

LEND-LEASE SETTLEMENT: CERTAIN RESIDUAL CLAIMS

*Agreement signed at Washington, March 14, 1949, supplementing memorandum of understanding of May 28, 1946
Entered into force March 14, 1949*

63 Stat. 2507; Treaties and Other
International Acts Series 1936

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENT OF FRANCE REGARDING SETTLEMENT OF CERTAIN RESIDUAL FINANCIAL CLAIMS AND ACCOUNTS

The Government of the United States of America and the Government of the Republic of France have reached agreement as set forth below regarding final settlement of certain financial claims and accounts of each Government against the other which were not finally settled in the agreements set forth in the Memorandum of Understanding, and the Annexes thereto, between the Government of the United States of America and the Provisional Government of the French Republic signed on May 28, 1946¹ regarding settlement for lend-lease, reciprocal aid, surplus war property, and claims, and in the exchange of notes of February 27, 1948² between the two Governments regarding expenditures of the United States Armed Forces in France and French overseas territories, or which have arisen independently of such agreements.

1. *Amount Due*

The two Governments agree that the sum of \$653,300,000 is the final revised net amount due from the Government of France to the Government of the United States pursuant to the terms of paragraph 2 of the Memorandum of Understanding of May 28, 1946. This amount is made up (a) in part of amounts agreed upon in the said Memorandum of Understanding and the Annexes thereto and (b) in part of amounts agreed hereunder, consisting of (i) amounts estimated at the time of the signing of the said Memorandum of Understanding and subject to revision and (ii) the net balance of additional financial accounts, claims and obligations settled hereunder.

¹ TIAS 1928, *ante*, p. 1126.

² TIAS 1930, *ante*, p. 1245.

This revised net amount is final and is not subject to amendment even if it should later be determined that any of the figures used in making up the balance were not accurate.

2. *Terms of Payment*

The revised net amount set forth in paragraph 1 of this Agreement will be paid on the terms specified in paragraphs 3 and 5 of the Memorandum of Understanding of May 28, 1946.

3. *Claims*

During the course of the negotiations leading to this Agreement, representatives of the two Governments have discussed numerous claims of each Government against the other, with the objective of arriving at as comprehensive a settlement as possible and of obviating protracted negotiations between the two Governments. The following claims have been accepted by the Governments of the United States and France, respectively, and have been disposed of as indicated:

(a) Claims of the Government of the United States against the Government of France included in computing the revised net sum due under paragraph 1 of this Agreement:

(i) Pre V–J Day transfers:

- (A) Petroleum for civilian use transferred to the Government of France in North Africa and Corsica after July 1, 1945
- (B) Fourteen ambulances delivered in 1944 to French North Africa

(ii) Post V–J Day transfers:

- (A) Hospital beds transferred out of United States Army stocks in France
- (B) Cost of material (including ocean freight) on French requisitions (FAN 10,013 through 10,040 exclusive of 10,017, 10,019, 10,030, 10,031, 10,036 and 10,037) processed by the United States Navy and transferred to the Government of France after V–J Day
- (C) Steel sheets transferred out of United States Army stocks in France
- (D) Canned meat transferred out of United States Army stocks in France
- (E) Tire-making material transferred out of United States Army stocks in France
- (F) Used trucks transferred out of United States Army stocks in Europe
- (G) Clothing transferred out of United States Army stocks in France
- (H) Electrical equipment transferred out of United States Army stocks in France

- (I) Air Training Program covering training of French Air Force personnel in the United States
- (J) Air Maintenance Program covering the supply of equipment for maintenance of aircraft built in the United States
- (K) Hospitalization of French personnel in United States military hospitals
- (L) Training of 30 French students in the Signal Corps Photographic School
- (M) Expenses of French personnel with the United States Army Air Forces, September and October 1945
- (N) Other overseas transfers of articles and services by the United States Army, including those for which payment has not previously been specifically requested
- (O) Air Transport Command charges covering transport of Government of France personnel or cargo not eligible for lend-lease
- (P) Army-Navy petroleum deliveries to the French Government overseas.

