

No. 1119

**UNITED STATES OF AMERICA
and
FRANCE**

**Memorandum of understanding (with related documents)
constituting an agreement regarding settlement for lend-
lease, reciprocal aid, surplus war property, and claims.
Signed at Washington, on 28 May 1946**

Official texts: English and French.

Registered by the United States of America on 2 April 1951.

**ÉTATS-UNIS D'AMÉRIQUE
et
FRANCE**

**Mémoire d'accord (avec documents connexes) com-
portant règlement en matière de prêt-bail, d'aide réci-
proque, de surplus militaires et de créances de guerre.
Signé à Washington, le 28 mai 1946**

Textes officiels anglais et français.

Enregistré par les États-Unis d'Amérique le 2 avril 1951.

No. 1119. MEMORANDUM OF UNDERSTANDING CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE PROVISIONAL GOVERNMENT OF THE FRENCH REPUBLIC REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS WAR PROPERTY, AND CLAIMS. SIGNED AT WASHINGTON, ON 28 MAY 1946

1. The Government of the United States of America and the Provisional Government of the French Republic have reached an understanding for the final settlement of lend-lease and reciprocal aid, and of the French obligation to the United States Government under the military supply program (Plan A); the acquisition by the French Government of certain United States Army and Navy surplus property, including installations, located in France and certain French overseas territories, and for the final settlement of other financial claims of each Government against the other arising out of the conduct of the war. In arriving at this understanding both Governments have recognized the considerations expressed in Article VII of their Preliminary Agreement of February 28, 1945,² on the principles applying to mutual aid, as well as the benefits accruing to each from the contributions of both to the defeat of their common enemies. In the light of the foregoing, both Governments agree that no further benefits will be sought as consideration for lend-lease and reciprocal aid.

2. The net amount due from the French Government to the United States Government for the foregoing, including all indebtedness arising from provisions of the lend-lease and reciprocal aid agreements of February 28, 1945, is \$720,000,000, made up in part of amounts now agreed upon and in part of estimated amounts subject to revision. The latter, for which the best available figures have been used pending their final determination by agreed accounting procedures, represent in the main transfers after September 1, 1945.

3. The French Government will pay interest on the net amount due to the United States Government from July 1, 1946, at the rate of two percent per annum. Such interest payments will be made annually on the first day of July of each of the years 1947 to 1950, inclusive. Beginning on July 1, 1951,

¹ Came into force on 28 May 1946, by signature, in accordance with paragraph 8. The instruments of ratification were exchanged on 30 October 1947.

² United Nations, *Treaty Series*, Vol. 76, p. 193.

interest and principal will be paid in thirty (30) equal annual installments. Each installment shall consist of the full amount of the interest due for the year preceding the July 1 on which the payment is made, and the remainder of the installment shall be the principal due in that year. Nothing herein shall be construed to prevent the French Government from anticipating the payment of any of such installments, or of any part thereof. If, by agreement of both Governments, it is determined that because of extraordinary and adverse economic conditions arising during the course of payment, the payment of any installment would not be in the joint interest of both Governments, payment may be postponed for an agreed upon period.

To the extent that the terms of payment provided in this paragraph 3 are inconsistent with those contained in previous agreements, the provisions of this paragraph shall prevail.

4. The two Governments have agreed upon arrangements and procedures for the settlement of past and future troop pay and procurement of United States Armed Forces in France and French overseas territories.

5. As and when requested by the United States Government from time to time prior to January 1, 1950, the French Government will transfer to the United States Government real property to be mutually agreed upon and not to exceed a total dollar value of \$15,000,000. In addition, the French Government will provide, at the request of the United States Government, francs representing an aggregate dollar value not in excess of \$10,000,000. Any francs so transferred will be furnished at the exchange rate established in conformity with procedures of the International Monetary Fund, or if no such rate exists, at the rate used in official French Government transactions at the time of such transfer. The United States Government will use francs so transferred exclusively to acquire or improve real property for United States Government use or to carry out educational programs agreed between the two Governments.

