

No. 1131

**UNITED STATES OF AMERICA
and
FRANCE**

Exchange of notes constituting an agreement relating to the settlement of certain claims regarding expenditures incident to operations of, and procurement of supplies and services by, the United States armed forces in France and French overseas territories (with joint memorandum). Washington, 27 February 1948

Official text: English.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
FRANCE**

Échange de notes constituant un accord relatif au règlement de certaines créances concernant les dépenses afférentes aux opérations des forces armées des États-Unis en France et dans les territoires français d'outre-mer et à la fourniture d'approvisionnements et de services aux-dites forces armées (avec memorandum commun). Washington, 27 février 1948

Texte officiel anglais.

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

No. 1131. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES AND FRANCE RELATING TO THE SETTLEMENT OF CERTAIN CLAIMS REGARDING EXPENDITURES INCIDENT TO OPERATIONS OF, AND PROCUREMENT OF SUPPLIES AND SERVICES BY, THE UNITED STATES ARMED FORCES IN FRANCE AND FRENCH OVERSEAS TERRITORIES. WASHINGTON, 27 FEBRUARY 1948

I

The Secretary of State to the French Ambassador

DEPARTMENT OF STATE

Washington, February 27, 1948

Excellency :

I have the honor to the recent conversations between representatives of the Government of the United States of America and representatives of the Government of the French Republic, regarding expenditures of the United States Armed Forces in France and French overseas territories, and to state that the Government of the United States of America is prepared to give effect to an agreement in the following terms :

1. Reference is made to the " Declaration made in Paris by the President of the Provisional Government of the French Republic and in Washington by the President of the United States on May 28, 1946",² which stated that representatives of the respective governments had met together in Washington and had discussed important economic and financial problems of common interest, among which was the settlement of lend-lease, reciprocal aid and other accounts.

2. By a " Memorandum of Understanding dated May 28, 1946",³ 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 Property, and Claims ", 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 were agreed upon.

¹ Came into force on 27 February 1948, by the exchange of the said notes.

² See p. 167 of this volume.

³ See p. 59 of this volume.

These arrangements were incorporated in a "Joint United States-French Report of the Troop Pay and United States Armed Forces Procurement Subcommittee",¹ and a "Memorandum of Agreement Between the Government of the United States and the Provisional Government of the French Republic Regarding Expenditures of the United States Armed Forces in French Territory".²

3. The aforementioned report contained an estimate with respect to obligations of the United States Armed Forces for procurement through the French authorities (AFA) from September 2, 1945 through December 25, 1945 in the amount of \$100 million. In addition, the report contained an estimate of United States Army procurement in France from December 26, 1945 through March 31, 1946 in the amount of \$20 million.

4. By the "Memorandum of Agreement Between the Government of the United States of America and the Provisional Government of the French Republic Regarding Expenditures of United States Armed Forces in France and French Overseas Territories", it was agreed that goods and services procured by the United States Armed Forces before the termination of reciprocal aid, when ineligible, and after the termination of reciprocal aid, would be paid for on the basis of the French authorities' presentation of appropriate documents in a form acceptable to the United States Armed Forces as has been, or may be, agreed upon between the United States Armed Forces and the French authorities.

5. In accordance with the arrangements made on May 28, 1946,³ appropriate vouchers and certifications by the French Government, acceptable to the United States, have been presented for payment by the United States Armed Forces. These vouchers, upon which payment has already been made, are summarized as follows :

<i>Date Voucher Presented</i>	<i>French Voucher</i>	<i>Date Paid</i>	<i>Payment by USAF</i>
October 17, 1946	\$ 20,567	October 30, 1946	\$ 20,567
May 29, 1946	81,910,500	January 23, 1947	81,910,500
March 17, 1947	18,056,625	April 30, 1947	18,056,625
March 17, 1947	19,973,250	April 30, 1947	19,973,250
	<u>\$119,960,942</u>		<u>\$119,960,942</u>

6. In accordance with an exchange of letters in October 1947⁴ between Major General C. B. Magruder, United States Army, and Mr. Robert Schuman,

¹ See p. 121 of this volume.

² See p. 141 of this volume.

³ See pp. 121 and 141 of this volume.

