

LEND-LEASE SETTLEMENT

*Agreement and exchanges of notes signed at Washington February 24,
1948*

Entered into force February 24, 1948

62 Stat. 1848; Treaties and Other
International Acts Series 1716

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE ROYAL NORWEGIAN GOVERNMENT REGARDING SETTLEMENT FOR LEND-LEASE, MILITARY RELIEF, AND CLAIMS

The Government of the United States of America and the Royal Norwegian Government have reached an understanding regarding a settlement for lend-lease; for the Royal Norwegian Government's obligation to the United States Government for civilian supplies furnished under the military relief program (Plan A); and for other financial claims of each Government against the other arising out of the conduct of the war. This settlement is complete and final. In arriving at this understanding, both Governments have recognized the benefits accruing to each from their contributions to the defeat of their common enemies, and have adhered to the principles expressed in Article VII of the Preliminary Agreement on Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, signed at Washington on July 11, 1942.¹

I. Lend-Lease

A. Transfer of Title. Except as otherwise provided in this paragraph I, the Royal Norwegian Government receives full title to lend-lease articles heretofore transferred or retransferred to the Royal Norwegian Government.

B. Right of recapture. The United States Government reserves the right of recapture of lend-lease merchant vessels and of any lend-lease articles held by the Royal Norwegian Government of types essentially or exclusively for use in war or warlike exercises, but has indicated that it does not intend to exercise generally this right of recapture, except that United States Government naval and merchant vessels made available to the Royal Norwegian Government under lend-lease are to be returned to the United States Gov-

¹ EAS 262, *ante*, p. 531.

ernment to the extent and in the manner required by existing agreements and by United States law. The Royal Norwegian Government agrees that all lend-lease articles held by it will be used only for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations.

C. Waiver of Payment. Except as provided in this Agreement, the Royal Norwegian Government will make no payment to the United States Government for lend-lease articles heretofore transferred or retransferred, or lend-lease services heretofore rendered, to the Royal Norwegian Government.

D. Restrictions on Disposal. Disposals of lend-lease articles of types essentially or exclusively for use in war or warlike exercises, except for use in Norwegian territory, will be made only with the consent of the United States Government. All net proceeds of disposals requiring such consent will be paid to the United States Government.

II. Military Relief Program

In consideration of the mutual undertakings of this Agreement, the obligation of the Royal Norwegian Government to the United States Government for the United States share of the combined claim against the Royal Norwegian Government for the military relief program (Plan A) is considered discharged, and no further benefit will be sought by either Government. The Royal Norwegian Government recognizes that the settlement hereby made with the United States Government in no way impairs the obligation of the Royal Norwegian Government to the United Kingdom and Canadian Governments for their shares of the combined claim for Plan A.

III. Claims

A. Private Claims. To the extent that claimants have not heretofore been paid, the Royal Norwegian Government will process claims against the United States Government and others, and discharge their liability with respect thereto, as follows:

(1) Patent Claims. Claims of individuals, firms, and corporations domiciled in Norwegian territory at the time of the use giving rise to the claim (except individuals who were then exclusively United States nationals) against the United States Government, its contractors and subcontractors, for royalties under license contracts for the use of inventions, patented or unpatented, or for infringement of patent rights, in connection with war production carried on prior to September 2, 1945, by the United States Government, its contractors or subcontractors.

(2) Claims arising out of presence of United States forces in Norwegian territory. Claims against the United States Government or members of the United States Armed Forces or civilian personnel attached to such forces,

arising out of acts or omissions in Norwegian territory of such members or civilian personnel, both line-of-duty and non-line-of-duty, occurring on or after April 9, 1940, and prior to July 1, 1946.

(3) Requisitioning Claims. Claims of individuals, firms, and corporations domiciled in Norwegian territory at the time of the act giving rise to the claim (except individuals who were then exclusively United States nationals), against the United States Government arising out of the requisitioning for use in the war program of property located in the United States in which the claimant asserts an interest.

(4) Salvage Claims. Claims of masters and crews of Norwegian vessels for salvage of United States Government owned or controlled vessels arising out of incidents occurring on or after April 9, 1940, and prior to September 2, 1945.

