



Treaty Series No. 15 (1956)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Greek Government

on the submission to Arbitration of the
dispute concerning the dollar/sterling
exchange rate applicable to cargoes diverted
from Greek Ports during the late War

Athens, October 5, 1953

(with relevant documents)

*Presented by the Secretary of State for Foreign Affairs to Parliament
by Command of Her Majesty
May 1956*

LONDON
HER MAJESTY'S STATIONERY OFFICE

SIXPENCE NET

Cmd. 9754

EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GREEK GOVERNMENT ON THE SUBMISSION TO ARBITRATION OF THE DISPUTE CONCERNING THE DOLLAR/STERLING EXCHANGE RATE APPLICABLE TO CARGOES DIVERTED FROM GREEK PORTS DURING THE LATE WAR

Athens, October 5, 1953

No. 1

Her Majesty's Ambassador at Athens to the Greek Minister for Foreign Affairs

British Embassy,

Your Excellency,

Athens, October 5, 1953.

I have the honour to refer to the discussions which have taken place between representatives of Her Majesty's Government in the United Kingdom and the Royal Hellenic Government, concerning the arrangements for submitting to arbitration the dispute between the two Governments concerning the dollar/sterling exchange rate applicable to the valuation of certain cargoes diverted from Greek ports during the late war, and taken over by the British authorities in the Middle East. Accompanying this letter are the Terms of Reference, Rules of Procedure and the Memorandum of Understanding concerning Time-Limits, agreed between the representatives of the two Governments.

As your Excellency will be aware, M. René Cassin, Vice-President of the Conseil d'Etat of France, has expressed his willingness to act as arbitrator in this matter. It is proposed that each Government shall defray one-half of M. Cassin's emoluments and expenses.

I have the honour to inform your Excellency that the arrangements set forth in the enclosures to this Note are acceptable to Her Majesty's Government. If these arrangements are also acceptable to the Royal Hellenic Government, I suggest that the present Note and its enclosures should, with your Excellency's reply in similar terms, be regarded as constituting an agreement between the two Governments to submit the question in dispute, as specifically defined in the Terms of Reference, to the arbitration of M. Cassin and to accept his award as final and binding.

I avail, &c.

CHARLES PEAKE.

(Enclosure 1 to No. 1)

TERMS OF REFERENCE

1. During the late war, in consequence of the German occupation of Greece, a number of ships which were going to ports on the mainland of Greece or on Greek islands were diverted to ports which were in the hands of the Allies.

2. On 11th February, 1942, an Agreement (a copy of which is set out in Appendix I) was made between the Royal Hellenic Government and Her Majesty's Government in the United Kingdom setting out the arrangements for the disposal of the cargoes on board the diverted ships.

3. The cargoes were consigned mainly to the Greek Government, but there were also some privately owned cargoes. With regard to Government cargoes, Section A of the Agreement provided that any goods required by the Greek Government should be released to the Greek Authorities in Egypt, and that the remainder should be disposed of in the best interests of the Allied war effort, credit in respect of them being given to the Royal Hellenic Government upon the basis of the f.o.b. cost plus insurance. Section B of the Agreement contains similar provisions with regard to cargoes consigned to private persons except that such persons could lay claim to their cargoes if not required by the Greek or British authorities. In respect of private cargoes claims could be lodged with the United Kingdom Ministry of War Transport within six months of requisitioning or taking over. Paragraph (V) of Section B of this Agreement, however, provided that, if at the expiration of this period of six months no claim had been received in respect of any cargo, Her Majesty's Government should credit the Royal Hellenic Government with the f.o.b. cost of that cargo plus insurance.

4. Since the end of the war the Royal Hellenic Government and Her Majesty's Government have been negotiating the amounts of the sums to be credited to the Royal Hellenic Government and of certain sums due to Her Majesty's Government which will be set off against the former sums. Agreement has now been reached between the two Governments on all points excepting one, which is still in dispute.

5. Some of the cargoes were shipped from the United States of America and therefore their original f.o.b. cost was expressed in dollars.

