

No. 1245

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**UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND  
and  
UNION OF SOVIET SOCIALIST REPUBLICS**

**Protocol of Agreement on questions of trade and finance  
(with annex and schedules I and II). Signed at Moscow,  
on 27 December 1947**

*Official texts: English and Russian.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on  
18 June 1951.*

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**ROYAUME-UNI DE GRANDE-BRETAGNE  
ET D'IRLANDE DU NORD  
et  
UNION DES RÉPUBLIQUES SOCIALISTES SOVIÉTIQUES**

**Protocole d'accord relatif à des questions commerciales et  
financières (avec annexe et tableaux I et II). Signé à  
Moscou, le 27 décembre 1947**

*Textes officiels anglais et russe.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le  
18 juin 1951.*

No. 1245. PROTOCOL<sup>1</sup> OF AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS ON QUESTIONS OF TRADE AND FINANCE. SIGNED AT MOSCOW, ON 27 DECEMBER 1947

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The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Union of Soviet Socialist Republics, prompted by a sincere desire to ensure the development of Anglo-Soviet trade to their mutual advantage and attaching particular importance not only to the establishment of a short-term programme of supplies having the object of facilitating the satisfaction of current needs of both countries but also to the development of Anglo-Soviet trade on a long-term basis, have, through their respective trade delegations appointed for that purpose, reached the understandings embodied in the Annex to the present Protocol.

The present Protocol together with its Annex shall come into force on the date of signature.

IN FAITH WHEREOF the undersigned, duly authorised to that effect, have signed the present Protocol.

DONE in Moscow, 27th December, 1947, in duplication both in the English and Russian languages and both texts being equally authentic.

[L.S.] Maurice PETERSON

[L.S.] A. MIKOYAN

<sup>1</sup> Came into force on 27 December 1947, by signature, in accordance with the terms of the said Protocol.

ANNEX TO THE PROTOCOL OF AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS OF 27 DECEMBER 1947

PART A.—SHORT-TERM ARRANGEMENTS

*Article I*

There will be made available from the Union of Soviet Socialist Republics to the United Kingdom the following goods in accordance with the terms and conditions of the contract which has been concluded between Vsesoyuznoye Obyedineniye "Export-khleb" on the Soviet side and the Ministry of Food on the British side.

*Grain—*

Out of the 1947 harvest (for delivery during a period of eight months from 1st February, 1948, to 30th September, 1948, inclusive)—

450,000 metric tons barley.

200,000 metric tons maize.

100,000 metric tons oats.

*Article II*

The Government of the United Kingdom will ensure the supply from the United Kingdom to the Union of Soviet Socialist Republics of the following goods in accordance with the contracts to be concluded between Vsesoyuznoye Obyedineniye "Promsyrimport" on the Soviet side and the Ministry of Supply or the appropriate British manufacturers on the British side and the agreement already reached between the two Parties in respect of prices and periods of delivery:—

Light rails with fishplates, bolts and nuts for narrow-gauge railway: 25,000 English long tons (including not less than 10,000 English long tons from new production and the balance from United Kingdom military surpluses) and in addition 10,000 English long tons from any further United Kingdom military surpluses which may become available during the year 1948 in the United Kingdom and overseas.

*Article III*

A.—(i) The Soviet economic organisations and the appropriate British firms will conclude contracts for supplying from the United Kingdom to the Union of Soviet Socialist Republics equipment mentioned in the attached Schedules I and II. The Government of the United Kingdom has indicated in these Schedules the prospective dates of delivery of the equipment in question.

The Government of the United Kingdom recognising the importance for the economy of the Union of Soviet Socialist Republics of the equipment mentioned undertakes to afford all possible aid for ensuring that the contracts between the Soviet economic organisations and the appropriate British firms for the delivery of the equipment in

question shall be signed in good time and carried out by the prospective dates of delivery specified in the Schedules. For this purpose the Government of the United Kingdom will as necessary use any of the powers exercised by it in such matters, in particular with regard to the giving of permission to the supplying firms to acquire the materials necessary for the orders.

(ii) It is understood that the buyers and suppliers may agree to earlier dates of delivery. In such an event the Government of the United Kingdom will do their utmost to apply the facilities under the preceding sub-paragraph in respect of the contracts concerned.

B.—(i) Both sides being desirous of extending trade between the two countries are agreed that apart from the carrying out of deliveries provided for in Article II and paragraph (A) of this Article corresponding negotiations will immediately be commenced with the object of supplying to the Union of Soviet Socialist Republics wool, rubber, aluminium, cocoa beans, coffee and other goods to be agreed.

The Government of the United Kingdom for its part declares its readiness to facilitate the supply of such goods through the appropriate trade channels.

(ii) Both Governments in the near future will enter into additional negotiations concerning the question of obtaining supplies of tin to the Union of Soviet Socialist Republics.

