



Treaty Series No. 31 (1939)

AGREEMENT

between the Government of the United Kingdom and
the United States Government

for the

EXCHANGE OF COTTON
AND RUBBER

London, June 23, 1939

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

LONDON

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Cmd. 6048

AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED KINGDOM AND THE UNITED STATES OF AMERICA FOR THE EXCHANGE OF COTTON AND RUBBER.

London, June 23, 1939.

THE Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America, desiring to make arrangements for the exchange of cotton and rubber, have agreed as follows:—

ARTICLE 1.

The United States Government will supply to the Government of the United Kingdom, delivered on board ship, compressed to high density, at New Orleans, Louisiana, and at other Gulf and Atlantic deep water ports to be agreed upon between the two Governments, 600,000 bales of raw cotton of the grades and staples which will be specified by the Government of the United Kingdom. The United States Government will make available in adequate quantities for such purpose cotton from the stock on which the United States Government has made advances to growers.

- (a) The price will be fixed on the basis of the average market price as published by the Bureau of Agricultural Economics for middling 7/8-inch cotton during the period January 1st–June 23rd, 1939, for spot delivery at New Orleans, plus 0.24 cent per lb. for cost of compression and delivery on board ship, with adjustments in price for other grades and staples according to differences above or below middling 7/8-inch quoted in that period.
- (b) The cotton will be inspected to determine its classification in accordance with the Universal Cotton Standards for grade and the official standards of the United States for staple, and shall be accepted, by experts appointed by the Government of the United Kingdom. Any disputes which may arise will be settled by Boards of Referees constituted of three members of whom one shall be nominated by the Government of the United Kingdom.
- (c) Samples representing the cotton of the grades and staples specified by the Government of the United Kingdom will be made available for inspection and acceptance during a period of six months beginning 15 days after the entry into force of this Agreement, and such inspection and acceptance will be made within a reasonable time after the cotton is so made available. Delivery at the warehouse at the port of sailing with provision for free delivery on

board ship at high density will be made within 15 days after inspection and acceptance, and storage and insurance charges will be borne by the United States Government for a period of two weeks but no more after delivery at the warehouse at the port of sailing.

- (d) All cotton will be invoiced and accepted on gross weights at the time of delivery.

ARTICLE 2.

The Government of the United Kingdom will supply to the Government of the United States, delivered on board ship at Singapore and, by agreement between the two Governments, at other convenient ports, rubber in bales, of the grades which will be specified by the Government of the United States, to a value equivalent to that of the total value of the cotton to be supplied in accordance with Article 1 of this Agreement. In determining such equivalent value, the rate of exchange between Straits Settlements dollars and United States dollars shall be deemed to be the average of the buying rate during the period January 1st-June 23rd, 1939, in the New York market, at noon, for cable transfers payable in Straits Settlements dollars, as certified by the Federal Reserve Bank to the Secretary of the United States Treasury and published in Treasury Decisions.

- (a) The quantity of rubber will be calculated upon the average market price, as published by the Department of Statistics in the Straits Settlements, for No. 1 ribbed smoked sheets, during the period January 1st-June 23rd, 1939, for spot delivery at Singapore plus 0.25 Straits Settlements cent per lb. for cost of baling and delivery on board ship, with adjustments in price for other grades according to differences quoted in that period.
- (b) The rubber will be inspected and accepted by experts appointed by the United States Government. Any disputes will be settled in accordance with the normal custom of the trade.
- (c) The rubber will be made available for inspection and acceptance by experts appointed by the Government of the United States during a period of six months beginning at a date to be agreed upon by the two Governments, and such inspection and acceptance will be made within a reasonable time after the rubber is so made available. Delivery at the warehouse at the port of shipment with provision for free delivery on board ship will be made within a period of 15 days after inspection and acceptance, and storage and insurance charges will be borne by the Government of the United Kingdom for a period of two weeks but no more after delivery at the warehouse at the port of shipment.

ARTICLE 3.

If either Government should find that delivery in accordance with the arrangements specified in Articles 1 and 2 is likely to restrict supplies available to commercial markets unduly or to stimulate undue price increases, the two Governments shall consult with a view to postponing delivery or taking other action in order to avoid or minimise such restriction of supplies or such price increases.

ARTICLE 4.

The intention of the Government of the United Kingdom and of the United States Government being to acquire reserves of cotton and rubber, respectively, against the contingency of a major war emergency, each Government undertakes not to dispose of its stock (otherwise than for the purpose of replacing such stocks by equivalent quantities in so far as may be expedient for preventing deterioration) except in the event of such an emergency. If, however, either Government should at any future date decide that the time has come to liquidate its stock of cotton or rubber, as the case may be, it may do so only after (a) consulting the other Government as to the means to be employed for the disposal of such stock, and (b) taking all steps to avoid disturbance of the markets. In no case may either Government dispose of such stocks, except in the case of a major war emergency, before a date seven years after the coming into force of this Agreement.

ARTICLE 5.

The Government of the United Kingdom will use their best endeavours to secure that the export is permitted under the International Rubber Regulation Scheme⁽¹⁾ of an amount of rubber approximately equivalent to the amount of rubber to be supplied to the United States Government under this Agreement in addition to the amount of rubber which would, under the normal operation of the Scheme, be released to meet current consumption needs.

ARTICLE 6.

Each Government undertakes, in shipping to its own ports the stocks of cotton and rubber, respectively, provided for in this Agreement, so far as may be possible to distribute the tonnage equally between the ships of the two countries, provided that the shipping space required is obtainable at reasonable rates. Consultation for the purpose of giving effect to this Article shall be between the Board of Trade and the Maritime Commission.

ARTICLE 7.

Should the United States Government, before the delivery is completed of the cotton provided for in Article 1 of this Agreement, take any action which has the effect of an export subsidy, they will

(1) "Treaty Series No. 74 (1938)," Cmd. 5901.

deliver to the Government of the United Kingdom an additional quantity of cotton proportionate to the reduction in price below that provided for in Article 1 of this Agreement caused by such action.

ARTICLE 8.

The present Agreement shall come into force on a date to be agreed upon between the two Governments.

In witness whereof the Undersigned, duly authorised thereto, have signed the present Agreement and have affixed thereto their seals.

Done in London in duplicate this 23rd day of June, 1939.

(L.S.) OLIVER F. G. STANLEY.

(L.S.) JOSEPH P. KENNEDY.



Vertical text along the left margin, including the number '1' at the top and a series of small, illegible characters and symbols.