- (a) The Royal Hellenic Government accepts that the credit to be given even for the aforesaid cargoes will be in sterling provided that the sum to be paid to the Greek Government will be of an equal value to the value of the goods expressed in dollars, *i.e.*, the dollars will be converted into sterling at the rate of exchange prevailing on the date upon which the payment will be effected.
- (b) Her Majesty's Government contend that the conversion from dollars into sterling of the sums to be credited under the 1942 Agreement should be at the rate of \$4.03 = £1, *i.e.*, the rate prevailing up to the change in parity of sterling and the United States dollar in September 1949.

The Arbitrator is asked to determine whether the sterling amounts to be credited to the Royal Hellenic Government in respect of the cargoes taken over by Her Majesty's Government should be ascertained in accordance with 5 (a) or 5 (b) above.

APPENDIX 1 TO TERMS OF REFERENCE
1942 AGREEMENT

(1)

The Secretary of State for Foreign Affairs to the Greek Minister at London
Foreign Office, S.W. 1,
February 11, 1942.

Your Excellency,
I have the honour to inform you that as a result of the negotiations which have been proceeding in London between the representatives of the Royal Hellenic Government and the competent departments of His Majesty's Government in the United Kingdom, the following arrangements have been

made for the disposal of cargoes on board vessels which at the time of the German occupation of Greece were proceeding to ports on the mainland of Greece or on Greek islands, but which were not sent forward to and discharged at Crete or any other Greek island and which have subsequently arrived at other ports :—

Section A.—Cargoes belonging to the Royal Hellenic Government.

- (i) Any cargoes or parcels of cargo belonging to the Royal Hellenic Government, taken over by His Majesty's Government in the United Kingdom shall be disposed of by them in the best interests of the Allied war effort, but should the Royal Hellenic Government require the release of any cargoes or parcels of cargo taken over in accordance with this paragraph, such cargoes or parcels of cargo shall be released to the competent Hellenic authorities in Egypt upon application made to the Middle East Supply Centre within fourteen days (or within such longer period as may be arranged between the Middle East Supply Centre and the competent Hellenic authorities in Egypt) from the completion of discharge of the vessel upon which such cargoes or parcels of cargo were carried.
- (ii) Credit in respect of those cargoes or parcels of cargo taken over and referred to in paragraph (i) of this Section (other than cargoes or parcels of cargo released to the Royal Hellenic Government at their request) shall be given upon the basis of the f.o.b. cost of such cargoes or parcels of cargo plus a sum equal to the cost of effecting marine insurance on the London market and war risk insurance with the Ministry of War Transport War Risks Insurance Office on a value not exceeding the f.o.b. cost of such cargoes or parcels of cargo in respect of the original voyage to Greece or the Greek islands as the case may be.
- (iii) In the event of any claim being made against His Majesty's Government in the United Kingdom or other proper authority or against any officer or agent of the Crown in respect of the requisition or taking over, delivery or disposal by them or any of them of any of the cargoes or parcels of cargo referred to under paragraph (i) of this Section, the Royal Hellenic Government shall indemnify His Majesty's Government in the United Kingdom or such other proper authority or any officer or agent of the Crown as the case may be in respect of any such claim and any costs occasioned thereby and in respect of any loss or damage suffered by them or any of them by reason of the requisition or taking over, delivery or disposal by them or any of them of any such cargoes or parcels of cargo.

Section B.—Cargoes consigned otherwise than to the Royal Hellenic Government.

It is understood that the primary object to be achieved is the rapid discharge of these cargoes or parcels of cargo in order that ports may be cleared, and the vessels on which the cargoes or parcels of cargo are laden put into service in the Allied war effort. The arrangements for the disposal of these cargoes or parcels of cargo shall therefore be as follows :—

- (i) Any cargoes or parcels of cargo consigned otherwise than to the Royal Hellenic Government shall be requisitioned by the Minister of War Transport or other proper authority or shall be otherwise taken over by His Majesty's Government in the United Kingdom upon their arrival at their respective discharging ports and there discharged. At the request of and with the knowledge and approval

