



United States Department of State

Washington, D.C. 20520

Dear Senator Levin:

Thank you for your letter of June 18 on behalf of your constituent, John Howard Wilhelm, regarding the status of the Soviet Lend-Lease debt. We apologize for the late response.

The Soviet Union's debt to the United States arising out of World War II was settled by the U.S.-USSR lend-lease agreement signed October 18, 1972. The agreement provided for three mandatory payments totalling \$48 million (\$12 million was paid on October 18, 1972, \$24 million on July 1, 1973, and \$12 million on July 1, 1975) and payment of the balance of \$674 million in regular installments extending to July 1, 2001. Repayment of the \$674 million was contingent on the U.S. extending most-favored-nation treatment (MFN) to the Soviet Union under terms "no less favorable" than those provided in a 1972 commercial agreement, which never entered into force.

A side letter to the 1972 agreements also conditioned repayment of the \$674 million on the restoration of "export credits, guarantees and insurance through the Export Import Bank and other similar credits for the purchase of American goods, on terms appropriate to the transactions." Since MFN is not yet available to the USSR, and export credits are restricted, the Soviet obligation to pay on the \$674 million balance has not yet been triggered.

The USSR is obligated to resume repayment when the President waives the Jackson-Vanik amendment, eliminating an obstacle to export credits and MFN treatment; the U.S. Congress approves the U.S.-Soviet Trade Agreement, signed June 1, 1990, which accords MFN status to the Soviet Union; and the Congress provides for the normal availability of export credits. The President has indicated he is prepared to waive Jackson-Vanik when the Soviet Union passes emigration legislation which meets international standards, and that he will then submit the 1990 Trade Agreement to Congress for approval and work with Congress on export credits to the Soviet Union.

We hope this information will be of use to you.

Sincerely,

Janet G. Mullins  
Assistant Secretary  
Legislative Affairs

Enclosure:  
Correspondence Returned

The Honorable  
Carl Levin,  
United States Senate.