

No. 21

NETHERLANDS AND DENMARK

Payments Agreement (with annex). Signed at Copenhagen on 31 January 1946. Came into force on 31 January 1946, by signature

French official text communicated by the Minister for Foreign Affairs of the Netherlands. The registration took place on 25 April 1947.

PAYS-BAS ET DANEMARK

Accord de paiement (avec annexe). Signé à Copenhague, le 31 janvier 1946. Entré en vigueur le 31 janvier 1946, par signature

Texte officiel français communiqué par le ministre des Affaires étrangères des Pays-Bas. L'enregistrement a eu lieu le 25 avril 1947.

TRANSLATION — TRADUCTION

No. 21. PAYMENTS AGREEMENT BETWEEN THE
NETHERLANDS AND DENMARK

In order to regulate the flow of payments between the Netherlands monetary area and Denmark, the Netherlands Government of the one part and the Danish Government of the other part agree to the following provisions:

Article I

For the purpose of the present agreement, the Netherlands monetary area shall be deemed to mean the Netherlands and the Netherlands overseas territories.

Article II

(1) All exchange transactions resulting from the present agreement shall be based on a rate of exchange of 1.809 Danish crowns to one Netherlands florin.

(2) This rate is "the official rate"; it shall not be varied by either of the Parties without previous consultation between the monetary authorities of the two countries.

(3) The Danmarks Nationalbank and the Nederlandsche Bank shall fix by mutual agreement the maximum spread above and below the official rate which will be authorized on the markets which they control.

Article III

(1) For all current payments to be effected in Denmark by residents of the Netherlands monetary area, under the exchange regulations in force in the Netherlands and the Netherlands overseas territories, the Nederlandsche Bank (acting as agents of the Netherlands Government) may buy Danish crowns from the Danmarks Nationalbank (acting as agents of the Danish Government) against Netherlands florins.

(2) For all current payments to be effected in the Netherlands monetary area by residents of Denmark, under the exchange regulations in force in the latter country, the Danmarks Nationalbank (acting as agents of the Danish Government) may buy Netherlands florins from the Nederlandsche Bank (acting as agents of the Netherlands Government) against Danish crowns.

(3) The Nederlandsche Bank shall keep an account in Netherlands florins of the transactions referred to in paragraph 1 of the present Article, and the Danmarks Nationalbank shall keep an account in Danish crowns of the transactions referred to in paragraph 2 of the same Article.

The balance of these accounts shall be cleared at the official rate of exchange on the last day of each month or at any other time if either Party so desires.

(4) If the balance resulting from the clearance of the two accounts exceeds 10 million Netherlands florins or the corresponding amount in Danish crowns, the portion of the balance exceeding such a sum shall bear interest, *pro rata temporis*, at the charge of the debtor country.

Such interest, calculated at the official discount rate charged by the bank of issue of the debtor country for acceptance of bankers' drafts, shall be applied on the last day of each quarter.

(5) If at any given time the balance mentioned in paragraph 4 of the present Article exceeds 20 million Netherlands florins or a corresponding amount in Danish crowns, the two Governments shall hold consultations with a view to restoring the balance.

Article IV

The Nederlandsche Bank shall make available to the Danmarks Nationalbank against Netherlands florins such local currency as may be required for effecting all current payments in the Netherlands overseas territories where such local currency is legal tender.

Article V

The debtor country shall always have the right to effect reimbursements either in the currency of the creditor country, at the official rate of exchange, or in foreign currency acceptable to the creditor country, or in gold at a price agreed upon between the Danmarks Nationalbank and the Nederlandsche Bank.

Article VI

If the official rate of exchange is varied in pursuance of Article II (2) above, the accounts shall be cleared on the day of that modification at the rate of exchange previously in force.

If the balance is expressed in that currency the value of which has diminished in relation to the other currency, the balance shall be readjusted by the debtor country to the extent of such decrease.

Article VII

If the Contracting Parties adhere to a multilateral monetary agreement before the expiration of the present Agreement, they shall review the terms of this Agreement with a view to making any amendments that may be required.

Article VIII

1. The present Agreement shall enter into force on the day of signature for an indefinite period and may be denounced at any moment by either Party on giving three months' notice.

2. On the termination of the Agreement the accounts shall be cleared at the existing rate of exchange; the final balance shall either be redeemed by the debtor country in a currency to be agreed on between the two Parties or converted into Treasury Bills issued by the debtor country in the currency of the creditor country.

These Treasury Bills shall bear 3% interest and be amortized in five equal annuities.

The Parties may agree on any other method of settlement.

DONE in duplicate in Copenhagen, this 31st day of January 1946.

For the Netherlands:
(Signed) VAN LENNEP

For Denmark:
(Signed) Knud KRISTENSEN

ANNEX

I. With reference to Article III of the Payments Agreement signed this day, the Contracting Parties regard as credits in Netherlands florins all accounts in that currency held by residents of Denmark with banks and exchange brokers established in the Netherlands monetary area, and conversely, as credits in Danish crowns all accounts in that currency held by residents of the Netherlands monetary area with banks and exchange brokers established in Denmark.

II. Netherlands banknotes held by residents of Denmark and Danish banknotes held by residents of the Netherlands monetary area shall not, unless agreed to between the Nederlandsche Bank and the Danmarks Nationalbank as agents of their respective Governments, be valid within the terms of Article III of the Payments Agreement.

III. Credits in crowns under paragraph I which, pursuant to general regulations, have been frozen by the Danish authorities shall be released as follows:

(a) credits in crowns held by Netherlands banks shall be released on demand of the banks holding title to such credits;

(b) other credits in crowns may freely be transferred to the accounts of Netherlands banks at the demand of the owners, and will then be released in accordance with item (a) above;

(c) credits in crowns under item (b) above which are not transferred to the accounts of Netherlands banks will only be released by Danish authorities if the applications for their release submitted by their holders are approved by the Nederlandsche Bank.

IV. Credits in Netherlands florins under paragraph I which, pursuant to general regulations have been frozen by the Netherlands authorities shall be released as follows:

(a) credits in Netherlands florins held by Danish banks shall be released on demand of the banks holding title to such credits;

(b) other credits in Netherlands florins may freely be transferred to the accounts of Danish banks at the demand of the owners, and will then be released in accordance with item (a) above;

(c) credits in Netherlands florins under item (b) above which are not transferred to the accounts of Danish banks will only be released by the Netherlands authorities if the applications for their release submitted by their holders are approved by the Danmarks Nationalbank.

V. The regulations contained in paragraphs III and IV above are applicable *mutatis mutandis* to securities deposited by residents of either country in the banks of the other country.