- of the Royal Hellenic Government a considerable amount of cargoes or parcels of cargo has already been requisitioned or otherwise taken over and discharged.
- (ii) After discharge the Minister of War Transport shall arrange for such cargoes or parcels to be disposed of on the advice of the Middle East Supply Centre in the best interests of the Allied war effort, but should the Royal Hellenic Government require the release of any cargoes or parcels of cargo, such cargoes or parcels of cargo shall be released to the competent Hellenic authorities in Egypt upon application to the Middle East Supply Centre within fourteen days (or within such longer period as may be arranged between the Middle East Supply Centre and the competent Hellenic authorities in Egypt) from the completion of discharge of the vessel upon which such cargoes or parcels of cargo were carried.
 - (iii) Should any cargoes or parcels of cargo, which are claimed by private persons not be required either by the Royal Hellenic Government or otherwise in the interests of the Allied war effort, the Minister of War Transport or other proper authority may arrange for the release of such cargoes or parcels of cargo to the persons claiming them, on such terms as he or they may direct.
 - (iv) If any claim for compensation is received by the Minister of War Transport or other proper authority within six months from the date of requisition or taking over of any cargoes or parcels of cargo referred to in this Section of this Agreement from any person claiming to be the owner of such cargoes or parcels of cargo, such claim shall be dealt with by the Minister of War Transport or other proper authority in such manner as he or they may think fit.
 - (v) If after the expiration of six months from the date of the requisition or taking over of any such cargoes or parcels of cargo no claim has been received from any person claiming to be the owner thereof, the Minister of War Transport or other proper authority shall credit the Royal Hellenic Government with the f.o.b. cost of such cargoes or parcels of cargo, together with a sum equal to the cost of effecting marine and war risk insurance in respect of the original voyage to Greece; provided that His Majesty's Government in the United Kingdom reserve the right in any case in which a claim is received within the aforesaid period of six months from any person or body of persons whether corporate or unincorporate, carrying on business in the United Kingdom or in any other part of His Majesty's dominions, who, though not the owner of the cargoes or parcels of cargo to which his or their claim relates, but being the shipper or vendor thereof, has not been paid the purchase price of such cargoes or parcels of cargo or who has financed the sale of such cargoes or parcels of cargo and has not by reason of the enemy occupation of Greece been reimbursed any sums due to him or them by or on behalf of the purchaser, to pay such person or body of persons his or their claim upon such terms as His Majesty's Government in the United Kingdom may think fit and the receipt of such persons or body of persons to whom such payment is made shall be a full and complete discharge to His Majesty's Government in the United Kingdom of all their liabilities to the Royal Hellenic Government or to the owner of such cargoes or parcels of cargo as the case may be. All claims by Banks rising for settlement under this sub-Clause shall be settled in consultation with the Royal Hellenic Government.
 - (vi) Where any cargoes or parcels of cargo have been released to the Royal Hellenic Government under paragraph (ii) of this Section, or

where credit has been given to the Royal Hellenic Government or where any payment has been made by His Majesty's Government in the United Kingdom in accordance with the provisions of paragraph (v) of this Section, the Royal Hellenic Government shall indemnify His Majesty's Government in the United Kingdom or other proper authority or any other officer or agent of the Crown against any claim and any costs occasioned thereby which may at any time hereafter be made against them or any of them in respect of the requisition or taking over, delivery or disposal of such cargoes or parcels of cargo.

- (vii) The Royal Hellenic Government undertake as soon as opportunity permits, to take all necessary action to prevent Greek nationals or other persons resident in Greece from making claims upon or taking any legal proceedings of whatsoever nature against His Majesty's Government in the United Kingdom or other proper authority or any other officer or agent of the Crown in respect of the requisition or taking over, delivery or disposal by them or any of them of any cargoes or parcels of cargo referred to in this Agreement.

Section C.—Financial Arrangements.

The financial arrangements for credit to be given in accordance with the provisions of Sections A and B of this Agreement shall be the subject of separate negotiations between His Majesty's Government in the United Kingdom and the Royal Hellenic Government.

2. I have the honour to inform your Excellency that His Majesty's Government in the United Kingdom have taken note of the arrangements set forth above and are prepared to accept them as constituting a binding obligation between His Majesty's Government in the United Kingdom and the Royal Hellenic Government. If, therefore, the Royal Hellenic Government are likewise willing to accept as binding the above arrangements, the present Agreement and your Excellency's reply to that effect will serve to place on record the understanding between the two Governments in this matter which will take effect this day.

I have, &c.

ANTHONY EDEN.

(2)

The Greek Minister at London to the Secretary of State for Foreign Affairs

Légation Royale de Grèce,

51 Upper Brook Street,

London, W. 1,

February 11, 1942.