C. In the event that by 31st May, 1948, the total value of Soviet orders placed for equipment provided for in the above-mentioned Schedules I and II does not reach half of the whole value of this equipment, then the Government of the Union of Soviet Socialist Republics will have the right to reconsider its undertaking relating to the making available to the United Kingdom of the last 200,000 tons out of the 750,000 tons of grain mentioned in Article I. In reviewing the position on 31st May, 1948, the value of contracts actually concluded and prepared for concluding for the above-mentioned equipment will be taken into account.

#### PART B.—LONG-TERM ARRANGEMENTS

##### *Article IV*

The aim of the two Governments is to secure as soon as possible a balanced trade on an expanding basis between the United Kingdom and the Union of Soviet Socialist Republics, due account being taken of other transactions which enter into the balance of payments between the two countries.

The two Governments will appoint representatives who will meet not later than May 1948 for the following purposes :—

- (i) to review the payments position between the two countries resulting from shipments made and orders placed under the preceding Articles of this Agreement and from other financial transactions between the two countries;

- (ii) to draw up in the light of this review a balanced programme of shipments between the two countries consisting of—
- (a) further supplies of the goods enumerated in Articles I, II and III and in the Schedules I and II mentioned in Article III;  
and of
- (b) supplies of the following goods—
- (1) from the Union of Soviet Socialist Republics to the United Kingdom :—
- Wheat,  
Pulses,  
Pit props,  
Cellulose,  
Canned goods;
- (2) from the United Kingdom to the Union of Soviet Socialist Republics :—
- Oilwell tubes,  
Tinplate;  
and of
- (c) such further goods as may be agreed;
- (iii) to arrange for the appointment of representatives who will as often as may be necessary, but in any case not less frequently than once a year, meet alternately in London and in Moscow to discuss the progress made in fulfilment of this Agreement and to make recommendations to the two Governments designed to improve, develop and widen the basis of trade between the two countries.

#### PART C.—FINANCIAL ARRANGEMENTS

##### *Article V*

I. The Government of the United Kingdom and the Government of the Union of Soviet Socialist Republics have agreed on the following amendments to the terms of the Agreement of 16th August, 1941,<sup>1</sup> concerning mutual deliveries, credit and methods of payment :

- (a) As from 1st May, 1947, the interest payable on the amount of the advances outstanding under the Agreement of 16th August, 1941, shall be calculated at the rate of one-half of one per cent. per annum; similarly the rate of interest on all further advances, including that of 1st August, 1947, will be one-half of one per cent. per annum.
- (b) The Account mentioned in Article 5 of the Agreement of 16th August, 1941, shall be balanced as at 31st July, 1947, and at the end of every three months thereafter.

Amounts due from the Government of the Union of Soviet Socialist

<sup>1</sup> See p. 341 of this volume.

Republics for goods delivered and still intended for delivery from the United Kingdom under the Agreement of 16th August, 1941, will continue to be dealt with through this Account.

Any debit balance shall be discharged in sterling, to be paid to the Account by the Government of the United Kingdom by way of advances to the Government of the Union of Soviet Socialist Republics.

- (c) As from 1st May, 1947, repayment of 50 per cent. of the amount of the advances then outstanding under the Agreement of 16th August, 1941, shall be made in twelve equal yearly instalments of which the first shall be paid at the end of the fourth year and the last at the end of the fifteenth year, counting in each case from 1st May, 1947.
- (d) The advance being made available as on 1st August, 1947 (in connection with the settlement of the Account on 31st July, 1947), as well as all advances to be made available in connection with future settlements of the Account under the Agreement of 16th August, 1941, shall be repayable in twelve equal yearly instalments of which the first shall be paid at the end of the fourth year and the last at the end of the fifteenth year, reckoned in each case from the date on which the advance was made.
- (e) The Government of the Union of Soviet Socialist Republics shall have the right at any time to make repayments of advances before the due date of any instalment or instalments.

Except as modified by this Article the provisions of the Agreement of 16th August, 1941, shall remain in force.

II. The Government of the United Kingdom agrees to waive its claims for the repayment of the costs of all supplies and services to the Government of the Union of Soviet Socialist Republics during World War II, other than those arising out of the Ships' Expenses and Freights Agreement, as set out in the Exchange of Letters of 22nd June, 1942,<sup>1</sup> between the British Embassy in the Union of Soviet Socialist Republics and the People's Commissariat for Foreign Trade in the Union of Soviet Socialist Republics.

#### PART D.—TRANSPORT ARRANGEMENTS

##### *Article VI*

Having regard to the considerable expansion of trade between the two countries which will result from the present Agreement and with a view to facilitating the transport of the goods concerned both Governments have agreed—

- (a) to give their fullest support and co-operation in fostering the development of the shipping trade between the two countries and to refrain from actions tending to hinder arrangements to enable the shipping of each of them to participate on an equitable basis in the trade between the two countries.

