

No. 749

DENMARK
and

ALLIED HIGH COMMISSION FOR GERMANY
(UNITED STATES, UNITED KINGDOM AND FRANCE)

Payments Agreement (with annex and exchange of letters).
Signed on 15 December 1949

Official texts : English and French.
Registered by Denmark on 22 March 1950.

DANEMARK
et

HAUTE COMMISSION ALLIÉE EN ALLEMAGNE
(ÉTATS-UNIS, ROYAUME-UNI ET FRANCE)

Accord de paiement (avec annexe et échange de lettres).
Signé le 15 décembre 1949

Textes officiels anglais et français.
Enregistré par le Danemark le 22 mars 1950.

No. 749. PAYMENTS AGREEMENT¹ BETWEEN THE GOVERNMENT OF DENMARK AND THE ALLIED HIGH COMMISSION FOR GERMANY (UNITED STATES, UNITED KINGDOM AND FRANCE). SIGNED ON 15 DECEMBER 1949

Article I

For the purpose of this Payments Agreement, the term German Federal Republic shall mean those areas of Germany occupied by the armed forces of the United States, United Kingdom and France.

Article II

A non-interest-bearing account in Danish Kroner shall be carried on the books of the Danmarks Nationalbank, acting as agent of the Royal Danish Government, in the name of Bank deutscher Laender, acting as agent of the Allied High Commission for Germany (United States, United Kingdom and French). The account shall be styled "Bank deutscher Laender Kroner Account". It is hereinafter referred to as the "Kroner Account".

A non-interest-bearing account in Deutsche Mark shall be carried on the books of the Bank deutscher Laender, acting as agent of the Allied High Commission for Germany (United States, United Kingdom and French) in the name of Danmarks Nationalbank, acting as agent of the Royal Danish Government. The account shall be styled "Danmarks Nationalbank Deutsche Mark Account". It is hereinafter referred to as the "Deutsche Mark Account".

It is agreed that neither of these accounts shall at any time show a debit balance. In order to make available to each other funds for payments to be made from Denmark to the German Federal Republic and from the German Federal Republic to Denmark, Bank deutscher Laender and Danmarks Nationalbank will sell to each other Deutsche Mark against Kroner and vice versa at the cross exchange rate mentioned in Article VI of this Agreement.

Article III

During the validity of this Agreement exporters and importers will be permitted to denominate and invoice transactions in Danish Kroner, Deutsche Mark, or any other currency if they so choose.

¹ Came into force on 15 December 1949, as from the date of signature, in accordance with article XII.

Article IV

Current payments maturing during the validity of this Agreement will be effected by being debited or credited in the Kroner Account or the Deutsche Mark Account, as indicated in the second paragraph of this Article, subject to the provisions of the existing trade agreement and/or subject to appropriate licenses having been issued whenever such payments require a license pursuant to the foreign exchange regulations of Denmark and of German Federal Republic, respectively.

Payments in respect of transactions denominated in Kroner shall be credited or debited in the Kroner Account. Payments in respect of transactions denominated in Deutsche Mark shall be credited or debited in the Deutsche Mark Account. Payments in respect of transactions denominated in other currencies shall be credited in the Kroner or the Deutsche Mark accounts in the currency of the debtor country.

If a contract is denominated in the currency of a country that is a member of the International Monetary Fund, the amount to be paid shall be computed at the parity of that currency accepted by the International Monetary Fund.

In the case of all other currencies computation shall be at the middle rate between the official buying and selling rates established for the currency of the contract by the National Bank of the country by which the payment has to be made.

Article V

Imports into the German Federal Republic from Denmark which represent purchases by or for the United States, United Kingdom or French Armies of Occupation are outside the scope of this Agreement.

Article VI

The cross exchange rate between the Krone and the Deutsche Mark referred to in the third paragraph of Article II of this Agreement shall be based on the parity rate for U.S. Dollar fixed by the Danmarks Nationalbank, and the conversion rate for Deutsche Mark expressed in U.S. Dollar as fixed by the Allied High Commission for Germany.

Article VII

If at any time a compensation of the net credit balance in the Kroner Account with that in the Deutsche Mark Account, calculated on the basis of the cross exchange rate between the Krone and the Deutsche Mark, should result in an overall balance exceeding, respectively, the Krone or the Deutsche Mark equivalent of U.S. \$6,000,000.00 such excess shall become due and payable and shall be paid in U.S. Dollars in New York

at the request of the creditor, unless the creditor at the request of the debtor agrees to accept payment in a different currency. The creditor may also request the debtor to pay the excess in a different currency but the debtor shall have the right of not complying with the request.

In case the excess appears in the Kroner Account, the amount to be paid shall be converted into U.S. Dollars at the parity rate fixed by the Danmarks Nationalbank on the date of request for payment; in case the excess appears in the Deutsche Mark Account, the amount to be paid shall be converted into U.S. Dollars at the conversion rate for the Deutsche Mark expressed in U.S. Dollars as fixed by the Allied High Commission for Germany on the date of request for payment.

Whenever the overall balance reaches 80% of the amount provided for in the first paragraph of this Article a Joint Committee including representatives of both banks will meet to discuss measures to be taken in order to avoid payments of U.S. Dollars and to reestablish equilibrium in the accounts.

