal aid interest in oil sold in Turkey, October 1945	65,000
(xi) Miscellaneous European theatre claims	268,000
(xii) Aircraft engines	300,000
(xiii) Transportation and storage charges eligible for lend-lease	70,000
Total	6,177,000

5. SPECIFIC CLAIMS WAIVED

During the course of negotiations leading to this Agreement, the following claims were considered by representatives of the two Governments and were not accepted for offset, but, in consideration of the other provisions of this Agreement, are to be regarded as taken into account and waived under numbered paragraph 7 hereof:—

(a) *Claims presented by the Government of the United States*

dollars

(i) Diversions of lend-lease military holdings for use in East Africa groundnut production project reported to date, about	600,000
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dollars

(ii) Fuel oil and subsistence provided to Royal Navy before 2nd September, 1945	23,000
(iii) Additional surcharge on lend-lease machine tools ...	293,000
(iv) Freights on coal transported to French North Africa ...	undetermined
(v) Diversions of lend-lease stores in British Somaliland ...	undetermined
(vi) Lend-lease interest in oil drums sold by the United Kingdom in the Middle East	undetermined
(vii) Rentals of equipment to Anglo-Iranian Oil Company before 2nd September, 1945	undetermined

(b) *Claims presented by the Government of the United Kingdom*

(i) Refund of ocean freight on insulation board	199,000
(ii) Repairs to ships in Rio de Janeiro	183,000
(iii) Freights on coal transported to French North Africa	962,000
(iv) Oil drums furnished to the United States Forces in Europe	undetermined
(v) Stores and services furnished in the Middle East ...	387,000
(vi) Reconditioning of ss. <i>Tjibidak</i> , ss. <i>Kurimarau</i> , ss. <i>Tung Song</i> , and ss. <i>Temara</i>	88,000
(vii) Salvage services, cargo of ss. <i>Bello</i>	16,000

6. CLAIMS EXCLUDED

The following types of financial claims between the two Governments are not covered by this Agreement and will be dealt with in accordance with procedures already established or to be established:—

(a) Claims of and against the United States Maritime Commission, including those in which the United States Maritime Commission is the ultimate beneficiary or is ultimately liable, except as otherwise specified in this Agreement.

(b) Claims of and against the Reconstruction Finance Corporation and its subsidiaries.

(c) Claims of and against the Commodity Credit Corporation, except lend-lease claims.

(d) Claims arising out of the operation of the Cairo–Suez pipeline.

(e) Claims arising out of the so-called Tripartite Agreement of 6th May, 1942, between the Governments of the United States, the United Kingdom and Norway, and the so-called Quadripartite Agreements of 1942 and 1943 between the Governments of the United States, United Kingdom and Norway, and the original charterers of a number of tankers.

7. GENERAL WAIVER OF CLAIMS

(a) The two Governments hereby agree that all financial claims whatsoever of each Government against the other which

(i) have arisen or may hereafter arise out of lend-lease or reciprocal aid, or

(ii) otherwise have arisen or may hereafter arise out of incidents or transactions occurring on or after 3rd September, 1939, and prior to 2nd September, 1945, connected with or incidental to the conduct of World War II,

which are not otherwise dealt with in this Agreement or in the Agreements of 27th March, 1946, are hereby waived, notwithstanding paragraph 4 of the Agreement on Settlement of Intergovernmental Claims (Agreement II), whether or not the liability for payment was acknowledged and the method of computation mutually agreed.

(b) The two Governments hereby agree that all financial claims whatsoever of each Government against the other which have arisen or may hereafter arise out of the furnishing of supplies and services by the Armed Forces of either Government to the other during the period from 2nd September, 1945, to 31st December, 1945, inclusive, are settled under the offsetting arrangements set forth in this Agreement, as was contemplated in the provisions of Agreement I of 27th March, 1946.

(c) The two Governments hereby agree that all financial claims whatsoever of the United States Army (including the Air Force) against the Government of the United Kingdom which have arisen or may hereafter arise out of the furnishing of supplies and services during the period from 1st January, 1946, to 1st March, 1946, inclusive, are hereby waived.

8. MISCELLANEOUS PROVISIONS

(a) To the extent that provisions of this Agreement are inconsistent with any provisions of the specific agreements (Agreements I-IX) of 27th March, 1946, or any other related previous agreements or arrangements between the two Governments, the provisions of this Agreement shall prevail. The specific agreements of 27th March, 1946, and any other previous agreements or arrangements between the two Governments, except in so far as they are not consistent with the provisions of this Agreement, shall remain in full force and effect.

(b) The provisions of this Agreement apply to the British Colonial Dependencies and their Governments as well as to the Government of the United Kingdom.

(c) Nothing in this Agreement affects the obligations of the Government of the United Kingdom in connection with silver transferred under lend-lease.

(d) This Agreement shall take effect upon signature.

Done in Washington in duplicate this twelfth day of July, 1948.

For the Government of the United Kingdom of Great Britain and Northern Ireland :

(Sgd.) OLIVER S. FRANKS.

For the Government of the United States :

(Sgd.) G. C. MARSHALL.

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