Sir,

I have the honour to acknowledge receipt of your Note of to-day respecting arrangements for the disposal of cargoes on board vessels which at the time of the German occupation of Greece were proceeding to ports on the mainland of Greece or to Greek islands but which were not sent forward and discharged at Crete or any other Greek island, and which have subsequently arrived at other ports. These arrangements were as follows :—

[As in Sections A to C of (1).]

2. I have the honour to inform you in reply that the Royal Hellenic Government are likewise prepared to accept the foregoing arrangements as

binding on the two Governments. It is therefore agreed that your Note and my present reply shall serve to place on record the understanding between the two Governments in this matter which shall take effect this day.

I have, &c.

CH. SIMOPOULOS.

(Enclosure 2 to No. 1)

RULES OF PROCEDURE

1. For the purposes of the arbitration, each Government will appoint an Agent and will inform both the Arbitrator and the other Government of the name and address of its Agent.

2. Each Government shall submit to the Arbitrator at his place of residence a written Memorial signed by its Agent containing its arguments, and at the same time send a copy of its Memorial to the Agent of the other Government.

3. Each Government shall have the right to transmit to the Arbitrator a written Reply to the Memorial of the other Government, and, if it exercises this right, will transmit a copy of its Reply to the Agent of the other Government.

4. Unless the Agents of the two Governments agree as to the time-limits within which the Memorials and Replies shall be filed, the Arbitrator shall fix the time-limits.

5. There shall be no other pleadings, written or oral, in addition to the Memorial and Reply mentioned above unless the Arbitrator decides otherwise.

6. All questions of procedure arising shall be decided by the Arbitrator.

7. The Arbitrator shall communicate his decision in writing to the Agents of both Governments. It is requested that his decision shall be a reasoned decision.

8. The languages of the arbitration shall be English and French, and the Agents of both Governments and the Arbitrator shall be at liberty to use which of these languages they prefer. If the Arbitrator desires that a pleading filed in one language shall be accompanied by a translation into the other language, he may give notice to the Agent of the Government concerned to this effect and shall allow sufficient time for the translation to be made.

(Enclosure 3 to No. 1)

MEMORANDUM OF UNDERSTANDING CONCERNING TIME-LIMITS

(cf. paragraph 4 of the Rules of Procedure)

1. The Greek Agent will deliver his Memorial as soon as he wishes to do so after the Exchange of Notes.

2. The United Kingdom Agent will deliver his Memorial within one month after receipt of the Greek Memorial.

3. Within one week after receipt of the United Kingdom Memorial the Greek Agent will notify the United Kingdom Agent and the Arbitrator whether or not he wishes to deliver a reply to the United Kingdom Memorial. If the Greek Agent wishes to reply he will do so within one month after the receipt of the United Kingdom Memorial.

4. Within one week after receipt of any Greek reply the United Kingdom Agent will notify the Greek Agent and the Arbitrator whether he wishes to deliver a counter reply to the Greek reply. If the United Kingdom Agent wishes to deliver a counter reply he will do so within one month after receipt of the Greek reply.

5. If the Greek Agent gives a notification under 3 above that he does not wish to deliver a reply, it is understood between the Greek and United Kingdom Agents that they will regard the pleadings as closed subject to the right of the Arbitrator to decide under paragraph 5 of the Rules of Procedure that there shall be further pleadings, oral or written. Similarly and subject to the same proviso the pleadings will be regarded as closed if the United Kingdom Agent gives a notification under paragraph 4 above that he does not wish to deliver a counter reply.

6. This Memorandum of Understanding is without prejudice to the right of either Agent to apply to the Arbitrator to prolong the above-mentioned time-limits on showing a good cause.

No. 2

*The Greek Minister for Foreign Affairs to Her Majesty's Ambassador
at Athens*

*Royal Ministry of Foreign Affairs,
Athens, October 5, 1953.*

Your Excellency,

I have the honour to acknowledge receipt of your Note of to-day's date, reading as follows :—

[As in No. 1.]

I have the honour to confirm that the proposed arrangements are acceptable to the Royal Hellenic Government and that your Note and its enclosures and the present reply shall be regarded as constituting an agreement between the two Governments to submit the question in dispute, as specifically defined in the Terms of Reference, to the arbitration of M. Cassin and to accept his award as final and binding.

STEPHANOPOULOS.

Printed and published in Great Britain by
HER MAJESTY'S STATIONERY OFFICE