Transfers made in accordance with this paragraph 5 will be credited first to interest then due and then to installments of principal in direct order of maturity.

6. The two Governments have also agreed upon the following :

a) All claims and financial obligations between the two Governments arising out of the acquisition, operation, disposition or loss of French vessels and cargoes of such vessels while under United States control will be settled by the United States for \$17,500,000 in accordance with the provisions of an agreement relating to the purchase by France of up to 75 Liberty ships.

b) Both Governments express their intention of entering into a maritime claims agreement, providing for the mutual waiver of intergovernmental claims arising from maritime accidents, and for the handling by each Government of claims asserted in its courts by its nationals against the other Government and based on maritime accidents occurring prior to November 1, 1945.

c) As part of the general settlement, the French Government has agreed to process and pay all unpaid claims of French residents against the United States Government arising out of the use or infringement in war production of patent rights held by them, out of the requisitioning by the United States Government for use in the war program of any property interest owned by French residents, and out of acts or omissions prior to July 1, 1946, in France or French overseas territories of members of the United States Armed Forces or civilian personnel attached to such Forces.

d) During the course of the negotiations both Governments have reached agreement on the disposition of certain specific claims of one Government against the other. All other financial claims of either Government against the other, except where liability has heretofore been acknowledged and the method of computation agreed, which (1) arose out of lend-lease or reciprocal aid, or (2) otherwise arose on or after September 3, 1939, and prior to September 2, 1945, out of or incidental to the conduct of the war, not otherwise dealt with in this Memorandum of Understanding, are hereby waived.

e) Appropriate non-discriminatory treatment will be extended by the French Government to United States nationals in the use and disposition of installations in the building of which there has been a United States Government contribution and which are transferred under this settlement.

f) The United States Government reserves its right of recapture of any lend-lease articles held by the French Armed Forces, except petroleum products and an agreed list of non-combat aircraft. The United States Government has indicated that it does not intend to exercise generally this right of recapture, except that vessels of the United States Navy and lend-lease merchant vessels are to be returned to the United States Government unless otherwise agreed.

g) Disposals for military use to forces other than the French Armed Forces of lend-lease articles held on September 2, 1945, or received thereafter by the French Armed Forces, and disposals for civilian use other

than in France and French overseas territories of such lend-lease articles, will be made only with the consent of the United States Government and any net proceeds will be paid to the United States Government. The French Government will not, except to a very limited extent, release for civilian use in, or export from, France and French overseas territories lend-lease articles held by the French Armed Forces.

h) Except as otherwise provided in this Memorandum of Understanding, the French Government and the United States Government receive full title to lend-lease and reciprocal aid articles respectively held as of September 2, 1945, or transferred thereafter. If any United States surplus installation not transferred under this Memorandum of Understanding contains a lend-lease interest, such lend-lease interest is retained by the United States.

i) The United States Government will undertake to make available to the French Government part of the United States Government's share of captured German and Japanese surface naval vessels when such vessels become excess to United States needs and are no longer needed for any task connected with the implementation of the German and Japanese surrenders.

7. The two Governments agree to conclude such specific agreements as may be necessary to implement this general understanding.

8. This Memorandum of Understanding will be effective upon signature, and instruments of ratification will be exchanged as soon as possible.

DONE at Washington, in duplicate, in the English and French languages, both texts being equally authentic, this 28th day of May, 1946.

For the Government of the United States of America :

James F. BYRNES

For the Provisional Government of the French Republic :

Léon BLUM

Aide-Mémoire on the subject of Plan A

AIDE-MÉMOIRE

In the course of the discussions between the representatives of your government and of the United States Government with regard to the settlement of war accounts between the two governments, consideration has been given to

the possible methods of settlement for the United States share of the combined bills for civilian supplies furnished by the combined armies of the Allies for the civilian population of France. The Secretary of State informs His Excellency the Ambassador of the French Republic that, as a result of these discussions, the United States Government has decided that the most satisfactory method of accomplishing settlement for the United States share of the total combined bills being presented to the French Government would be to waive the United States share of the combined bills in connection with the overall settlement of war accounts between the United States and French Governments.