(b) Claims of the Government of France against the Government of the United States to be paid as indicated :

- (i) By delivery of \$2,119,871.19 by the Government of the United States to the Government of France upon the signing of this Agreement:
 - (A) Losses on coal purchased and paid for by the Government of France from the Government of the United States and rendered useless by spontaneous combustion before arrival in France
 - (B) French Government deposits with United States Treasury and Navy Departments in excess of amounts required for cash reimbursement lend-lease requisitions on which deliveries have been completed.
- (ii) By payment of \$4,000,000 by the Government of the United States to the Government of France through deduction from agreed sums due and hereafter becoming due in respect of ships purchased by the Government of France from the United States Maritime Commission:
 - (A) Expenditures made by the Government of France for services rendered during the period from November 1, 1945 to April 1, 1946 to United States War Shipping Administration vessels in France and French overseas territories, and expenditures for such services rendered prior to such period for items not eligible for reciprocal aid.

(c) Claims of the Government of the United States against the Government of France to be paid by the Government of France under the terms of the exchange of letters, dated December 6, 1947, between the French Minister of Finance and the United States Central Field Commissioner for Europe:

- (i) Rentals in the amount of \$449,428.57 payable to the Government of the United States under agreements whereby certain United States Government surplus property was leased to the Government of France for the operation of harbor facilities at Cherbourg, Morlaix, Brest, St. Nazaire and Le Havre
- (ii) Purchase price in the amount of \$4,000,000 for 262 lend-lease naval vessels sold to the Government of France.

4. *Specific Claims Waived*

During the course of negotiations leading to this Agreement the following claims were among those considered by representatives of the two Governments and not accepted for payment or offset and, in consideration of the other provisions of this Agreement, are to be regarded as taken into account and waived under paragraph 8 of this Agreement:

- (a) Claims presented by the Government of the United States:
 - (i) Lien against SS NORMANDIE for damage to cargo of SS PARIS paid by the Government of the United States to lienors
 - (ii) Cost to the Government of the United States of hospital equipment delivered to France as installed in the SS COLOMBIE prior to the return of the vessel to the Government of France
 - (iii) Cost to the Government of the United States of printing, transporting and services rendered in respect to supplemental French franc currency
 - (iv) Trucks delivered to French Somaliland on a cash reimbursable basis.
- (b) Claims presented by the Government of France:
 - (i) French Telegraph Cable Company claims for cost of repairing damage for which the United States Armed Forces were responsible
 - (ii) Jute bags requisitioned by the Government of the United States on or about April 27, 1942
 - (iii) Material supplied under cash reimbursement lend-lease requisitions for Continental France and French North Africa and rejected as unsatisfactory.

5. *Maritime Claims (Knock-for-Knock)*

As contemplated in paragraph 1 of the section entitled "U.S. Claims" in Annex 5 of the Memorandum of Understanding of May 28, 1946, the two

Governments, in a separate agreement, have agreed to the mutual waiver of intergovernmental claims arising from maritime accidents and for the handling by each Government on a lend-lease and reverse lend-lease basis of claims asserted in its courts by its nationals against the other Government.

6. *Patent Claims*

The two Governments have agreed that, in implementing the provisions of paragraph 6(c) of the Memorandum of Understanding of May 28, 1946 relating to the use or infringement in war production prior to September 2, 1945 of patent rights held by French residents, claims involving royalty payments in respect of such patent rights held by the United States Office of Alien Property will not be considered, by virtue of the possession of such payments by the Office of Alien Property, to be taken out of the category of "unpaid claims" referred to in the said paragraph 6(c), but royalty payments paid prior to May 28, 1946 to French residents in respect of such patent rights and thereafter collected by the Office of Alien Property from such French residents shall not be considered as "unpaid claims" under the said paragraph 6(c).

7. *Claims Excluded*

(a) 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:

- (i) Claims of and against the United States War Shipping Administration and the United States Maritime Commission, or in which either of those Agencies is the ultimate beneficiary or is ultimately liable, unless the claim is otherwise specifically dealt with in this Agreement or in other agreements between the two Governments
- (ii) Claims of and against the United States Reconstruction Finance Corporation and its subsidiaries
- (iii) Claims of and against the United States Commodity Credit Corporation, except lend-lease claims.

