

No. 715

NETHERLANDS
and
CANADA

Exchange of Notes constituting an agreement concerning settlement of claims arising out of the war. Ottawa, 3 and 9 May 1949

Official text : English.

Registered by the Netherlands on 13 February 1950.

PAYS-BAS
et
CANADA

Echange de notes constituant un accord concernant le règlement des créances nées de la guerre. Ottawa, 3 et 9 mai 1949

Texte officiel anglais.

Enregistré par les Pays-Bas le 13 février 1950.

No. 715. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE NETHERLANDS AND CANADA CONCERNING SETTLEMENT OF CLAIMS ARISING OUT OF THE WAR. OTTAWA, 3 AND 9 MAY 1949

I

DEPARTMENT OF EXTERNAL AFFAIRS
CANADA

No. 41.

Ottawa, May 3, 1949

Sir :

1. In pursuance of the discussions between representatives of our two governments concerning settlement for the remaining claims of the Government of Canada against the Government of the Royal Kingdom of The Netherlands, arising out the war, I have the honour to propose full settlement of these claims in the manner and terms set forth in the following paragraphs.

2. The Government of Canada agrees to accept an amount of \$ 8,105,203.89 partially in guilders and partially in deferred dollar payments, as further specified in paragraph 6 below, in full settlement of the claims described in paragraphs 3 and 4, and in connection with this settlement agrees to take the action described in paragraph 5.

3. The settlement described in paragraph 2 shall cover the claim of the Government of Canada to payment of \$ 13,839,170.60 for reimbursement in respect of Canada's share of the value of supplies distributed to the civilian population of The Netherlands by the combined military authorities under the Supreme Allied Command. In arriving at this settlement the Government of Canada has taken note of the exceptional hardships suffered by The Netherlands' population in the last months of prolonged enemy occupation and the particularly valuable services rendered by these civilians in support of military

¹ Came into force on 9 May 1949, by the exchange of the said notes.

operations at this time, as well as the serious long-term effects of the war upon The Netherlands economy.

4. The settlement described in paragraph 2 shall also cover the claim of the Government of Canada to the release for expenditure for general purposes of the agreed amount of 6,290,892.27 guilders, as of October 16, 1948 (equivalent to \$ 2,371,237.19 Canadian at current rates of exchange), acquired after the monetary reform of September, 1945, in The Netherlands, and held by Canadian Army authorities in bank accounts from which payments have, by arrangement, been permitted only for the purpose of meeting the very limited requirements of the Canadian Army in The Netherlands.

5. In consideration of the settlement of the claims described above and in view of the fact that in September, 1945, the Government of the Royal Kingdom of The Netherlands found it necessary to carry through a general measure of demonetization of its currency then outstanding as an essential part of a program of monetary and fiscal reform, and also in view of the circumstances under which before this reform guilders were accumulated by Canadian Army authorities beyond the amounts advanced and later repaid in accordance with pre-arranged plans, the Government of Canada will relinquish its claim in respect of an amount of 40,707,251.74 guilders held by the Canadian Army authorities in the form of guilder notes and bank accounts at the time of the demonetization of such guilder notes and the stoppage of payment of such guilder bank accounts by The Netherlands Government as a result of the aforesaid.

6. The Government of Canada agrees to accept the amount of \$ 8,105,203.89 specified in paragraph 2 above to the extent of \$ 2,371,237.19 in the form of the release, as from October 16, 1948, of the amount of 6,290,892.27 guilders held in the account described in paragraph 3 above, for expenditures in The Netherlands by the Canadian Government for general governmental purposes or for expenditure in The Netherlands by Canadians for cultural or educational purposes. The Government of Canada will accept payment of the remainder of the amount of settlement agreed upon, being an amount of \$ 5,733 966.70, in the form of 10 equal, annual payments of \$ 573,396.67. The first of these instalments will be payable on December 31, 1952, and the remaining instalments on December 31 in each of the 9 succeeding years. Such payments are to be made in Canadian dollars obtained from sources from which Canadian dollars may be obtained for the purpose of payments under the financial agreement dated February 5, 1946, and supplementary agreements dated January 29, 1947, and May 20, 1947, between the Government of Canada and the Government of the Royal Kingdom of The Netherlands.

7. If the Governments of the Royal Kingdom of The Netherlands accepts these proposals, it is suggested that this Note and your reply should be regarded as constituting an agreement between the two governments.

I have the honour to be, Sir, your obedient servant,

A. D. P. HEENEY
Secretary of State for External Affairs

The Chargé d'Affaires, a.i.
The Netherlands Embassy
Ottawa

II

No. 1735.

May 9th, 1949

Sir,

I have the honour to acknowledge receipt of your Note No. 41, dated May 3rd, 1949, proposing a settlement of the remaining claims of the Government of Canada against the Government of the Kingdom of the Netherlands, and I am pleased to inform you that the Netherlands Government fully agrees to the manner and to the terms of settlement set forth therein.

Acting under instructions from my Government, I herewith accept the proposals of the Government of Canada for the settlement of these claims. I also agree that your Note No. 41 of May 3rd and my reply of today's date shall be regarded as constituting an agreement between the Governments of Canada and of the Netherlands.

On this occasion I wish to express the appreciation and gratefulness of my Government for the settlement which has now been reached, and for the understanding shown by the Canadian Government for the serious problems of financial and economic rehabilitation in the Netherlands as a result of the hardships and devastation suffered during the war.

I have the honour to be, Sir, your obedient servant,

H. F. ESCHAUZIER

The Secretary of State for External Affairs
East Block
Ottawa