Since the Government of the United States has been committed by written agreements to participate on a combined basis with the United Kingdom and Canadian Governments in the collection of the total bill for these supplies and in the determination of the relative shares of each in the proceeds, it is necessary for this Government to stipulate the following prior conditions to effecting a waiver of the United States share of the combined bills :

That the French Government recognize that the settlement to be made with the United States Government in no way impairs the validity of the obligation of the French Government to the United Kingdom and Canadian Governments for their shares of the combined bills.

That the French Government currently establish a reserve of 10 percent of the combined bills at the time such bills are submitted, such reserve to be deducted from the United States share, and to be held in the name of the French Government in the Bank of France in funds convertible into sterling or Canadian dollars, or both, at rates to be agreed upon by the Government of France with the United Kingdom and Canadian Governments. This reserve will be payable to the United Kingdom and Canadian Governments to the extent and in such proportions of sterling and Canadian dollars as the United States, United Kingdom, and Canadian Governments may determine by combined agreement to be necessary in order to comply with the existing financial arrangements among the three supplying governments. Such remaining amounts of the reserve not so paid will revert to the free disposition of the French Government upon combined notification by the United States, United Kingdom, and Canadian Governments.

Upon notification by the French Government of their acceptance of the above-stated conditions, the United States Government will effect a waiver of its share of the combined bills in connection with the overall settlement of war accounts between the United States and French Governments.

In identic notes to your government dated April 10, 1946, the Governments of the United States, the United Kingdom, and Canada specified the proportions

of the currencies in which payments were to be made for the bills presented to the French Government through December 31, 1945. The notes of April 10, 1946 will be superseded by a notification to the French Government by the three supplying governments of the amount of your government's obligation to the Governments of the United States, the United Kingdom, and Canada.

W L T

Department of State,
Washington, May 24, 1946

Memorandum on the subject of Plan A

May 28, 1946

MEMORANDUM

In connection with the waiver by the United States Government of its claim against the French Government for supplies furnished under Plan A, as contemplated in the Memorandum of Understanding between the French Government and the Government of the United States to be signed this date, it is necessary for the Government of the United States to stipulate that this waiver is conditional upon the fulfillment of the provisions of the Aide Mémoire on the subject of Plan A transmitted by the Government of the United States to the French Government under date of May 24, 1946.

W. L. C.

Department of State
Washington

SUMMARY STATEMENT SHOWING DETERMINATION OF THE NET AMOUNT STATED AS DUE FROM THE FRENCH GOVERNMENT TO THE UNITED STATES GOVERNMENT UNDER PARAGRAPH 2 OF THE MEMORANDUM OF UNDERSTANDING DATED MAY 28, 1946

		<i>(In millions of dollars)</i>
I. <i>Items accruing under previous cash reimbursable arrangements</i>		
Crowley-Monnet	23.00	
Modus-Vivendi	125.00	
Colonies	5.00	
Civilian retransfers from U.K.	1.00	
	<hr/>	154.00
II. <i>VJ day inventories</i>		
Metropolitan France.	50.00	
Military POL and transport aircraft	11.48	
	<hr/>	61.48
III. <i>Transfers under 3(c) Agreement</i>		
Post VJ day transfers Schedules I and II (including ocean freight)—		
Billings to April 30, 1946.	173.79	
Estimated balance	226.00*	
Pre VJ day transfers Schedule II	5.24	
	<hr/>	405.03
IV. <i>Other post-VJ day transfers</i>		
Navy pipeline, FEA field transfers, and Army-Navy transfers not specified by the U.S. as straight lend-lease		
		80.00*
		<hr/>
		700.51
<i>Less :</i>		
Credit on account of payments by France to date	232.21	
Allowance on account of shipping claims	17.50	
Net balance of other claims after appropriate offsetting	30.80	
	<hr/>	280.51
<i>Balance payable by France</i>		<hr/> <hr/> 420.00

*Note 1: All figures on this sheet are agreed as final excepting only the starred figures of \$226.00 million and \$80.00 million, which represent the best present estimates to be revised as additional reports are received.

