

PROCUREMENT OF TIN FROM SIAM

Memorandum of understanding, with exchanges of notes signed at Bangkok December 7, 1946

Entered into force December 7, 1946

Extended by agreements of December 30, 1946, and March 31 and June 30, 1947¹

Expired December 31, 1947

Department of State files

MEMORANDUM OF UNDERSTANDING

In an effort to expedite the flow of tin from Siam to world markets and to make provision for the proper and speedy settlement of certain obligations of the Siamese Government to United Kingdom, Australian and other British Commonwealth mine owners, arising under the formal agreement of January 1st, 1946² between Siam, Great Britain and India, and the final peace agreement of April 3rd, 1946 between Siam and Australia, the Governments of the United Kingdom, the Commonwealth of Australia and the United States of America have reached an understanding as a result of which the following proposals are now made to the Siamese Government by His Majesty's Government in the United Kingdom and the Government of Australia.

1. The Siamese Government is requested to agree upon specified quantities in tons of tin ore (including tin notionally converted to ore) as representing the quantities of tin and tin ore produced from British Commonwealth mines during the war and at present in Siam away from the mine sites, and on a specified comparable figure for tin and tin ore at present on the mine sites of British Commonwealth companies. The quantities of tin ore shall be agreed as having an assay value of 70% tin content. For the purposes of compensation, the overall total will be taken as corresponding to reclamation of tin mined from British Commonwealth mines since December 7th 1941, and stocks of tin lying on the mines at that date. This overall total is calculated to be 15,992.7 tons of tin ore, details concerning which are explained in the Appendix to this Memorandum. The Siamese Government is also requested to agree to pay into an account to be designated by the United Kingdom and Australian Governments, as compensation on

¹ Not printed.

² 99 UNTS 131.

account of such total tonnage, a total sum in sterling, free of exchange control restrictions, to be computed as provided in paragraph 2 below. Payments on this account are to be made as tin consignments are sold for export, or in such other manner as may be agreed, and are to be completed by 31st March 1947 with such extension of time as may be agreed between the contracting parties. The allocation of monies paid into the above account to the mining companies, in accordance with the principles set out in paragraph 2 below, will be arranged by agreement between the Governments of the United Kingdom and the Commonwealth of Australia.

Note: Though the sterling to be paid to the account mentioned shall be free of Siamese exchange control, nevertheless such part of this sterling as the companies may wish to reconvert to ticals for use in Siam shall be sold at the official rate through the normal banking channels.

2. The amount to be paid by the Siamese Government in accordance with paragraph 1 above is to be determined as follows:

The Governments of the United Kingdom and Commonwealth of Australia will ascertain the average operating profit per ton of ore which the British Commonwealth companies were making in the period immediately preceding the recent war, and the companies will then receive this same rate per ton in respect of every ton of ore produced from their mines as agreed under paragraph 1 above. The term "operating profit" means in this connection the profit derived after normal operating costs, royalties and freight to point of sale. Any increase in price of tin since 1941 would not affect the amount due to the companies.

N.B. In computing operating profit from tin, the following deductions will be made from the net realisation based on a price of £264.12.0 (sterling) per ton of metal:

- (1) Siamese Government royalty and export duty.
- (2) Dredger working expenditure.
- (3) Repairs and renewals.
- (4) Surface expenditure, including transport of ore.
- (5) Management and general charges in Siam.
- (6) Such other items, if any, as may be agreed by the contracting parties.

3. The Siamese Government will be responsible for the removal and transportation in Siam of all tin and tin ore exported under paragraph 1 above by as early a date as possible, unless in any particular case the relevant British Commonwealth Mining Company or the buyer of the tin or tin ore desires to accept such responsibility.

4. Nothing in this agreement shall prevent British Commonwealth claimants from presenting through the agreed procedure for the settlement of British Commonwealth War Damage claims, claims other than those for loss of tin and tin ore covered by the present proposals.

5. Following upon agreement with the Siamese Government in respect of paragraphs 1 and 2 above, the United Kingdom, Australian, United States and Siamese Governments shall each appoint one representative, with or without advisers, to constitute a Siamese tin commission. The chairman shall be either the United Kingdom or Australian Commissioners as representing the principal producing interests.

6. The Commission will act in a supervisory capacity, and with no executive authority, to assure exports of tin in accordance, as far as tin metal is concerned, with allocation of the Washington Tin Committee. With regard to concentrates at present in Siam and new production of concentrates until December 31st 1946, the Commission shall supervise allocation on a basis of 50/50 between the United States and the United Kingdom. The date, December 31st 1946, with regard to the allocation of the new production in Siam, may be altered by mutual agreement. In addition to the supervisory functions mentioned above, the Tin Commission shall give assistance to the Siamese Government and to purchasers, in technical problems connected with expediting the export of tin from Siam.