(b) Neither this Agreement nor the Memorandum of Understanding of May 28, 1946 covers claims presented in accordance with the practice whereby one government espouses a claim of one of its nationals and submits it through diplomatic channels to another government.

(c) Neither this Agreement nor the Memorandum of Understanding of May 28, 1946 shall be deemed to bar the Government of France from making claims for and obtaining refunds, in total amount not in excess of \$320,000, from the United States Bureau of Internal Revenue of Federal manufacturers' excise taxes paid by the United States Treasury and Navy Departments on supplies and services purchased pursuant to cash reimbursement lend-lease requisitions of the Government of France and exported to

France or French overseas territories. The Government of the United States agrees to cooperate with the Government of France in making arrangements to complete promptly the formal presentation of such claims to the Bureau of Internal Revenue. Claims of the Government of France for refunds of the above-mentioned excise taxes in excess of \$320,000 have been taken into account in computing the revised net amount set forth in paragraph 1 of this Agreement.

8. *General Waiver of Claims*

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

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

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

(c) have arisen or may hereafter arise out of the furnishing of supplies and services (including utilities, facilities, goods and properties) by the Armed Forces of the United States to the Government of France or its overseas territories, or by the Government of France to the Armed Forces of the United States, from September 2, 1945 to December 31, 1946, inclusive;

and which (i) are not otherwise dealt with in this Agreement, (ii) were not specifically dealt with in the Memorandum of Understanding of May 28, 1946 and Annexes thereto, and (iii) were not specifically dealt with in the exchange of notes of February 27, 1948 between the two Governments regarding expenditures of the United States Armed Forces in France and French overseas territories, are hereby waived, notwithstanding paragraph 6(d) of the Memorandum of Understanding of May 28, 1946, whether or not the liability for payment was acknowledged and the method of computation agreed.

9. *Surplus War Property*

The United States Government has now delivered and the French Government has acquired possession of and title to the surplus war property described in the Memorandum of Understanding of May 28, 1946 under paragraph 1 of Annex 3a entitled Agreement Relating to the Transfer of Surplus United States Army and Navy Property and Installations in France and Certain French Overseas Territories. The United States Government hereby certifies that the quantity and value of the property received by the French Government is not materially different from that which was contemplated at the time of execution of that Agreement, and therefore the two Governments agree that the United States Government has fulfilled its obligations under that Agreement.

10. *Miscellaneous Provisions*

(a) The French Government will make no further payment to the United States Government for lend-lease articles heretofore or hereafter retransferred to the Government of France by any third government where consent for the retransfer of the specific articles was given by the United States Government prior to the date of this Agreement. Any other provisions hereof notwithstanding, this Agreement does not affect the responsibility of the Government of France to settle with the Government of the United States for lend-lease articles heretofore or hereafter retransferred to the French Government from any third government where consent for the retransfer of the specific articles was not given by the United States Government prior to the date of this Agreement.

(b) To the extent that provisions of this Agreement are inconsistent with the provisions of any previous agreements or arrangements between the two Governments, the provisions of this Agreement shall prevail. The Memorandum of Understanding of May 28, 1946 and Annexes thereto, the exchange of notes of February 27, 1948, and any other agreements or arrangements heretofore entered into 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. Nothing contained in this Agreement shall affect the obligations assumed under the Agreement Respecting Certain *Marechal Joffre* Claims signed on October 19, 1948^a by representatives of the Governments of the United States of America, France, and Australia.

(c) This Agreement will enter into force upon the date of signature.

DONE at Washington, in duplicate, in the English and French languages, both texts being equally authentic, this 14th day of March, 1949.

For the Government of the United States of America:

DEAN ACHESON
*Secretary of State of the
United States of America*

For the Government of the Republic of France:

H. BONNET
*Ambassador Extraordinary and Plenipotentiary to the
United States of America*

^a TIAS 1816, *ante*, vol. 4, p. 783.