B. Government Claims.

(1) Claims arising out of Maritime Incidents. By agreement dated May 29, 1945,² each Government agreed to waive certain types of maritime claims against the other. That agreement was terminated as of October 29, 1945, by notice from the Royal Norwegian Government to the United States Government. The two Governments now agree that such agreement shall be considered as remaining in force through June 30, 1946, as to any such maritime claims which remain unsettled as of the date of this Agreement.

(2) Other Shipping Claims. The two Governments have reviewed, accounted for, and settled their mutual claims relating to merchant shipping arising under the special maritime lend-lease agreement contained in the exchange of notes of July 11, 1942, and under shipping arrangements between the Norwegian Shipping and Trade Mission on the one hand and the War Shipping Administration and the United States Maritime Commission on the other, including charter hire, repair, and reconversion, arming and disarming, supplies to vessels, and insurance. No further payment will be made by either Government to the other on these accounts except with respect to the following:

(a) Claims presented before July 1, 1946, to the Royal Norwegian Government or any of its agencies for cash disbursements to masters of Norwegian vessels under charter to the War Shipping Administration (except disbursements from War Shipping Administration accounts).

(b) Claims of either Government against the other arising under the terms of charter parties covering United States Government owned vessels operated by the Royal Norwegian Government under the "bareboat out-time charter back" program, including claims of the United States Government for insurance premiums and claims of the Royal Norwegian Government

² EAS 471, *ante*, p. 549.

arising from the liability of the United States Government as war or marine risk insurer or assumer of any loss or damage to the chartered vessel or for any claims against the chartered vessel which are not waived or assumed under the provisions of any waiver or assumption of claims agreement.

(c) Claims for freight money (including demurrage) and passenger fares for account of the Royal Norwegian Government or its agencies on United States Government owned or controlled vessels, except as covered by lend-lease requisitions.

(d) Claims of the United States Government or its agencies arising out of subrogation rights in cases where the War Shipping Administration has accepted liability as insurer or assumer of loss or damage to Norwegian vessels or cargoes.

(3) Other Government Claims. Except as otherwise dealt with in this Agreement, all other financial claims of either Government against the other which (i) have arisen or may hereafter arise out of lend-lease, or (ii) otherwise arose out of incidents connected with or incidental to the conduct of the war occurring on or after April 9, 1940, and prior to September 2, 1945, are hereby waived. In addition to those described elsewhere in this Agreement, the following types of claims are excepted from this general waiver and will be settled in accordance with procedures already established or to be established after appropriate discussions:

(a) Claims by the United States Government for the cost, and claims by the Royal Norwegian Government for the excess of amounts deposited by it with the United States Government over the cost, of supplies and services procured under cash reimbursement lend-lease requisitions filed by the Royal Norwegian Government;

(b) Claims arising out of the purchase by the Royal Norwegian Government of the United States Government surplus property;

(c) The two Governments have agreed upon arrangements and procedures with respect to settlement for articles and services procured in Norway for the United States armed forces and with respect to use of Norwegian kroner in the accounts of finance officers of the United States armed forces.

(4) Espoused Claims. The waiver by one Government of its claims against the other, contained in subparagraphs III B (1), (2), and (3) of this Agreement, shall not extend to claims submitted in accordance with the practice whereby one Government espouses a claim of one of its nationals and presents it through diplomatic channels to the other Government.

IV. Other Benefits to be Furnished by Norway

A. Property and Norwegian Kroner. When requested by the United States Government the Royal Norwegian Government will furnish to the

United States Government, by any one or more of the following methods, Norwegian kroner and property to the aggregate value of \$5,900,000—

(1) by providing for transfer to the United States Government of real property and improvements for the official use of the United States Government in Norwegian territory, as selected and determined by agreement between the two Governments;

(2) by furnishing to the United States Government, or to such persons, organizations, or foundations as the United States Government may designate, Norwegian kroner to be used to carry out cultural and educational programs agreed between the two Governments;

(3) by providing Norwegian kroner for the payment of expenditures in Norwegian territory of the United States Government and its agencies.

