

No. 310

**ECONOMIC UNION
OF BELGIUM AND LUXEMBOURG
and
PORTUGAL**

**Exchange of Notes constituting a payments agreement.
Lisbon, 7 January 1946**

French and Portuguese official texts communicated by the Minister for Foreign Affairs of Belgium. The registration took place on 30 November 1948.

**UNION ECONOMIQUE
BELGO-LUXEMBOURGEOISE
et
PORTUGAL**

**Echange de notes constituant un accord de paiement. Lis-
bonne, 7 janvier 1946**

Textes officiels français et portugais communiqués par le Ministre des affaires étrangères de Belgique. L'enregistrement a eu lieu le 30 novembre 1948.

TRANSLATION — TRADUCTION

No. 310. EXCHANGE OF NOTES¹ CONSTITUTING A PAYMENTS AGREEMENT BETWEEN THE ECONOMIC UNION OF BELGIUM AND LUXEMBOURG AND PORTUGAL. LISBON, 7 JANUARY 1946

I

BELGIAN LEGATION

Lisbon, 7 January 1946

Sir,

During the negotiations which took place between a Belgian and a Portuguese delegation, these delegations became aware that in order to facilitate economic relations between the Economic Union of Belgium and Luxembourg and Portugal it was necessary to conclude an agreement under which the payments entailed by these relations could be effected at any time.

A convention on payments was concluded for this purpose between the National Bank of Belgium and the Bank of Portugal.

I have the honour to inform you that the Belgian Government has approved this convention, a copy of which is attached.

I have the honour to be, etc.

(Signed) A. MOTTE

His Excellency
Doctor Antonio d'Oliveira Salazar
President of the Council
Minister of Foreign Affairs of the Portuguese Republic
Lisbon

¹ Came into force on 7 January 1946, by the exchange of the said notes.

ANNEX

NATIONAL BANK OF BELGIUM

THE GOVERNOR

Brussels, 7 January 1946

Sir,

The conversations which recently took place between a delegate of the National Bank of Belgium and the Secretary-General of the Bank of Portugal have resulted in the drafting of a convention on payments between our two Institutions, with a view to facilitating the resumption of economic relations between our two countries. I have the honour to inform you that the National Bank of Belgium agrees to the conclusions of this convention, the text of which is as follows:

The National Bank of Belgium
and
The Bank of Portugal

hereby agree as follows:

Article 1

For the purposes of the present agreement, the "Belgian monetary zone" shall be understood to mean the Economic Union of Belgium and Luxembourg, the Belgian Congo and the mandated territory of Ruanda-Urundi,

and the "Portuguese monetary zone" shall be understood to mean the Portuguese continental territory, the adjacent islands and the Portuguese colonies.

Article 2

1. Operations for the exchange of Belgian francs and escudos, as provided for in the present agreement, shall be carried out at the rate of 100 escudos = 176.625 Belgian francs, which shall be known as the "official rate".

2. Neither of the two contracting Banks shall alter the official rate without notifying the other Bank as far in advance as possible.

3. The two contracting Banks shall establish by agreement the maximum margins of difference above and below the official rate, which may be applied on the markets they control.

4. The gold transfers provided for in the present agreement shall be effected at prices to be agreed between the two contracting Banks.

Article 3

1. The National Bank of Belgium shall sell to the Bank of Portugal the Belgian francs required for current payments which persons residing in the Portuguese monetary zone are authorized to make to persons residing in the Belgian monetary zone, in accordance with the exchange regulations in force in the two zones and the conditions determined by the two Banks on their respective markets:

(a) against escudos, to be credited to a "reciprocal account" of the National Bank of Belgium with the Bank of Portugal, as long as the credit balance of that account does not exceed 100,000,000 escudos, or

(b) if the credit balance of the "reciprocal account" of the National Bank of Belgium with the Bank of Portugal reaches 100,000,000 escudos, against gold earmarked by the Bank of Portugal for the National Bank of Belgium and held freely at its disposal for export as requested by the latter Bank. Subject to the agreement of both Banks, this gold may be replaced, wholly or in part, by currency convertible into gold.

Article 4

1. The National Bank of Belgium shall open an account in Belgian francs in the name of the Bank of Portugal, which shall be known as the "reciprocal account of the Bank of Portugal".