⁴ Not printed by the Department of State of the United States of America.

French Minister of Finance, the French authorities presented, on January 31, 1948, to the Department of the Army, a recapitulation of all claims for goods and services procured for or by the United States Armed Forces before the termination of reciprocal aid, when ineligible, as well as for the period September 2, 1945 through December 31, 1946, totaling \$241,191,887. Of this amount, it is recognized that \$2,889,616 covers procurement effected subsequent to December 31, 1946. This latter amount is outside the purview of this agreement and will be settled in accordance with paragraph eight below. Review of this recapitulation presented by the French Government of the total of the claims for the period September 2, 1945 through December 25, 1945, and for the period December 26, 1945 through March 31, 1946, indicates that the amounts of \$100,000,000 and \$20,000,000 set forth in the aforementioned Report were underestimated. It has been agreed between the United States Government and the French Government that the provisions of the aforementioned Report and the aforementioned Memorandum of Agreement should be amended to take account of these considerations.

7. After considering all claims presented by the French Government against the United States Armed Forces and all claims presented by the United States Armed Forces against the French Government, and after examining the amounts originally estimated as payable by the United States Armed Forces to the French Government for procurements of goods, services and facilities by them or on their behalf, following the reciprocal aid period through December 31, 1946, and the amounts finally claimed on both sides, it is agreed between the United States Government and the French Government that the following provisions covering goods, services and facilities furnished the United States Armed Forces will supersede the arrangements and procedures established on May 28, 1946, in so far as they are inconsistent therewith :

- A. It is agreed that a payment of \$87,000,000 will be made by the United States Army on behalf of the United States Armed Forces to the French Government for obligations during the period prior to September 2, 1945, when ineligible for reciprocal aid, and for the period September 2, 1945 through December 31, 1946. The French Government agrees that this payment by the United States Armed Forces, together with any and all other amounts already paid by such Forces to the French Government, is in full, complete and final settlement for obligations during the above-mentioned periods. In this respect it is recognized that the United States Army is discharging other United States Govern-

ment agencies' obligations included in the claims presented by the French Government on January 31, 1948, it being understood, however, that claims against United States Government agencies, other than the United States Armed Forces not included in the above-mentioned claims, are not covered by this agreement.

- B. The United States Government agrees to pay forthwith to the French Government the amount stated in paragraph A above in payment of the aforementioned obligations. To the extent that the United States Department of the Army holds French francs in its official accounts, such French francs may be used in settlement of the aforementioned obligations at their dollar value at the time of their purchase.
- C. The French Government agrees to pay to the United States Armed Forces upon the execution of this settlement, the sum of \$1,452,312.86, covering certain transfers to France by the United States Army after March 1, 1946 (\$142,586.00), V-Mail paper provided to France (\$500,000.00), the printing of certain Allied military currencies (\$559,726.86) and an amount estimated to be sufficient to cover certain transfers to the French Government by the United States Navy (\$250,000). The last amount is subject to adjustment upon determination of the applicable French Government liability not otherwise provided for.
- D. Except as otherwise expressly provided in the within agreement, the French Government hereby acquits, and forever waives any and all claims against the United States Armed Forces or the United States Government,
- i. Which have arisen or will arise against the United States Armed Forces as a result of or incident to its operations in France or French overseas territories, and procurement by the United States Armed Forces of supplies, services, utilities, facilities, goods and properties from or through the French Government, its nationals, or others in Continental France and in French overseas territories, prior to September 2, 1945, when ineligible for reciprocal aid, and during the period September 2, 1945 through December 31, 1946. The payment by the United States Armed Forces to the French Government of the final amount stated in paragraph A above will discharge the United States Armed Forces of any and all liabil-

ities pertaining thereto which have arisen or will arise in any place.

- ii. Which have arisen or will arise out of completed, delivered, or cancelled portions of all contracts entered into prior to January 1, 1947 in connection with the procurement referred to in the foregoing paragraph by representatives of the United States Armed Forces with French Government agencies, nationals, or others owning property, rendering services or residing in France or French overseas territories.

