

LEND-LEASE SETTLEMENT: MIDDLE EAST STORES DISPOSAL

*Agreement signed at London January 7, 1948, with appendix
Entered into force January 7, 1948; operative from July 15, 1947*

62 Stat. 1836; Treaties and Other
International Acts Series 1698

AGREEMENT RELATING TO SETTLEMENT OF THE LEND-LEASE INTEREST IN FUTURE SALES OF SURPLUS STORES IN THE MIDDLE EAST

The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland hereby agree:

(a) that as from 15th July, 1947, this Agreement shall supersede in the Middle East (as defined in Appendix 'A') paragraphs 7 and 8 of Agreement IV relating to Military Holdings of the Washington Specific Agreements dated 26th [27] March, 1946,¹ with the exceptions specified in paragraph 7 below, but shall not in any other respect modify the terms of the Lend-Lease Settlement Agreements;

(b) that on and after 15th July, 1947, the Lend-Lease interest in the proceeds of sales of the British Stores Disposals Mission (Middle East) (hereinafter referred to as "the British authorities") of surplus stores in the Middle East shall be discharged in accordance with the following conditions:

1. As soon as possible after the end of each month, up to and including June 1948, the British authorities shall deduct from the gross total value of contracts (excluding any contracts under paragraph 7 of this Agreement) entered into during the month

(a) Customs Duty, Excise Tax and other dues relative thereto, and

(b) Seven and one-half per centum of the resultant balance, to cover contractual contingencies,

and shall pay over to the Government of the United States, in the currencies of the territories in which the stores are situated, an agreed percentage of the

¹ TIAS 1509, *ante*, p. 759.

resultant net figures. Amounts due for sales made in sterling shall be computed at the exchange rates in use by the British Army at the time of payment.

2. The agreed percentage representing the Lend-Lease interest shall be fifteen per centum in the case of sales of stores situated in Egypt as of the date of execution of the contract of sale, and nine per centum in the case of sales of stores situated in Iraq as of the date of execution of the contract of sale, whether sold for use in those countries or for export.

3. Since it is agreed that in any other Middle East territories there will be no significant sales in respect of which the Government of the United States would be entitled to receive a share of proceeds, the Government of the United States as from 15th July, 1947, waives all claims in respect of the Lend-Lease element in any surplus stores, situated outside Egypt and Iraq, which may remain to be sold, with the exceptions set forth in paragraph 7 below.

4. The Government of the United States shall raise no claim in respect of surplus stores in Egypt and Iraq sold by the British authorities after 30th June, 1948.

5. As from the date of this agreement, the Government of the United States waives the right of repossession for sale on its own account afforded to it under the terms of paragraph 7 of Agreement IV. Repossessions initiated but remaining uncompleted by the date of this Agreement may, however, be completed. The Government of the United States will retain the right to recapture Lend-Lease articles as provided for in paragraph 2 of Agreement IV.

6. The provisions of this Agreement shall apply to the proceeds of sale of:

- (a) surplus scrap and salvage;
- (b) surplus tyres and tubes (thus superseding the existing arrangement whereby proceeds of sale of certain tyres and tubes are divided equally between the two Governments).

7. The provisions of this Agreement shall not apply to:

(a) the proceeds of sale of surplus stores sold before 15th July, 1947. Sales made under contracts entered into before 15th July, 1947, shall be regarded as having been effected before that date even though payment be made by the buyer, or the stores be delivered to the buyer, after that date; the proceeds shall be paid to the Government of the United States in accordance with existing arrangements;

(b) the proceeds of sales of surpluses sold by the Government of the United States on its own account; these shall accrue to the Government of the United States in accordance with existing arrangements;

(c) the transfer of stores to the Ministry of Food for use in connection with the East African ground nut scheme;

(d) the disposal of stores to third governments for military end-use; these sales shall continue to be governed by paragraph 6 of Agreement IV.

(e) stores in Eritrea technically repossessed by the Office of the Foreign Liquidation Commissioner of the Department of State prior to 15th July, 1947, but sold by the British authorities after that date by special arrangement, the proceeds of which, net of ten per centum deduction for departmental expenses, are to be paid to the Government of the United States;

(f) payments to the Government of the United Kingdom in respect of the leasing of Lend-Lease articles for civilian use; these payments shall continue to be governed by the provisions of Agreement IV.

(g) the proceeds of Lend-Lease articles removed from installations and sold as stores, unless derived from sales made by the British authorities.

8. All claims to proceeds of disposals of surplus stores covered by this Agreement which fall under the terms of paragraphs 7 and 8 of Agreement IV, and are still in dispute (other than the question of disposition of proceeds from the sale of oil drums) are waived under this Agreement. No new claim shall be raised by either Government in respect of surplus stores sold prior to 15th July, 1947.

9. It is agreed that the percentages quoted in paragraph 2 of this Agreement take account of departmental expenses and no further allowance for such expenses shall be made in remitting proceeds under this Agreement.

10. If at any time during the course of the operation of this Agreement, it should be determined that unexpected or unusual circumstances had arisen in connection with operations under this Agreement, the terms of the Agreement may be re-negotiated at the request of either Government.

11. Any payments which may have been made to the Government of the United States under arrangements at present in force covering sales made since 15th July, 1947, shall be taken into account in calculating the payments to be made under paragraphs 1 and 2 of this Agreement.

12. The above arrangements may be subject to review in connection with any global agreement on other claims which may be negotiated at some future date between the Government of the United States and the Government of the United Kingdom and without prejudice to any such later agreement. In the event of any such later settlement payments made to the Government of the United States under this agreement or under arrangements at present in force covering sales made since 15th July, 1947 shall be taken into account.

Signed in duplicate at London, this seventh day of January, nineteen-hundred and forty-eight.

For the Government of the United States of America:

W. CORNELL DECHERT
*Central Field Commissioner,
 for Norman T. Ness, Director,
 Officer of Financial and Development Policy,
 Department of State.*

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

A. F. DOBBIE BATEMAN
*Under-Secretary,
 Ministry of Supply.*

Appendix 'A'

PALESTINE AND TRANS JORDAN
 ADEN
 CYPRUS
 DODECANESE
 TRIPOLITANIA
 CYRENAICA
 ERITREA
 PERSIA

SAUDI ARABIA AND YEMEN
 SUDAN
 LEVANT STATES
 KOWEIT
 BAHREIN
 EGYPT
 IRAQ