(A) The following sums shall be credited to this account:

- I. the sums in Belgian francs referred to in article 3 (1) and (2) (a);
- II. sums in Belgian francs transferred from the accounts of banks or other persons residing in the Portuguese monetary zone;
- III. sums in Belgian francs deposited in the name of persons residing in the Portuguese monetary zone;
- IV. sums in Belgian francs from other accounts of the Bank of Portugal;
- V. sums in Belgian francs relating to other operations upon which the two contracting Banks agree.

(B) This account shall be used for the following purposes:

- I. transfers to the accounts of banks or other persons residing in the Portuguese monetary zone or of banks or other persons residing in the Belgian monetary zone, for current payments for necessary purposes, in conformity with the relations between the Belgian monetary zone and the Portuguese monetary zone;

II. purchase of Congo francs through the National Bank of Belgium, in order to make payments in the Belgian Congo and in the territory of Ruanda-Urundi;

III. current payments or transfers to persons residing in countries outside the Belgian monetary zone and the Portuguese monetary zone, whenever such payments or transfers have been arranged by agreement between the two contracting Banks and the other interested parties have also signified their agreement.

2. The Bank of Portugal shall open an account in escudos in the name of the National Bank of Belgium, which shall be known as the "reciprocal account of the National Bank of Belgium".

(A) The following sums shall be credited to this account:

- I. the sums in escudos referred to in article 3 (1) (a) and 2;
- II. sums in escudos transferred from the accounts of banks or other persons residing in the Belgian monetary zone;
- III. sums in escudos deposited in the name of persons residing in the Belgian monetary zone;
- IV. sums in escudos from other accounts of the National Bank of Belgium;
- V. sums in escudos relating to other operations upon which the two contracting Banks agree.

(B) This account shall be used for the following purposes:

I. transfers to the accounts of banks or other persons residing in the Belgian monetary zone, or of banks or other persons residing in the Portuguese monetary zone, for current payments for necessary purposes, in conformity with the relations between the Belgian monetary zone and the Portuguese monetary zone;

II. purchase, through the Bank of Portugal, within the legal issue limits, of local currencies of the Portuguese monetary zone, in order to make payments in territories where these currencies are legal tender;

III. current payments or transfers to persons residing in countries outside the Belgian monetary zone or the Portuguese monetary zone, whenever such payments or transfers have been arranged by agreement between the two contracting Banks and the other interested parties have also signified their agreement.

Article 5

1. The National Bank of Belgium may sell, at any time, to the Bank of Portugal against all or part of the balance in Belgian francs of the reciprocal account of the Bank of Portugal:

I. escudos deposited to the credit of its reciprocal account with the Bank of Portugal;

II. gold earmarked by the National Bank of Belgium for the Bank of Portugal and held freely at its disposal for export as requested by the latter;

III. currencies convertible into gold, by agreement with the Bank of Portugal.

2. The Bank of Portugal may sell, at any time, to the National Bank of Belgium against all or part of the balance in escudos of the reciprocal account of the National Bank of Belgium:

I. Belgian francs deposited to the credit of its reciprocal account with the National Bank of Belgium;

II. gold earmarked by the Bank of Portugal for the National Bank of Belgium and held freely at its disposal for export as requested by the latter;

III. currencies convertible into gold, by agreement with the National Bank of Belgium.

Article 6

Should there be any alteration in the official rate during the period of the present agreement, the reciprocal accounts mentioned in article 4 shall be closed and their balances shall be cleared at the official rate at the close of business on the day preceding the date on which such alteration comes into effect.

Furthermore, as long as such alteration is not a consequence of revaluation of one of the two currencies in relation to gold, and if the credit balance after clearing is expressed in the currency whose value is reduced in relation to the other, the Bank issuing the currency of reduced value shall increase the amount of the credit balance in proportion to the alteration in the official rate.

Article 7

On the expiry of the present agreement, the balances of the accounts mentioned in article 4 shall be cleared at the official rate obtaining at that date and the final credit balance shall be repayable in gold at the current price. Repayment in gold may be effected according to an amortization table drawn up by agreement between the two contracting Banks, but the period of amortization shall not exceed five years

from the date of expiry of the agreement. In this case, the credit balance shall bear interest, payable in gold, at a rate equal to the official rate of the creditor Bank. Subject to the agreement of both Banks, this gold may be replaced by currency convertible into gold.