In connection with any transfer of real property pursuant to subparagraph (1) above, it is understood that representatives of the United States Government may, at their discretion, conduct discussions directly with property owners or with contractors for improvements as to price and terms prior to the transfer of such property or improvements to the United States Government.

B. Exchange Rate. Any Norwegian kroner provided under this paragraph IV will be at the par value between such currency and United States dollars established in conformity with procedures of the International Monetary Fund, or, if no such par value exists, at the rate most favorable to the United States Government used in any official Royal Norwegian Government transaction at the time payment is requested.

V. Commerical Policy

A. The two Governments reaffirm their support of the principles set forth in Article VII of the Preliminary Agreement of July 11, 1942, and their desire to eliminate discriminatory treatment in international commerce and to reduce tariffs and other trade barriers.

B. The Royal Norwegian Government is in accord with the general tenor of the "Proposals for Expansion of World Trade and Employment" and the "Suggested Charter for an International Trade Organization of the United Nations" transmitted to the Royal Norwegian Government by the United States Government. Pending the conclusion of the negotiations at the World Conference on Trade and Employment, the two Governments declare it to be their policy to abstain from adopting new measures which would prejudice the objectives of that conference.

VI. Miscellaneous Provisions

A. Nothing in this Agreement affects the obligation of the Royal Norwegian Government under Article IV of the Preliminary Agreement of July 11, 1942.

B. To the extent that the provisions of this Agreement are inconsistent with those contained in any previous agreement, the provisions of this Agreement shall prevail.

C. The two Governments agree to conclude such specific undertakings as may be necessary to implement this Agreement.

D. This Agreement will be effective upon signature.

Signed at Washington, in duplicate, this 24th day of February, 1948.

For the Government of the United States of America:

G. C. MARSHALL [SEAL]
Secretary of State
of the United States of America

For the Royal Norwegian Government:

W. MUNTHE MORGENSTIERNE [SEAL]
Ambassador Extraordinary and Plenipotentiary
of the Kingdom of Norway in Washington

EXCHANGES OF NOTES

The Secretary of State to the Norwegian Ambassador

DEPARTMENT OF STATE

WASHINGTON

February 24, 1948

EXCELLENCY:

I have the honor to refer to the Agreement Between the Government of the United States of America and the Royal Norwegian Government Regarding Settlement for Lend-Lease, Military Relief, and Claims signed on this date.

During the course of discussions leading up to this Agreement representatives of our two Governments have considered the amounts of specific claims of each Government against the other which would be settled in the Agreement.

Since certain financial and accounting procedures will probably have to be adopted by agencies of our respective Governments in connection with these accounts, now that the terms of the settlement have been agreed, I am writing this note to set forth the understanding of my Government as to these amounts, and will appreciate receiving confirmation from you that your Excellency's Government has the same understanding.

I. The following claims have been agreed upon as valid in the amounts stated, but are waived by the terms of the settlement agreement:

A. Obligations of the United States Government to Norway:

1. Claims agreed by WSA and Nortraship, for reconversion, war risk, damage, charter hire, crew bonuses, etc., on "Hogmanay" and other Norwegian vessels.	\$4, 902, 273. 33
2. Claims approved by WSA for arming, disarming, and repairs of Norwegian vessels.	501, 905. 14
3. War risk claims on "Hogmanay" vessels	209, 000. 00
4. Claims for cost of installation of armaments on Norwegian vessels after December 7, 1941	707, 000. 00
5. Claims for repairs on tankers, damaged by operation under war conditions	1, 162, 078. 00
Total	\$7, 482, 256. 47