<sup>1</sup> See p. 355 of this volume.

- (b) to grant facilities to enable their respective shipping organisations to engage immediately and thereafter periodically in direct negotiations in order to put into effect the principles set out in paragraph (a) of this Article.

These organisations will meet alternately in London and Moscow or as otherwise mutually agreed but not less often than once a year to consult in accordance with the needs of the trade.

(Signed) Maurice PETERSON

(Signed) A. MIKOYAN

### SCHEDULE I (to Article III of the Annex)

#### EQUIPMENT FOR DELIVERY FROM THE UNITED KINGDOM TO THE UNION OF SOVIET SOCIALIST REPUBLICS

<i>Item Number</i>	<i>Description of Equipment</i>	<i>Quantity or Amount</i>	<i>Prospective Period of Delivery</i>
1	Narrow Gauge 750-mm. Locomotives	1,100	75 in first two years from placing of order. 350 per annum thereafter. Complete in 2½ years from commencement of delivery.
2	Flat Trucks, 750-mm. . . .	2,400	Commence 18 months after placing of order at 25 a month. This rate will increase to 100 a month and the delivery period will cover approximately 2½ years.
3	Winches (2 and 3 Drums) . .	2,400	Commence 12 months after placing of order. Delivery at rate of 1,000 units in 1949 and 1,400 units in 1950. One-half will be fitted with electric motors.
4	Excavators . . . . .	210	In 1948—30 units. In 1949—60 units. In 1950—120 units.
5	Caterpillar loading cranes (Diesel types in substitution for equivalent number of excavators)	54	In 1948—4 units. In 1949—20 units. In 1950—30 units.
6	Auto timber carriers . . . .	250	2 a week commencing 18 months after placing of order.
7	Tugs . . . . .	14	In 1948—4 from surplus, 10 from new building starting 18 months after placing of order. Delivery one per month.
8	Dredgers . . . . .	4	First—24 months after placing of order. Remainder at rate of one every 3 months.
9	Locomotives . . . . .	200 units	Commence delivery in 21 months from placing of order and complete in further 18 months.
10	50-K.W. Mobile Diesel Electric Generators	150	15—4 months from placing of order. 135 in further 12 months.
11	Steam Power Turbine Stations, 500 K.W.	24	First set would be delivered in 2½ years from placing of order and thereafter 1 set per month.

Item Number	Description of Equipment	Quantity or Amount	Prospective Period of Delivery
12	Plywood Equipment . . . . .	£1,050,000 value	1949—£100,000 per annum. 1950—£200,000     " 1951—£200,000     " and after at the rate of £200,000 per annum.
13	Timber Mill Equipment . . . . .	£400,000 value	1949—£50,000 1950—£100,000 1951—£100,000 and after at the rate of £100,000 per annum.
	(Intld.) M. P.		(Intld.) A. M.

### SCHEDULE II (to Article III of the Annex)

#### EQUIPMENT FOR DELIVERY FROM THE UNITED KINGDOM TO THE UNION OF SOVIET SOCIALIST REPUBLICS

Item Number	Description of Equipment	Quantity or Amount	Prospective Period of Delivery
1	Scientific and Laboratory Apparatus . . . . .	£150,000 value	In 1948-49.
2	Pile Drivers mounted on Pontons . . . . .	4	Deliver first one in 2 years after placing of order and then one every five months.
3	Winding Gear . . . . .	4 sets	Start in 2 years after placing of order and complete in further 6 months.
4	Electro Dredger . . . . .	1	Delivery 2½ years after placing of order
5	Ball Mills for Copper Ore Grinding . . . . .	18	Start 2½ years after placing of order. Deliver 4 mills a month.
6	Ball Mills for Grinding Apatite . . . . .	8	Start 2½ years after placing of order. Deliver 4 mills a month.
7	Rod Mills for Grinding Ores . . . . .	3	Deliver in 2½ years after placing of order.
8	Spiral Type Classifiers . . . . .	8	Deliver in 2½ years after placing of order.
9	Gyratory Crushers . . . . .	2	Deliver in 2 years after placing of order.
10	Railway Steam Cranes . . . . .	3	Delivery 2 years after placing of order.
11	154-K. V. Voltage Transformers . . . . .	48	Delivery to commence 2½ years after placing of order and complete in further twelve months.
12	Complete Distributing Sets (13-8 K.V.) . . . . .	6	Delivery to commence 2½ years after placing of order and complete in further six months.
13	Isolating switches (154 K.V.) . . . . .	45	Delivery to commence 2½ years after placing of order and complete in further six months.
14	Oil Purifying Apparatus . . . . .	10	Delivery to commence 2 years after placing of order and complete in further six months.
15	100-K.W. Electric Motors . . . . .	300	Delivery to commence 2 years after placing of order at rate of 150 a year.

(Intld.) M. P.

(Intld.) A. M.