8. The United States Armed Forces agree to continue to reimburse the French Government for the procurement of goods, services and facilities obtained through the French Government in France and in French overseas territories subsequent to December 31, 1946 on the basis of the French authorities' presentation of appropriate documents in a form acceptable to the United States Armed Forces as has been, or may be, agreed upon between the United States Armed Forces and the French authorities.

9. Except as otherwise specifically provided in the within agreement, the United States Government hereby acquits and forever waives any and all claims against the French Government for supplies, services, utilities, facilities, goods and properties provided to the French Government or its overseas territories by the United States Armed Forces wherever they may be from March 2, 1946 through December 31, 1946. The United States Government will discharge the French Government of any and all liabilities pertaining thereto which have arisen or will arise in any place for this period.

10. It is understood and agreed that claims arising out of acts or omission in France or French overseas territories, of members of the United States Armed Forces or civilian personnel attached to such Forces, are not settled within the terms of this agreement and shall be regulated under such terms as already have been agreed upon between the United States Government and the French Government in the "United States-French War Settlement Committee Agreed Combined Statement with Respect to Claims" of May 28, 1946.¹ Conversely, it is recognized that similar claims of the United States against France arising out of acts or omissions of French nationals in

¹ See p. 93 of this volume.

France or French overseas territories are not settled within the terms of this agreement.

11. Other agreements between the United States and France, except in so far as they are not consistent with the terms of the within agreement, shall remain in full force and effect.

The Government of the United States of America will consider this agreement, in the terms outlined above, to be in effect on the date of your reply note indicating that the terms of the agreement are in accord with the understanding of your Government and that your Government approves of those terms.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State :

Willard L. THORP

His Excellency Henri Bonnet
Ambassador of the French Republic

II

The French Ambassador to the Secretary of State

AMBASSADE DE FRANCE AUX ÉTATS-UNIS

Washington, February 27, 1948

Mr. Secretary :

I am pleased to confirm that the terms of your note of February 27, 1948, regarding expenditures of the United States Armed Forces in France and French Overseas Territories, are in accordance with the understanding of my Government and that my Government approves those terms and considers them to be in effect from and after this date.

Accept, Mr. Secretary, the renewed assurances of my highest consideration.

For the Ambassador :

Armand BÉRARD

The Hon. George C. Marshall
Secretary of State
Washington, D.C.

JOINT MEMORANDUM FOR THE RECORD

27 February 1948

1. Reference is made to the Agreement between the United States and the French Republic, this date, settling finally certain obligations of the U. S. Armed Forces to France, as well as certain obligations of France to the United States. For clarifying purposes, the following specific points are jointly made a matter of record as being discussed and agreed to in the course of the negotiations between the representatives of the two governments :

- a. In consideration of the overall negotiation in which both governments made concessions to accomplish the successful completion of the settlement, the United States will not bring against the French Government in the future any further claim covering the rental of U. S. owned locomotives and miscellaneous railroad equipment by France during the period prior to 31 December 1946 and for the transfer of scrap to France by the U. S. Army during the period 5 July 1945 through 1 September 1945.
- b. The settlement of outstanding obligations of the United States with respect to former prisoners of war held in U. S. custody, but who are French Nationals, is being handled currently as a separate negotiation.
- c. The French Government will hold open for inspection by the Government of the United States, the records supporting documentation and vouchers with respect to the total claims brought against the United States Armed Forces incident to this settlement, for a two year period from this date.
- d. In view of the role which the United States Armed Forces have played in effecting certain transfers on behalf of the United States Government during the periods covered by the Agreement, it is recognized by the French Government that the concessions granted in paragraph nine do not cover transfers by the U. S. Armed Forces of (1) surplus goods and properties to France, or (2) goods, properties and services to the French Zone of Germany and to what formerly was the Saarland, to meet the needs of the civil populations as differentiated from such transfers for the use of the French Army or other French governmental authorities.

2. The specific points summarized above are not, however, to be considered as all inclusive of the points discussed incident to the settlement of this date.

(Signed) Pierre LE DOUX
Assistant Financial Attaché
French Embassy, Washington, D. C.

(Signed) Saul SROLE
U. S. Department of State

(Signed) James R. BROOKS
U. S. Department of the Treasury

(Signed) Paul A. FEYEREISEN
Lt. Colonel, United States Army