



Treaty Series No. 41 (1949)

## 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

# prolonging the Bizonal Fusion Agreement of 2nd December, 1946

as amended by the Agreement  
of 17th December, 1947

Washington, 31st March, 1949

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

LONDON

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Cmd. 7742

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 PROLONGING THE BIZONAL FUSION AGREEMENT OF 2nd DECEMBER, 1946, AS AMENDED BY THE AGREEMENT OF 17th DECEMBER, 1947.

*Washington, 31st March, 1949*

No. 1

*The United States Secretary of State to His Majesty's  
Ambassador at Washington*

*Department of State,  
Washington, 31st March, 1949.*

Excellency,

I HAVE the honor to refer to the discussions which have taken place between the Government of the United Kingdom and the Government of the United States on the subject of the extension of the Agreement between the two Governments concerning the British and American Zones of Occupation in Germany.

The Government of the United States has had under consideration the obligation assumed by the Government of the United States and the Government of the United Kingdom under paragraph (A) of the exchange of notes between the two Governments of 31st December, 1948,<sup>(1)</sup> to consult together before 1st March, 1949, to consider the terms and conditions of a new Agreement for a further period.

At the time of this exchange of notes, it was hoped that prior to the expiration of the period for which the Agreement was extended the new arrangements relating to Germany arising out of the six-Power talks held in London last spring would have matured and that it would be possible to negotiate a new agreement to include France. Since these arrangements have not yet matured, the Government of the United States believes that under the circumstances the most practical arrangement is an extension for a three months' period of the present Agreement, as amended by the change outlined below, with the understanding that it can be sooner terminated by mutual agreement or by the conclusion of a Trizonal Fusion Agreement. The change suggested is that the provisions of the Fusion Agreement relating to trade and payments between the Bizonal Area and the Sterling Area shall continue in force only until a payments agreement between the United Kingdom and the Bizonal Area is concluded and in effect.

I therefore have the honor to submit the following proposals for the consideration of the Government of the United Kingdom:—

- (A) The Fusion Agreement of 2nd December, 1946,<sup>(2)</sup> as amended on 17th December, 1947,<sup>(3)</sup> and as further amended by the exchange of notes of 31st December, 1948, shall, unless sooner terminated by mutual agreement or by the conclusion of a Trizonal Fusion Agreement, be extended to 30th June, 1949, except that the provisions of

(1) "Treaty Series No. 12 (1949)," Cmd. 7623.

(2) "Treaty Series No. 65 (1946)," Cmd. 7001.

(3) "Treaty Series No. 4 (1948)," Cmd. 7301.

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paragraph 3 of the Agreement signed in Washington on 17th December, 1947, shall terminate upon the effective date of a payments agreement to be concluded between the Government of the United Kingdom and the Bizonal Area. The two Governments shall consult together before 1st June, 1949, to consider the terms and conditions of a new agreement for a further period if prior to that time a Trizonal Fusion Agreement has not been concluded.

- (B) During the period for which the existing Fusion Agreement is extended, the Government of the United Kingdom will continue their contribution of supplies and services to Germany at the existing basic rate of 17½ million pounds per annum (approximately the equivalent of 70 million dollars).
- (C) Separate discussions will take place as to the nature of goods and services to be provided by the Government of the United Kingdom for the second quarter of 1949, if as a result of seasonal or other factors it proves impossible or difficult to furnish supplies and services which, when added to the supplies and services furnished for the first quarter of 1949, amount to precisely one-half of the quantities of the goods and services specified in the annex to the Agreement of 17th December, 1947, amending the Fusion Agreement.

Should these proposals commend themselves to the Government of the United Kingdom, I have the honor to suggest that this note and your reply should constitute an Agreement between our two Governments.

Accept, &c.

(Sd.) DEAN ACHESON.

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No. 2

*His Majesty's Ambassador at Washington to the United States  
Secretary of State*

*British Embassy,*

*Washington, D.C., 31st March, 1949.*

Sir,

I HAVE the honour to acknowledge the receipt of your note of to-day's date, the terms of which are as follows:—

[As in No. 1]

In reply, I have the honour to inform you that His Majesty's Government in the United Kingdom accept the proposals set forth in your note and, in accordance with the suggestion contained therein, your note and this reply shall be regarded as constituting an Agreement between our two Governments in this matter.

I avail, &c.

(Sd.) O. FRANKS.

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