Note 2: As part of the settlement, the U.S. will transfer, in accordance with an agreement on shipping claims, \$17.50 million to the U. S. Maritime Commission on account of the purchase price of up to 75 Liberty ships by the French.

Note 3: The above figures do not reflect any amount owing by the French on account of the purchase of surplus property and installations.

Henri R. LABOUISSÉ JR
Initialed on behalf of
the United States Government

Christian VALENSI
Initialed on behalf of
the French Government

Washington, D. C.
May 28, 1946.

FRENCH-U. S. ECONOMIC NEGOTIATIONS

AGREED LIST OF NON-COMBAT AIRCRAFT REFERRED TO IN PARAGRAPH 6 (f) OF
MEMORANDUM OF UNDERSTANDING, DATED MAY 28, 1946

Item	Quantity	FLC Sales Price	
PBY5A	19	\$26,000 ea.	\$494,000
C-47B	50	20,000 ea.	1,000,000
C-60A	2	25,000 ea.	50,000
C-45F	25	25,000 ea.	625,000
UC-78	67	2,000 ea.	134,000
BT-13B	25	450 ea.	11,250
L-4	123	500 ea.	61,500
R-1830-90C	17	1,300 ea.	22,100
R-1820-87	2	3,000 ea.	6,000
R-985-AN1 & 3	26	500 ea.	13,000
R-755	98	400 ea.	39,200

SPARES

Item	Procurement Cost Each	Inventory	Total	3 Mo. Supply (3/12 x 20%)			
C-47B	\$98,000 x	50 —	\$4,900,000 x	5 %	—	\$245,000 Less 40 %	— \$147,000
C-60A	125,000 x	2 —	250,000 x	5 %	—	12,500 Less 40 %	— 7,500
C-45F	65,000 x	25	1,625,000 x	5 %	—	81,250 Less 40 %	— 48,750
UC-78	35,000 x	67 —	2,345,000 x	5 %	—	117,250 Less 40 %	— 70,350
L-4	2,450 x	123 —	301,350 x	5 %	—	15,067 Less 40 %	— 9,040
BT-13	23,400 x	25 —	585,000 x	5 %	—	29,250 Less 40 %	— 17,550
PBY5A	220,000 x	19 —	(83 days supply spares behind each aircraft figured on basis of above formula equals \$6,013 per aircraft); value for settlement.				114,000
<i>Total of above</i>							\$2,870,240
<i>Value for settlement</i>							\$2,850,000

For France :

Christian VALENSI

For the United States of America :

Henry R. LABOUISSSE Jr

Washington, May 28, 1946

*Interpretation of paragraph 6 (i) of the "Memorandum of Understanding between
the United States and France"*

May 28, 1946

Paragraph 6 (i) of the "Memorandum of Understanding Between the
United States and France" reads as follows :

"The United States Government will undertake to make available
to the French Government part of the United States Government's share
of captured German and Japanese surface naval vessels when such vessels
become excess to United States needs and are no longer needed for any

task connected with the implementation of the German and Japanese surrenders.”

The United States authorities are presently engaged in examining the conditions under which such vessels may be legally made available to another Power. In the circumstances, it is understood by both parties to this “Memorandum” that the phrase “will make available to the French Government” in the above quoted paragraph is not to be construed as an undertaking that the vessels in question will be transferred without compensation.

For the Government of the United States :

W. L. CLAYTON

For the Provisional Government of the French Republic :

II. BONNET

Washington, May 28, 1946