Article 8

Should the Portuguese and Belgian Governments undertake to enter into an international monetary agreement during the period of the present agreement, the two contracting Banks shall revise the terms of the present agreement in order to make any necessary amendments.

Article 9

The two contracting Banks shall consult each other on all technical questions which may arise in connexion with the present agreement and they undertake to collaborate on those aspects of their monetary policy that affect relations between the Belgian monetary zone and the Portuguese monetary zone.

Article 10

Without prejudice to the right of either of the two contracting Banks to conclude separate monetary agreements with third parties, they undertake to collaborate whenever the monetary agreements of the one affect the interests of the other.

Article 11

The present agreement shall be subject to revision or amendment at any time by common agreement. It shall become operative on the day of signature and remain in effect for a period of two years. On the expiry of that period, it shall be extended annually by tacit renewal, unless it is denounced by one of the contracting parties three months before the expiry of the current period.

I should be grateful if you would confirm the agreement of the Bank of Portugal to the above terms, in order that our exchange of notes may constitute the conclusion of the convention on payments between our two Institutions.

I have the honor to be, etc.

The Governor of the Bank of Portugal
Lisbon

The Governor
(Signed) Maurice FRÈRE

II

MINISTRY OF FOREIGN AFFAIRS
DIRECTORATE GENERAL OF ECONOMIC AND CONSULAR AFFAIRS

Lisbon, 7 January 1946

Sir,

During the negotiations which took place between the Portuguese and Belgian delegations it became apparent that in order to facilitate economic relations between Portugal and the Union of Belgium and Luxembourg an agreement should be concluded under which the payments entailed by these relations could be effected at any time.

A convention on payments was therefore concluded between the Bank of Portugal and the National Bank of Belgium.

I have the honour to inform you that the Portuguese Government has approved this convention, a copy of which is attached.

I have the honour to be, etc.

(Signed) [illegible]

His Excellency Mr. André Motte
Envoy Extraordinary
and Minister Plenipotentiary of Belgium

ANNEX

BANK OF PORTUGAL

LISBON

Lisbon, 7 January 1946

Sir,

I have the honour to acknowledge receipt of your letter of today's date, which reads as follows:

"The conversations which recently took place between a delegate of the National Bank of Belgium and the Secretary-General of the Bank of Portugal have resulted in the drafting of a convention on payments between our two Institutions, with a view to facilitating the resumption of economic relations between our two countries. I have the honour to inform you that the National Bank of Belgium agrees to the conclusion of this convention, the text of which is as follows:

The National Bank of Belgium
and

The Bank of Portugal
hereby agree as follows:

[See Annex to Note I, Articles 1, 2 and 3 (paragraphs 1 a) and b))
pages 163 and 165]

Article 3

.....
"2. The Bank of Portugal shall sell to the National Bank of Belgium the escudos required for current payments which persons residing in the Belgian monetary zone are authorized to make to persons residing in the Portuguese monetary zone, in accordance with the exchange regulations in force in the two zones and the conditions determined by the two Banks on their respective markets:

"(a) against Belgian francs, to be credited to a "reciprocal account" of the Bank of Portugal with the National Bank of Belgium, as long as the credit balance of that account does not exceed 176,625,000 Belgian francs, or

"(b) if the credit balance of the "reciprocal account" of the Bank of Portugal with the National Bank of Belgium reaches 176,625,000 Belgian francs, against the gold earmarked by the National Bank of Belgium for the Bank of Portugal and held freely at its disposal for export as requested by the latter Bank. Subject to the agreement of both Banks, this gold may be replaced, wholly or in part, by currency convertible into gold.

Article 4 to Article 11

[See Annex to Note I, pages 165 to 171]

I have the honour to confirm the agreement of the Bank of Portugal to the above terms, in order that our exchange of notes may constitute the conclusion of the convention on payments between our two Institutions.

I have the honour to be, etc.

