



Treaty Series No. 22 (1956)

## Exchange of Notes

between the Government of the  
United Kingdom of Great Britain and Northern Ireland  
and the Government of the United States of America  
relating to the Sale of Tobacco by the  
United States Government and the  
Construction of Housing and/or  
Community Facilities by the  
United Kingdom Government

London, June 5, 1956

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

LONDON  
HER MAJESTY'S STATIONERY OFFICE  
FOURPENCE NET

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**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA RELATING TO THE SALE OF TOBACCO BY THE UNITED STATES GOVERNMENT AND THE CONSTRUCTION OF HOUSING AND/OR COMMUNITY FACILITIES BY THE UNITED KINGDOM GOVERNMENT**

*London, June 5, 1956*

No. 1

*The United States Ambassador at London to the Secretary of State for Foreign Affairs*

*United States Embassy,*

*London, June 5, 1956.*

Sir,

I have the honor to refer to discussions which have taken place between representatives of the Government of the United States of America and of the Government of the United Kingdom of Great Britain and Northern Ireland relating on the one hand to the sale for sterling to the United Kingdom of a quantity of surplus tobacco, pursuant to the United States Agricultural Trade Development and Assistance Act of 1954 and, on the other, to the construction by the Government of the United Kingdom of military dependents' housing and/or community facilities for the use of the United States Air Force in the United Kingdom.

Certain understandings reached during the said discussions are set out in the Memorandum which is annexed to this Note.

I now have the honor to inform you that the understandings set out in this Memorandum are acceptable to the Government of the United States, and to propose that, if they are also acceptable to the Government of the United Kingdom, the present Note and the Memorandum annexed thereto, together with your reply in that sense, should be regarded as constituting an agreement between the two Governments in this matter which shall enter into force on this day's date.

Accept. &c.

WINTHROP W. ALDRICH.

**MEMORANDUM OF UNDERSTANDING**

1. Subject to the issuance and acceptance of purchase authorizations referred to in paragraph 2 hereof, the Government of the United States of America will make available dollar financing for the sale for sterling to the United Kingdom of \$12 million worth of tobacco, tobacco having been determined to be in surplus pursuant to the Agricultural Trade Development and Assistance Act of 1954. The Government of the United Kingdom will deposit to the account of the Government of the United States the sterling equivalent of the dollar costs financed by the United States in connection with these tobacco sales.

2. Upon application by the Government of the United Kingdom, the Government of the United States will issue, within the terms of this Memorandum, purchase authorizations which will include provisions relating to the sale and delivery of the tobacco, the terms and circumstances of deposits of the pounds sterling accruing from such sales and other relevant matters.

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3. The amount of sterling to be deposited to the account of the Government of the United States will be the total of the dollar disbursements made by the Government of the United States, or by a United States bank on its behalf, for the tobacco and ocean freight and handling, converted into sterling at the buying rate for telegraphic transfers on New York in the London market at the close of business on the dates of such dollar disbursements.

4. The pounds sterling accruing to the Government of the United States as a consequence of sales within the terms of this Memorandum will be made available to the Government of the United Kingdom on a grant basis under Section 104 (c) of the Act for the procurement of military facilities for the common defense. Under arrangements to be made between the United Kingdom Air Ministry and the United States Third Air Force, this sterling will be available for transfer as appropriations-in-aid of Air Votes. The Government of the United Kingdom for its part, beginning with the United Kingdom financial year 1956-57, will construct military dependents' housing and/or community facilities at a cost equivalent to this grant of sterling. The housing and such facilities will be made available to the United States Air Force for the use of United States military forces stationed in the United Kingdom at the nominal rent of £1 per unit per annum for as long as and to the extent that they may be required in connection with the presence in the United Kingdom of units of the United States military forces.

5. Detailed arrangements for the execution and administration of the dependents' housing program mentioned above will be carried out as far as possible under agreed United States/United Kingdom procedures in connection with the construction and operation of air bases in the United Kingdom. The United States Third Air Force will manage and provide for the maintenance of this housing in accordance with the above-mentioned procedures so long as it is at the disposal of United States military forces.

6. Withdrawals will be made from the sterling account described in paragraph 3 above by the Government of the United States and transferred to Her Majesty's Government for application as appropriations-in-aid of Air Votes after presentation by the Air Ministry to the Third Air Force of the appropriate documents furnishing records of accountability under procedures similar to those referred to in the previous paragraph.

7. The two Governments will take reasonable precautions to ensure that no sales of tobacco within the terms of this Memorandum will unduly disrupt world prices of tobacco, displace usual tobacco marketings of the United States or other friendly countries, or materially impair trade relations among the countries of the free world.

8. The Government of the United Kingdom will take all practicable measures to prevent the resale or trans-shipment to other countries, or use for other than domestic purposes and manufacture of tobacco products for export (except where such resale, trans-shipment or use is specifically approved by the Government of the United States) of tobacco purchased pursuant to these arrangements.

9. In carrying out these arrangements, the two Governments will seek to assure conditions of commerce permitting private traders to function effectively.

10. The two Governments will, upon the request of either of them, consult together regarding any matter relating to the application of these arrangements or to the operations carried out hereunder.

No. 2

*The Secretary of State for Foreign Affairs to the United States Ambassador  
at London*

*Foreign Office,  
June 5, 1956.*

Your Excellency,

I have the honour to acknowledge receipt of your Note of to-day's date enclosing a copy of a Memorandum in which are set out the understandings reached between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America relating on the one hand to the sale for sterling to the United Kingdom of a quantity of surplus tobacco, pursuant to the United States Agricultural Trade Development and Assistance Act of 1954, and, on the other, to the construction by the Government of the United Kingdom of military dependents' housing and/or community facilities for the use of the United States Air Force in the United Kingdom.

Your Excellency informed me that the understandings set forth in the said Memorandum are acceptable to the Government of the United States.

In reply I have to inform you that the understandings set out in the said Memorandum are also acceptable to the Government of the United Kingdom of Great Britain and Northern Ireland, and that they agree with your proposal that your Note and the Memorandum annexed thereto, together with this reply, should be regarded as constituting an agreement between the two Governments in this matter which shall enter into force on this day's date.

I have, &c.

**SELWYN LLOYD.**

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