B. Obligations of the Norwegian Government to the United States:

1. Lend-lease articles and services, transferred to Norway after September 2, 1945.	\$268, 522. 88
2. Repairs to Norwegian vessels, paid for out of lend-lease funds, but ruled ineligible for lend-lease	549, 303. 41
3. Claims agreed by Nortraship, for value of fuel on redelivery of vessels, ineligible repairs, refund of war risk premiums, off-hire deductions, etc.	1, 487, 000. 00
4. Value of civilian type planes and parts, lend-leased to Norway but retained after September 2, 1945, for non-military use	320, 000. 00
5. Value of 121 1-½ ton trucks, transferred to Norway out of stocks in the U. K.	124, 800. 00
6. Value of dried peas and rubber, retransferred to Norway from the U. K. (peas \$52,590.27; rubber \$57,210.86)	109, 801. 13
Total	\$2, 859, 427. 42

C. The obligation of the Norwegian Government to the United States Government for the United States' share of combined supplies delivered to Norway under the Military Relief Program (Plan A), estimated during the course of negotiations by representatives of our two Governments at \$18,000,000.00.

(The United States representatives have considered throughout the negotiations that this amount would probably be less than the final figure for the United States' share when billings were completed; and it is my understanding that this amount is higher than the Norwegian estimate of the fair value of the United States' share, but for purposes of the present settlement, the figure of \$18,000,000 was adopted by agreement at an early stage during the negotiations to represent the value of the United States' share of the combined claim for Plan A supplies against Norway.)

II. The following claims have been asserted by the Norwegian Government, but have not been accepted by the United States Government as being fully justified or documented, and by mutual consent have not been pressed further, in view of the terms of the final settlement agreement:

1. Reconversion of Norwegian vessels in Swedish yards . . . \$592,500.00
2. Additional damage to tankers, operated under wartime conditions 163,316.00
3. Damage to trappers' installations in N.E. Greenland 200,000.00

III. Your representatives have presented a claim for procurement and services for United States forces in Norway, to the amount of \$765,170. It is the understanding of my Government that this claim is waived by the Norwegian Government under terms of the final settlement agreement whereby the Department of the Army will turn over its present kroner holdings estimated at 1,040,357.73.

IV. Certain other miscellaneous claims have been discussed, but their amounts or exact nature have not been fully defined. It is understood that they have been waived by the Norwegian Government where they represent claims of the Norwegian Government against the United States Government, or will be disposed of by the Norwegian Government, without expense to the United States Government, where they represent claims of private interests against the United States Government:

1. transportation of Norwegian refugees on WSA vessels \$26,000.00-\$40,000.00
2. requisitioning of Norwegian property \$48,100.00
3. patent funds, held by the Alien Property Custodian \$800,000.00-\$950,000.00
4. acts or omissions of U.S. troops in Norway . . . approximately \$10,000.00

Certain of the dollar amounts stated in this letter may not correspond to figures as finally determined, and it is understood that the waiver of claims relates to the items described and not to the particular amounts or range of amounts stated.

I should appreciate it if Your Excellency would advise me whether the foregoing is in accordance with the understanding of your Government.

Accept, Excellency, the renewed assurances of my highest consideration.

G. C. MARSHALL

His Excellency

WILHELM MUNTHE DE MORGENSTIERNE,
Ambassador of Norway.

The Norwegian Ambassador to the Secretary of State

NORWEGIAN EMBASSY
WASHINGTON, D.C.

FEBRUARY 24, 1948

EXCELLENCY:

I have the honor to acknowledge receipt of your note of today's date setting forth the understanding of your Government in respect to our agreement

upon the amounts of specific claims of each Government against the other which are settled in the Agreement which we have signed today.

I am glad to confirm that the statements made in your note are in accordance with the understanding of my Government.

Accept, Excellency, the renewed assurances of my highest consideration.

W. MUNTHE MORGENSTIERNE
Ambassador of Norway

His Excellency

GEORGE C. MARSHALL,
Secretary of State.

The Secretary of State to the Norwegian Ambassador

DEPARTMENT OF STATE
WASHINGTON
February 24, 1948

EXCELLENCY:

In connection with the agreement signed today between our Governments for the settlement of Lend-Lease and other war accounts, I have the honor to advise Your Excellency that 940,017.71 kroner (\$189,648.57) in the accounts of finance officers of the United States Army will be turned over to the Norwegian Government pursuant to arrangements and procedures referred to in paragraph III, subparagraph B (3) of the above-mentioned agreement and in consideration of the waiver of all claims by the Norwegian Government against the United States Government arising out of procurement of articles and services by the United States Army during the period between May 19, 1945 and March 31, 1946.

