



Treaty Series No. 62 (1948)

Agreement

between the Governments of the United Kingdom
and the United States of America

for the Settlement of Interests in Joint Installations in the Middle East

[with Appendices]

Washington, 12th July, 1948

*Presented by the Secretary of State for Foreign Affairs
to Parliament by Command of His Majesty*

LONDON

HIS MAJESTY'S STATIONERY OFFICE

TWOPENCE NET

Cmd. 7514

AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED KINGDOM AND THE UNITED STATES OF AMERICA FOR THE SETTLEMENT OF INTERESTS IN JOINT INSTALLATIONS IN THE MIDDLE EAST

Washington, 12th July, 1948

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America (hereinafter referred to respectively as the United Kingdom and the United States), having consulted together in accordance with sub-paragraph 3 (b) of the Agreement on Lend-Lease and Reciprocal Aid Installations (Agreement VII) of 27th March, 1946,⁽¹⁾ 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 1ST NOVEMBER, 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 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 one of the following methods:—

- (1) offset against obligations of the United Kingdom to the United States under this Agreement or under similar arrangements; or
- (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.

⁽¹⁾ "Treaty Series No. 13 (1946)," Cmd. 6813.

II. DISPOSALS ON OR AFTER 1ST NOVEMBER, 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 10 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 10 per cent.
- (2) Proceeds as referred to in paragraph II A (1) hereof are the total sums realised, 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 10 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 10 per cent.
- (2) Proceeds as referred to in paragraph II B (1) hereof are the total sums realised, 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 1st November, 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 1st November, 1947, from such installations for military use by the United Kingdom or for disposal by the British Stores Disposals Mission under the provisions of the Middle East Stores Agreement of 7th January, 1948.⁽²⁾ 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.

⁽²⁾ "Treaty Series No. 61 (1948)," Cmd. 7513.

(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 7th January, 1948. The provisions of this paragraph supersede, as from 1st November, 1947, the provisions of the Agreement of 19th June, 1946, 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 27th March, 1946.

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 Kingdom of Great Britain and Northern Ireland :

(Sgd.) OLIVER S. FRANKS.

For the Government of the United States of America :

(Sgd.) G. C. MARSHALL.

APPENDIX " A "

Egypt
Iraq
Palestine
Transjordan
Aden
Cyprus

Dodecanese
Cyrenaica
Eritrea
Saudi Arabia
Yemen
Sudan

Syria
Lebanon
Kuwait
Bahrein
Kenya

APPENDIX " B "

Installations Sold by United States Government (Prior to 1st November, 1947)

Name of Installation	Cost		Per Cent.		Proceeds		Currency	
	Total	U.S.	U.S.	U.K.	Total	U.K. Share		
Camp Huckstep	...	12,911,755	8,626,690	67	33	3,873,526	1,389,453(*)	Egyptian Pounds
Payne Field	...	4,982,928	4,614,218	93	7	none	none	...
A.M.E.T. H.Q.	...	489,875	356,918	73	27	none	none (†)	...
Ataka (U.S. part only)	...	437,680	419,414	96	4	116,696	4,668	Egyptian Pounds
Mombasa (Kenya)	...	264,003	264,003	100	0	40,000	none	East African Shillings
Nairobi (Kenya)	...	168,073	127,978	76	24	40,000	9,600	East African Shillings
Benghazi Airfield and A.A.C.S.	...	1,002,546	845,954	84	16	87,578	14,012	Palestinian Pounds
Salala, S. Arabia (U.S. element only)	...	386,873	338,546	88	12	21,370	2,564(‡)	Indian Rupees

(All figures in United States Dollars)

(*) Adjusted for railroad extra claim.

(†) Built on leased land and abandoned to owner.

(‡) Residual installation returned to United Kingdom.

APPENDIX " C "

Petroleum Installations in Sudan still held by United States 1st November, 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 United States Dollars)

APPENDIX " D "

Installations formerly under United States 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
Devesoir, 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 and Amm. Depot, Eritrea	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 and 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 United States Dollars)

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

APPENDIX " E "

Installations from which United States Plant was Removed and Residual Element
Handed Over to United Kingdom

Name of Installation	
Can Plant No. 1 (Shubra), Egypt ...	} No United States 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. ...	