The Vice-Governor
Acting for the Governor
(Signed) [illegible]

The Governor of the National Bank of Belgium
Brussels

III

NATIONAL BANK OF BELGIUM

THE GOVERNOR

Brussels, 7 January 1946

Sir,

With reference to the convention on payments concluded between our two institutions, I have the honour to inform you that the National Bank of Belgium agrees to the following working rules:

1. All operations between the National Bank of Belgium and the Bank of Portugal involving the sale of Belgian francs against escudos, the sale of escudos against Belgian francs or the clearing of Belgian francs and escudos as provided in articles 3, 5, 6 and 7 of the convention, shall be carried out at the "official" exchange rate of 176.625 Belgian francs = 100 escudos.
2. (a) The exchange rates for the escudo on the Belgian market shall be:
buyer: 175.75; seller: 177.60.
(b) The exchange rates for the Belgian franc on the Portuguese market shall be: buyer: 56.31; seller: 56.39.
3. The transfers of gold against escudos and against Belgian francs provided for in articles 3, 5, and 7 shall be carried out at the price of 1 kg. of gold = 27,908.926 escudos and 49,294.1405 Belgian francs.
4. The gold shall be delivered at Lisbon and Brussels in ingots fulfilling the conditions of "good delivery" obtaining in London and New York. The

- two banks may, however, agree to deliver and receive the gold at the above-mentioned price in London and New York, providing that there is no restriction affecting disposal of the gold on these markets. The gold earmarked at Brussels for the Bank of Portugal and the gold earmarked at Lisbon for the National Bank of Belgium may be cleared at any time, weight for weight, at the request of either Bank.
5. If the balance of the reciprocal account of the National Bank of Belgium with the Bank of Portugal or the balance of the reciprocal account of the Bank of Portugal with the National Bank of Belgium should exceed 100,000,000 escudos or 176,635,000 Belgian francs respectively after clearing, the sums in excess of these limits shall be reimbursed in gold, at the above-mentioned price, at the request of the creditor Bank.
 6. The reciprocal account of the National Bank of Belgium with the Bank of Portugal shall bear interest at the rate of 2% per annum on each successive amount of 2,830,000 escudos in excess of 5,660,000 escudos. The credit balance of the reciprocal account of the Bank of Portugal with the National Bank of Belgium in excess of 10,000,000 Belgian francs shall be invested, in successive amounts of 5,000,000 francs in Belgian Treasury bonds bearing interest at 2% per annum. The sums invested in Treasury bonds shall be covered by the exchange guarantee provided for in article 6 and by the guarantee of reimbursement in gold provided for in article 7. The bonds shall be redeemable at any time subject to deduction of unaccrued interest. In particular, they shall be redeemed whenever this is necessary for clearing against escudos credited to the reciprocal account of the National Bank of Belgium.
 7. The purchase of Congo francs mentioned in article 4·1 (B) II and the purchase of local currency of the Portuguese monetary zone mentioned in article 4·2 (B) II shall be optional for the Bank making payment and, in particular, shall not preclude direct payments between the Belgian Congo and the Portuguese monetary zone, carried out in accordance with the regulations governing these payments and the conditions prescribed for the Bank of Portugal by the Bank of the Belgian Congo.
 8. The payments contemplated in articles 3 and 4 are those relating to the following operations:
 1. Supply of merchandise from the Portuguese monetary zone to the Belgian monetary zone and supply of merchandise from the Belgian monetary zone to the Portuguese monetary zone.

2. Cost of transport, storage, clearance, manufacture, processing, work done to specification and all other costs relating to merchandise.

3. Other operations customary in the relations between the two zones, including:

(a) Fees and royalties from patents, licences, trade marks and authors' rights.

(b) Wages, salaries and pensions, social insurance contributions and compensation, pensions and annuities.

(c) Commercial representation and publicity expenses, commissions, brokerage.

(d) Travel, subsistence and living expenses.

(e) Insurance and re-insurance premiums and claims.

(f) Taxes, fines, legal costs.

(g) Interest and dividends, administrative expenses and trading profits of enterprises.

(h) Other operations included by joint agreement between the two Banks.

Payments relating to the above-mentioned operations, which it has hitherto been impossible to make for any reason whatsoever, shall be deemed to be current payments.

I have the honour to be, etc.

The Governor
(Signed) Maurice FRÈRE

The Governor of the Bank of Portugal
Lisbon

IV

BANK OF PORTUGAL

LISBON

Lisbon, 7 January 1946

Sir,

With reference to the convention on payments concluded between our two institutions, I have the honour to inform you that the Bank of Portugal agrees to the following working rules:

[See note III]

I have the honour to be, etc.

The Vice-Governor
Acting for the Governor

The Governor of the National Bank of Belgium
Brussels
