

LEND-LEASE SETTLEMENT: JOINT INSTALLATIONS IN MIDDLE EAST

*Agreement signed at Washington July 12, 1948, with appendixes
Entered into force July 12, 1948*

62 Stat. 2027; Treaties and Other
International Acts Series 1769

AGREEMENT RELATING TO SETTLEMENT OF THE INTERESTS OF THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENT OF THE UNITED KINGDOM IN JOINT INSTALLATIONS 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 (hereinafter referred to respectively as the United States and the United Kingdom), having consulted together in accordance with subparagraph 3 (b) of the Agreement on Lend-Lease and Reciprocal Aid Installations (Agreement VII) of March 27, 1946¹ regarding the disposal of installations in which the two Governments have a joint interest in the Middle East (defined as the areas listed in Appendix A hereto), hereby agree that the interests of the two Governments in the proceeds of disposal of such installations shall be discharged in accordance with the following conditions:

I. Disposals Prior to November 1, 1947

A. The United States will pay to the United Kingdom the net balance of,
(1) amounts due from the United States to the United Kingdom as a result of disposals by the United States, *less*,
(2) amounts due from the United Kingdom to the United States as a result of disposals by the United Kingdom.

B. Amounts due from the United States to the United Kingdom as a result of disposals by the United States are agreed, in accordance with figures set forth in Appendix B hereto, to aggregate a total of \$1,420,000 (as expressed in United States dollars).

C. Amounts due from the United Kingdom to the United States as a result of disposals by the United Kingdom shall be determined by an accounting statement to be furnished by the United Kingdom to the United States. It is agreed that these amounts shall be those portions of the proceeds realized by

¹ TIAS 1509, *ante*, p. 777.

the United Kingdom from the disposal of each installation which are proportional to the United States lend-lease interest in the installation. These amounts will include the United States lend-lease share of proceeds realized from the sale as stores by the Directorate of Hirings and Disposals (Fixed Assets) of articles removed from installations. There shall be no deductions for administrative or any other expenses involved in disposals.

D. The manner and terms of payment of the net balance due under Paragraph I. A hereof will be agreed between the two Governments when the net balance has been determined. It is now contemplated that this net balance will be paid by any of the following methods:

- (1) offset against obligations of the United Kingdom to the United States under this Agreement or under similar arrangements;
- (2) payment in the several local currencies concerned; or
- (3) payment in Egyptian pounds.

E. This Agreement does not affect any possible claim of the United Kingdom to an interest in the proceeds received by the United States from the disposal of the airfields in the Sudan known as El-Fasher, El-Geneina, and Wadi-Saidna.

II. Disposals on or after November 1, 1947.

A. Disposals by the United States

(1) The United States will pay to the United Kingdom the United Kingdom share, proportionate to the United Kingdom interest in each installation, of the proceeds arising from disposal of installations in which the total United Kingdom interest is ten per cent or more. Payment will be made quarterly in the currencies received. No payment will be made from proceeds arising from the disposal of installations in which the total United Kingdom interest is less than ten per cent.

(2) Proceeds as referred to in Paragraph II.A(1) hereof are the total sums realized, less any reinstatement charges which the United States is required to incur under the terms of land-hirings. There shall be no deductions for administrative or any other expenses involved in disposals.

(3) The respective interests of the two Governments in integrated petroleum installations in the Sudan which are under United States control, and which will be disposed of by the United States, are set forth in Appendix C hereto. These are the only joint installations remaining under United States control as of the date of this Agreement.

B. Disposals by the United Kingdom

(1) The United Kingdom will pay to the United States the United States share, proportionate to the United States interest in each installation, of the proceeds arising from disposal of installations in which the total United States interest is ten per cent or more. Payment will be made quarterly in the currencies received, unless the currency received is United Kingdom sterling, in

which case payment will be made in the currency of the country in which the installation is situated. No payment will be made from proceeds arising from the disposal of installations in which the total United States interest is less than ten per cent.

(2) Proceeds as referred to in Paragraph II.B(1) hereof are the total sums realized, less reinstatement charges which the United Kingdom is required to incur under the terms of land-hirings. There shall be no deductions for administrative or any other expenses involved in disposals.

(3) The respective interests of the two Governments in installations formerly under United States control, and as of the date of this Agreement under United Kingdom control, are set forth in Appendix D hereto.

(4) A list of all installations unsold as of November 1, 1947, other than those set forth in Appendices C and D hereto, whether or not such installations have been declared surplus, will be prepared by the United Kingdom and submitted to the United States for attachment to this Agreement as soon as the respective interests of the two Governments in such installations have been assessed. For the purpose of such assessment, the United States lend-lease interest shall be deemed to be (a) five per cent of the total cost of construction of an installation wherein a lend-lease contribution to such construction exists and (b) the value of lend-lease articles installed in the installation, deducting therefrom the value of lend-lease articles removed on or after November 1, 1947 from such installations for military use by the United Kingdom or for disposal by the British Surplus Disposals Mission under the provisions of the Middle East Stores Agreement of January 7, 1948. The total lend-lease interest as thus calculated will be expressed as a percentage of the total cost of the installation and payment shall be governed by the provisions of Paragraph II.B(1) hereof.

(5) The United Kingdom may dispose of any installations under British control to which the provisions of this Agreement apply by sale or otherwise, either as installations or separately as stores and structures, without reference to the United States, except that if the joint installations in Eritrea are not disposed of prior to the termination of the British Military Administration in that country, the United Kingdom shall consult the United States as to subsequent disposal.

