

## NOTES CONCERNING SOVIET AID PROGRAM

### I. BEGINNING OF PROGRAM

On July 21, 1941 the President wrote General Burns asking him to coordinate the Soviet Aid Program. He created the Soviet Supply Division for this purpose. The present Division is the expanded form of the original organization.

The work from July to November 7, 1941 was concentrated on obtaining priorities for cash purchases and on scrutinizing programs with other Government Agencies.

### II. MOSCOW CONFERENCE

On October 1, 1941 Mr. Harriman and Lord Beaverbrook signed the Moscow Protocol which was the first supply agreement. This Protocol was prepared for two reasons, (1) to indicate to the U.S.S.R. the determination of the U.K. and the U. S. to support it in its resistance to Hitler and (2) to provide a firm schedule which might be presented to all U. S. Supply Agencies and eliminate the need for further screening of Soviet requirements by Agencies which were still doubtful of Soviet need and possibility to continue resistance.

### III. LEND-LEASE PHASE BEGINS

On November 7, 1941 the President declared the defense of the U.S.S.R. essential to the defense of the U. S. The U.S.S.R. was not, however, put under the Lend-Lease Act the same way as Britain had been. Repayment of Lend-Lease credits was a condition of Soviet participation. The credits were granted to the extent of \$1,000,000,000 repayable over a period of years.

### IV. MASTER AGREEMENT

On June 11, 1942 the U.S.S.R. signed a Master Agreement along similar lines to that signed previously by the U.K. An exchange of notes was attached making the Agreement retroactive to the beginning of the Lend-Lease Period, so that there was no precise obligation to repay as had been previously arranged.

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V. SECOND PROTOCOL

When the First Protocol expired on June 30, 1942, a Second Protocol was negotiated and put into force. The First Protocol was performed more than 100% if tonnage is used as the criterion. Certain items originally promised were not delivered, however, but substitutions were accepted. The Second Protocol was not completely fulfilled, due primarily to unexpected shipping difficulties which developed in connection with the German activities along the Northern Route and prevented continuation of convoys.

VI. THIRD PROTOCOL

The Third Protocol was inaugurated on July 1, 1943 and is still in effect. Tonnage commitments of this protocol have been more than performed up to the present date. The President has ordered, however, that shipments continue to the full capacity of the routes, even though tonnage commitments have already been met.

VII. THE PROTOCOL COMMITTEE

On October 25, 1942 the President created a Soviet Protocol Committee under the chairmanship of Mr. Hopkins. This Committee was made necessary because of the interest of several Government Departments which required coordination in one place, due to the fact that similar items might be requested by the U.S.S.R. from different Departments and no unified program would be possible without coordination. Coordination was also necessary because of the shipping program, since production had to be controlled in all Agencies if stocks were not to accumulate beyond expectations.

The Committee has representatives from the War, Navy, Agriculture, Treasury and State Departments, the War Production Board, Petroleum Administration for War, War Shipping Administration, the Maritime Commission, the Office of Defense Transportation and the Foreign Economic Administration.

The Secretariat of the Committee is provided by the Division for Soviet Supply in the Foreign Economic Administration. Due to this fact, a considerable staff is necessary, solely to prepare the records required by the Committee.

### VIII. RELATIONSHIP WITH OTHER AGENCIES

Due to the fact that each Agency concerned has a representative on the Protocol Committee, relations between the Division and these Agencies are of a direct character. All programs are, however, coordinated with the functional section of the Foreign Economic Administration concerned, so that the Shipping and Storage branches and the Requirements and Food Branches of the Bureau of Supplies are fully informed at all times of the activities in connection with the Program.

### IX. FOREIGN MISSION

There has been maintained since the beginning a Supply Mission in Moscow. It was originally under the Chairmanship of Colonel Faymonville and is now under the Chairmanship of Brigadier General S. P. Spalding. General Spalding was originally assigned to the Lend-Lease Administration and directed the work of the Division for Soviet Supply. He subsequently was General Burns' principal assistant on the Munitions Assignments Board and supervised the Soviet Program for the White House. With him are several officers of the Army and enlisted personnel. Attached also to the Mission are specialists from other Departments concerned with the Supply Program as well as engineers occupied in constructing Lend-Lease plants.

No economic reporting is done by the Mission as this is taken care of by the State Department. The Mission serves primarily as a service agency in exploring the use of American equipment and in studying transportation problems at Soviet ports when they relate to convoys.

### X. SCREENING

Due to the lack of information on Soviet Supply positions, requisitions are not screened in the same manner as is customary for other Lend-Lease Missions. The screening procedure takes two forms, (1) when the Protocol Requirements are received each year and (2) when each requisition is submitted under a category agreed upon in the Protocol. In the first instance, the agencies concerned determine supply possibilities and the Protocol Committee uses these reports in reaching an Agreement on what would seem reasonable. In the second instance, the individual requisition is screened against the Protocol commitment and if the item clearly falls within a category, the subsequent screening relates only to the suitability of specifications from a production point of view. In the unusual case when an item does not seem to be lend-leaseable, the matter is referred to the Clearance Committee of the Bureau for a determination .

XI. IMPORTS

Before Lend-Lease was extended to the U.S.S.R., Defense Supplies Corporation made a contract with the Soviet Government representatives calling for the delivery of critical materials. An advance of \$50,000,000 was made against subsequent deliveries. Shipments under this Agreement have now reached \$18,000,000 in value. Those items are imported which the War Production Board, the Army or the Navy request and are sold by Defense Supplies Corporation in the American market. Nearly every item which can be imported from the Soviet Union is included under the Agreement except for furs, caviar and some items of minor importance. These are omitted so that the Soviet Government may obtain a sufficient dollar balance to cover its immediate representational expenses in the United States. The value of these items not included in the Agreement, is approximately \$10,000,000. When special attention is to be given an item requested for importation, the Mission in Moscow is asked to aid in presenting the matter to the Commissariat for Foreign Trade.

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