

into operation upon the general suspension of hostilities with Germany. The central authority shall be organized in accordance with the plan agreed in the Annex.

- (b) The central authority shall determine the employment of ships for the purpose of giving effect to the responsibilities assumed by each contracting Government in paragraph 1 to provide the tonnage required from time to time to meet current requirements for ships for the military and other purposes of the United Nations, and ships shall be allocated for those purposes by those Governments in accordance with the decisions of the central authority. So far as is consistent with the efficient overall use of shipping as determined by the central authority for those purposes, and with the provisions of paragraph 7 (c), each contracting Government may allocate ships under its own authority, wholly or partly to cover the essential import requirements of territories for which it has special shipping responsibilities.
- (c) In general, ships under the flag of one of the contracting Governments shall be under the control of the Government of that flag, or the Government to which they have been chartered.

In order to meet the special case of military requirements those ships which have been taken up, under agreements made by the United States Government and/or United Kingdom Government with the other Governments having authority for those ships, for use as troopships, hospital ships, and for other purposes in the service of the armed forces, shall remain on charter as at present to the War Shipping Administration and/or the Ministry of War Transport as the case may be, under arrangements to be agreed between the Governments severally concerned. (Any further ships required for such purposes shall be dealt with in a like manner.)

The fact that these ships are assigned to military requirements shall not prejudice the right of the Governments concerned to discuss with the central authority the measures to be taken to provide shipping for their essential requirements within the scope of paragraph 1.

- (d) The contracting Governments shall supply to one another, through the central authority, all information necessary to the effective working of the arrangements, e.g., regarding programmes, employment of tonnage, and projected programmes, subject to the requirement of military secrecy.
- (e) The central authority shall also initiate the action to be taken to give effect to paragraph 5 and shall direct action under paragraph 6.
- (f) The terms of remuneration to be paid by the users (Government or private) of ships shall be determined by the central authority on a fair and reasonable basis in such manner as to give effect to the following two basic principles:
- (i) Ships of all flags performing the same or similar services should charge the same freights.
 - (ii) Ships must be employed as required without regard to financial considerations.

8. The principles herein agreed shall apply to all types of merchant ships, irrespective of size, including passenger ships, tankers and whale factories when not used for whaling (but paragraph 7 (b) will not be applicable to ships engaged in coastal trades and short trades between nearby countries, the arrangements for control of which shall be appropriate to meet the requirements prevailing in each particular area).