In addition to the 940,017.71 kroner being turned over to the Norwegian Government, 100,340.02 kroner, shown to have been captured from the enemy, are being turned over to your Government without reimbursement. If further examination of United States Army records should hereafter reveal other captured kroner among holdings of the United States Army, such captured kroner will be turned over to the Norwegian Government unconditionally.

It is my understanding that the Norwegian Government agrees, upon request, to convert into dollars at the rate of 4.9566 kroner per dollar, kroner delivered by the United States Army up to an aggregate dollar value of \$25,000.00 excluding the 1,040,357.73 kroner referred to above and in addition to kroner acquired by the United States Army through official Government channels. No request for conversion of kroner in excess of such \$25,000.00 will be made by or on behalf of the United States Army other than in respect to kroner acquired by the United States Army through official

Norwegian Government channels which will continue to be converted into dollars at the rate at which acquired.

I should appreciate your advising me whether the foregoing is in accordance with your understanding.

Accept, Excellency, the renewed assurances of my highest consideration.

G. C. MARSHALL

His Excellency

WILHELM MUNTHE DE MORGENSTIERNE,
Ambassador of Norway.

The Norwegian Ambassador to the Secretary of State

NORWEGIAN EMBASSY
WASHINGTON, D.C.

FEBRUARY 24, 1948

EXCELLENCY:

I have the honor to acknowledge receipt of your note of today's date with regard to the arrangements and procedures with respect to settlement for articles and services procured in Norway for the United States armed forces, use of Norwegian kroner in the accounts of finance officers of the United States armed forces, and conversion into dollars of certain kroner holdings of the United States armed forces.

I am glad to confirm that the statements made in your note are in accordance with the understanding of my Government.

Accept, Excellency, the renewed assurances of my highest consideration.

W. MUNTHE MORGENSTIERNE
Ambassador of Norway.

His Excellency

GEORGE C. MARSHALL,
Secretary of State.

The Norwegian Ambassador to the Secretary of State

NORWEGIAN EMBASSY
WASHINGTON, D.C.

FEBRUARY 24, 1948.

EXCELLENCY:

In connection with the settlement of obligations arising under the Agreement of May 6, 1942 between the Royal Norwegian Government, the Government of the United Kingdom and the Government of the United

States, known as the "Tripartite Agreement",³ covering the hire for a number of merchant vessels, and the agreements executed in 1942 and 1943 between the Royal Norwegian Government, the Government of the United Kingdom, the Government of the United States and the original charterers of a number of tankers, known as the "Quadripartite Agreements",³ there remain to be paid by the Government of the United States to the Royal Norwegian Government certain sums which are still subject to final accounting.

It is the understanding of my Government that the agreement about to be signed between our two governments settling lend-lease, Plan A and certain claims is not intended in any way to affect these outstanding obligations under the Tripartite and Quadripartite Agreements.

I should appreciate receiving confirmation that this is also the understanding of the Government of the United States.

Accept, Excellency, the renewed assurances of my highest consideration.

W. MUNTHE MORGENSTIERNE
Ambassador of Norway

His Excellency

GEORGE C. MARSHALL,
Secretary of State.

The Secretary of State to the Norwegian Ambassador

DEPARTMENT OF STATE
WASHINGTON
Feb 24 1948

EXCELLENCY:

I have the honor to refer to your note dated February 24, 1948, in which you inquire whether it is the understanding of the Government of the United States that the agreement which is about to be signed between our two Governments regarding settlement of Lend-Lease, Plan A and certain claims does not affect obligations arising under the "Tripartite Agreement" and the "Quadripartite Agreements" described in your note.

I am pleased to advise you that your understanding is also the understanding of the Government of the United States.

Accept, Excellency, the renewed assurances of my highest consideration.

G. C. MARSHALL

His Excellency

WILHELM MUNTHE DE MORGENSTIERNE,
Ambassador of Norway.

³ Not printed.