7. The Tin Commission shall determine by agreement amongst its members its own rules of procedure and methods of operating in accordance with the plan set out in paragraph 6 above.

8. Subject to the general supervision of the Tin Commission as outlined in paragraph 6 above, purchases for export shall be made direct from the Siamese Government or from private holders if so authorized by the Siamese Government.

9. All buying for export until December 31st, 1946, will be on a non-competitive basis as stated in paragraph 6, but should the Tin Commission be terminated prior to December 31st, 1946, as provided for in paragraph 11 below, the agreement regarding non-competitive buying will terminate on the same date.

10. All purchases for export made under paragraph 8 above shall be at prices equivalent to those paid by the British Tin Buying Unit in MALAYA. All sellers who sell within a period of 60 days from the establishment of the Tin Commission will be guaranteed any increase in price which the British Tin Buying Unit in MALAYA may make prior to the expiration of 60 days. All payments overseas by buyers shall comply with the requirements of the Siamese foreign exchange regulations.

11. The Tin Commission shall cease to function not later than December 31st 1946, unless its continuation is agreed by all member Governments. The Commission may be terminated prior to December 31st 1946, should all member Governments agree.

BANGKOK

7th December 1946

APPENDIX

Statement of Calculation made to establish tonnage of tin and tin ore lying on British and Australian mines on December 7th, 1941, and produced from these mines since that date.

The British and Australian Survey Parties which recently visited Siam obtained certain figures from the records on the mine sites, including those kept by the Thai Mineral & Rubber Company during the war period, and from the records of the Department of Mines. These figures, which British and Australian tin interests have agreed to accept for purposes of compensation are as follows:

Stocks of ore at the mines on 7.12.41, plus production during the war:

British mines.....	9, 479. 70 tons
Australian mines.....	6, 513. 00 “
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Total.....	15, 992. 70 tons
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Present stocks on mines:

British mines:

Ore.....	2, 667. 0 tons
Metal.....	160. 8 “

which (on a basis of 70% assay) is equivalent to 229.8 tons of ore, making a total equivalent of 2,896.8 tons of ore.

Australian mines:

Ore.....	1, 047. 3 tons
Metal.....	71. 1 “

which (on a basis of 70% assay) is equivalent of 101.6 tons of ore, making a total equivalent of 1,148.9 tons of ore.

Present stocks on both British and Australian mines consequently total altogether the equivalent of:

4,045.7 tons of ore.

Stocks away from the mines are therefore calculated to be the equivalent of:

11.947 tons of ore.

Compensation is to be based on the overall figure of:

15,992.7 tons of ore.

EXCHANGES OF NOTES

*The American Minister at Bangkok to the Siamese
Minister of Foreign Affairs*

DECEMBER 7, 1946

No. 106

EXCELLENCY:

I have the honor to refer to the letters dated December 7, 1946, addressed to Your Excellency by His Britannic Majesty's Minister to Siam and the Australian Consul General at Bangkok, transmitting a Memorandum of Understanding setting forth proposals in regard to the procurement of tin from Siam and the settlement of certain obligations of the Siamese Government to Australian and other British Commonwealth mine owners, and to Your Excellency's replies thereto dated December 7, 1946 accepting the proposals in question.

I take pleasure in confirming to Your Excellency that, as indicated in the preamble to the Memorandum, the Government of the United States has in fact reached an understanding with the Governments of the United Kingdom and the Commonwealth of Australia with respect to the provisions of the Memorandum in question, copy of which is attached.

It is the hope of my Government that the Siamese Government will make arrangements without delay for the immediate sale of exportable tin metal and ore, the proceeds from which will assist in meeting the needs of Your Excellency's Government for foreign exchange and should greatly benefit the economy of Siam.

I avail myself of this opportunity to renew to Your Excellency the renewed assurance of my highest consideration.

EDWIN F. STANTON

His Excellency,
NAI DIRECK JAYANAMA,
Minister for Foreign Affairs
Bangkok

*The Siamese Minister of Foreign Affairs to the
American Minister at Bangkok*

DECEMBER 7, 1946

MONSIEUR LE MINISTRE,

I have the honour to acknowledge the receipt of Your Excellency's letter No. 106 of the 7th instant relative to the Memorandum of Understanding on tin, in which you were so good as to inform me that your Government had

in fact reached an understanding with the Government of the United Kingdom and the Commonwealth of Australia with respect to the provisions of the Memorandum in question.