C. In respect to disposals by either Government, proceeds arising from disposals of articles affixed to installations and sold as part of installations or removed therefrom and sold as stores shall be deemed to be proceeds arising from disposals of installations and shall be divided between the two Governments on the basis of their respective interests in the installations as provided in Paragraphs II.A and II.B hereof, except that proceeds arising from disposal of articles removed from installations and sold as stores by the British Surplus Disposals Mission in Egypt and Iraq shall be subject to the provisions of the Middle East Stores Agreement of January 7, 1948. The provisions of this paragraph supersede, as from November 1, 1947, the provisions of the

Agreement of June 19, 1946² between the British Middle East Office and the Office of the Foreign Liquidation Commissioner of the Department of State.

D. This Agreement shall not apply to the interests of the two Governments in petroleum installations described in Annex X and Annex XI to the Agreement Relating to Petroleum (Agreement VI) of March 27, 1946.³

III. Miscellaneous Provisions

A. A list of installations formerly under United States control and now under United Kingdom control from which the installed plant was sold by the United States is attached as Appendix E. The United Kingdom has no claim to any of the proceeds of the disposal of such plant, notwithstanding the provisions of Paragraph II.C hereof. The United States has no claim to any proceeds of the disposal of the residual installations.

B. To the extent that provisions of this Agreement are inconsistent with the provisions of any related previous agreements or arrangements between the two Governments, the provisions of this Agreement shall prevail. To the extent that they are not inconsistent with the provisions of this Agreement, any and all previous agreements and arrangements between the two Governments remain in full force and effect.

C. This Agreement shall be effective on the date of signature.

DONE at Washington in duplicate this twelfth day of July, 1948.

For the Government of the United States of America:

G. C. MARSHALL
Secretary of State
of the United States of America

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

OLIVER S. FRANKS
His Majesty's Ambassador Extraordinary and
Plenipotentiary to the United States of America

APPENDIX A

Egypt	Saudi Arabia
Iraq	Yemen
Palestine	Sudan
Transjordan	Syria
Aden	Lebanon
Cyprus	Kuweit
Dodecanese	Bahreïn
Cyrenaica	Kenya
Eritrea	

² Not printed.

³ TIAS 1509, *ante*, p. 765.

APPENDIX B
INSTALLATIONS SOLD BY U.S. GOVERNMENT (PRIOR TO NOVEMBER 1, 1947)

Name of Installation	COST		Per Cent		PROCEEDS		Currency	
	Total	U.S.	U.K.	U.S.	U.K.	Total		U.K. Share
Camp Huckstep	12,911,755	8,626,690	4,285,065	67	33	3,873,526	1,389,453*	Pounds Egypt.
Payne Field	4,982,928	4,614,218	368,710	93	7	none	none	—
A. M. E. T. H. Q.	489,875	356,918	132,957	73	27	none	none**	—
Ataka (U.S. part only)	437,680	419,414	18,266	96	4	116,696	4-668	Pounds Egypt.
Mombasa (Kenya)	264,003	264,003	none	100	0	40,000	none	E. Afr. Shil.
Nairobi (Kenya)	168,073	127,978	40,095	76	24	40,000	9,600	E. Afr. Shil.
Benghazi Airfield & AACs.	1,002,546	845,954	156,592	84	16	87,578	14,012	Pounds Pal.
Salala, S. Arabia (U.S. element only)	386,873	338,546	48,327	88	12	21,370	2,564***	Indian Rps.

(All figures in U.S. Dollars)

*Adjusted for railroad extra claim.

**Built on leased land and abandoned to owner.

***Residual installation returned to U.K.

UNITED KINGDOM

APPENDIX C

PETROLEUM INSTALLATIONS IN SUDAN STILL HELD BY U.S.
NOVEMBER 1, 1947

Name of Installation	Total	COST		Per Cent	
		U.S.	U.K.	U.S.	U.K.
El Obeid	259,941	217,260	42,681	84	16
Khartoum City	193,136	141,168	51,968	73	27
Port Sudan	487,627	415,540	72,087	85	15

(All figures in U.S. Dollars)

APPENDIX D

INSTALLATIONS FORMERLY UNDER U.S. CONTROL, HELD BY BRITISH
PENDING DISPOSAL

Name of Installation	Total	COST		Per Cent	
		U.S.	U.K.	U.S.	U.K.
Sheikh Othman, Aden	1,472,862	1,117,637	355,225	76	24
Deversoir, Egypt	2,408,033	429,227	1,978,806	18	82
Asmara, Eritrea	742,723	576,183	166,540	78	22
Decamere, Eritrea	259,368	71,589	187,779	28	72
Ghinda Camp & Amm. Depot, Er:	3,676,775	2,426,564	1,250,211	66	34
Gura, Eritrea	1,908,838	364,545*	1,544,293	19	81
Mai Habara, Eritrea	1,147,304	800,472	346,832	70	30
Massawa Naval Base & Port	12,274,100	5,907,846	6,366,254	48	52
Masirah Island, S. Arabia	551,721	418,038	133,683	76	24

(All figures in U.S. Dollars)

*The plant originally installed was dismantled and removed to India. This figure represents the residual element

APPENDIX E

INSTALLATIONS FROM WHICH U.S. PLANT REMOVED AND RESIDUAL
ELEMENT HANDED OVER TO U.K.:

Name of Installation	
Can Plant No. 1 (Shubra), Egypt	} No U.S. interest in residual element.
Can Plant No. 2 (Shubra), Egypt	
Can Plant No. 3 (Alex.), Egypt	
Can Plant No. 4 (Alex.), Egypt	
Tin Plant "U", Nefisha, Egypt	
Tin Plant "X", Stagni, Egypt	
Tin Plant "Z", Haifa, Palestine	
Can Plant No. 5, Tel Litwinsky, Pal.	