I have the honour to confirm that the Siamese Government accepts the text and agrees to the provisions contained therein.

I beg to convey through Your Excellency to the Government of the United States an expression of the grateful thanks of my Government for the unfailing interest which they have taken in the well-being of the economy of Siam.

I need hardly add that my Government will not fail to make arrangements for the sale of exportable tin metal and ore and I look forward to Your Excellency's co-operation for its early realization.

I take pleasure in also enclosing herewith for your information copies of the letters exchanged between the British Minister and the Australian Consul-General and myself, with the exception of the Memorandum of Understanding a copy of which I understand you already possess.

I avail myself of this opportunity, Monsieur le Ministre, to renew to Your Excellency the assurance of my highest consideration.

DIRECK JAYANAMA
Minister of Foreign Affairs

His Excellency

Monsieur EDWIN F. STANTON,
*Envoy Extraordinary and Minister
Plenipotentiary of the United
States of America
Bangkok*

*The British Minister at Bangkok to the Siamese
Minister of Foreign Affairs*

7TH DECEMBER 1946

YOUR EXCELLENCY,

I have the honour to submit herewith the text of a Memorandum of Understanding incorporating certain provisions designed to expedite the flow of tin from SIAM to world markets and to provide for the proper and speedy settlement of certain obligations of the Siamese Government to United Kingdom, Australian and other British Commonwealth mine-owners, arising under the Formal Agreement of 1st. January 1946 between SIAM, GREAT BRITAIN and INDIA and the Final Peace Agreement of 3rd. April 1946 between SIAM and AUSTRALIA.

2. On behalf of the British Commonwealth Governments, other than the Government of AUSTRALIA, I have the honour to request Your Excellency's confirmation that the Siamese Government accepts this text and

agrees to the provisions contained therein. I understand that the Acting Australian Consul-General is addressing a separate note to Your Excellency requesting a similar confirmation in relation to the Government of AUSTRALIA.

3. In confirmation of the understanding reached orally during recent discussions between our respective representatives, it is agreed that the following matters will be discussed further in due course between the parties concerned and will form the subject of a separate exchange of notes:—

(a) The penultimate sentence of paragraph 1 of the Memorandum concerning such extension of the time for completion of payments beyond 31st March 1947 as may be agreed by the contracting parties.

(b) Item 6 of the note to paragraph 2 of the Memorandum.

(c) The question of extending the period of operation of the Tin Commission beyond 31st December 1946, in accordance with the provision contained in paragraph 11 of the Memorandum.

(d) The question of how the operating expenses of a Tin Commission are to be met.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

G. H. THOMPSON

His Excellency,

NAI DIRECK JAYANAMA,
etc., etc., etc.,
Minister for Foreign Affairs,
Bangkok

*The Australian Consul General at Bangkok to the Siamese
Minister of Foreign Affairs*

7TH. DECEMBER, 1946

SIR,

I have the honour to submit herewith the text of a proposed Memorandum of Understanding incorporating certain provisions designed to expedite the flow of tin from SIAM to world markets and to provide for the proper and speedy settlement of certain obligations of the Siamese Government to United Kingdom, Australian and other British Commonwealth mine-owners, arising under the Formal Agreement of 1st. January 1946 between SIAM, GREAT BRITAIN and INDIA and the Final Peace Agreement of 3rd. April 1946 between SIAM and AUSTRALIA.

On behalf of the Government of AUSTRALIA I have the honour to request Your Excellency's confirmation that the Siamese Government accepts this text and agrees to the provisions contained therein. I understand that His Excellency the British Minister is addressing a separate note to Your Excellency requesting a similar confirmation in relation to other British Commonwealth Governments.

In confirmation of the understanding reached orally during recent discussions with your representatives, it is agreed that the following matters will be discussed further in due course between the parties concerned and will form the subject of a separate exchange of notes:—

- (a) the penultimate sentence of paragraph 1 of the Memorandum concerning such extension of the time for completion of payments beyond 31st. March 1947 as may be agreed by the contracting parties;
- (b) item 6 of the note to paragraph 2 of the Memorandum;
- (c) the question of extending the period of operation of the Tin Commission beyond 31st. December 1946 in accordance with the provision contained in paragraph 11 of the Memorandum;
- (d) the question of how the operating expenses of the Tin Commission are to be met.

I have the honour to be

Sir,

With the highest consideration

Your obedient servant,

A. J. EASTMAN

His Excellency

NAI DIRECK JAYANAMA,

Minister for Foreign Affairs,

Bangkok.