Article VIII

In the event of a change of the cross exchange rate between the Krone and the Deutsche Mark resulting from a devaluation of the Krone or of the Deutsche Mark or of both currencies, the net credit balances in the Kroner Account and the Deutsche Mark Account shall be compensated on the basis of the cross exchange rate existing prior to such devaluation or devaluations. If the currency in which the overall balance resulting from such compensation is expressed has been devalued, while the currency of the creditor country has not been devalued, or if the currency in which the overall balance is expressed has been devalued by a higher percentage than the currency of the creditor country, then and in each of these cases the overall balance shall be adjusted so as to restore that balance to the same value in terms of the currency of the creditor, computed at the new cross exchange rate, that it had prior to the change of the cross exchange rate. Danmarks Nationalbank and Bank deutscher Laender will communicate with each other with regard to the extension of this rate-of-exchange guarantee to Danish Kroner and Deutsche Mark respectively held by the commercial banks under appropriate licenses of the Danmarks Nationalbank and Bank deutscher Laender.

Article IX

Bank deutscher Laender and the Danmarks Nationalbank will by mutual agreement establish all technical details relating to the execution of this Agreement.

Article X

If either party should give notice of termination in accordance with Article XII of this Agreement, a meeting shall be held before such

notice becomes effective for the purpose of negotiating a new agreement.

If such meeting should fail to result in the conclusion of a new agreement or in the withdrawal of the notice of termination, the following provisions shall apply to the Kroner and Deutsche Mark accounts after the date of expiry of this Agreement :

- (a) The accounts shall remain open as long as may be necessary for the purpose of entering payments due on contracts entered into prior to the date of expiry.
- (b) The parties will endeavour to liquidate the overall balance of the accounts by means of net deliveries of goods and services from the debtor to the creditor country, payment for which, for the purpose of being entered in the accounts, shall be regarded as payments due on contracts entered into prior to the date of expiry.
- (c) The provisions of Article VII of this Agreement shall continue to be applicable to the accounts with the proviso, however, that, in order to ensure a gradual and orderly liquidation of the overall balance of the accounts, the margin referred to in Article VII shall be reduced by 10 per cent of the original amount at the end of each calendar month which follows the sixth calendar month after the date of expiry.
- (d) Article VI and VIII of this Agreement shall continue to apply to the accounts.

Article XI

The account carried on the books of Danmarks Nationalbank pursuant to Article I of the Payments Agreement dated 10 August 1949,¹ styled "Bank deutscher Laender Export-Import Offset Account" shall be closed as of close of business on the day on which this Agreement becomes effective and the balance in said account shall be transferred to the "Kroner Account", or the "Deutsche Mark Account".

All transactions in respect to the "Bank deutscher Laender Export-Import Offset Account" with the Danmarks Nationalbank shall from that date be debited or credited to the "Kroner Account" or the "Deutsche Mark Account".

Article XII

This Agreement and its Annex, which shall take the place of the Payments Agreement dated 10 August 1949,¹ shall enter into force upon its signature. It shall remain in force until 31 December 1950 and shall

¹ United Nations, *Treaty Series*, Volume 45, page 3.

thereafter be extended automatically for further periods of twelve months each unless three months' notice of termination is given by either party before the date of expiry.

IN WITNESS WHEREOF, the Economic Advisors to the United States, United Kingdom and French High Commissioners, acting in the names of the High Commissioners and by their authority, and the Plenipotentiary of the Royal Danish Government, have signed the present Agreement.

DONE in four copies, two in the English language and two in the French language, both texts having equal validity.

For the Allied High Commission for Germany :

(Signed) Paul LEROY-BEAULIEU
Economic Advisor to the
French High Commissioner

(Signed) R. M. HANES
Economic Advisor to the
United States High Commissioner

(Signed) G. N. MACREADY
Economic Advisor to the
United Kingdom High Commissioner

For the Royal Danish Government :

(Signed) R. KAMPP

15 December 1949.

ANNEX

The Payments Agreement shall be operated within the framework of the Intra-European Payments and Compensation Agreement of 7 September 1949, hereinafter called the « Intra-European Agreement », and all extensions, amendments and modifications of said Agreement made by the parties thereto to which Denmark and German Federal Republic have adhered or may in future adhere; for the purpose of the Intra-European Agreement this Payments Agreement shall be deemed to have been concluded before 7 September 1949.

EXCHANGE OF NOTES

I

November 25, 1949

Aksel Christiansen, Esq.
Head of the Danish Delegation

Dear Mr. Christiansen :

Referring to Article VII of the Payments Agreement initialled by us today, this letter will place on record our understanding that in case a Joint Committee has been called Danmarks Nationalbank acting as agent for the Royal Danish Government and Bank deutscher Länder acting as agent for the Allied High Commission for Germany (United States, United Kingdom and French) will not exercise their option to request payment in U.S. Dollars of any excess of the overall balance of the Kroner and the Deutsche Mark accounts over the equivalent of U.S. \$6,000,000.00 for the period of three months from the date of exceeding the amount provided for in Article VII.

Will you please confirm your agreement with the contents of this letter.

Very sincerely yours,

(Signed) M. R. L. ROBINSON
Head of the German Delegation

II

November 25, 1949

M. R. L. Robinson, Esq., O.B.E.
Head of the German Delegation

Dear Brigadier Robinson :

I wish to acknowledge the receipt of your letter of today's date reading :

[See letter I]

I hereby confirm that I agree with the contents of your above-quoted letter.

Very sincerely yours,

(Signed) AKSEL CHRISTIANSEN
Head of the Danish Delegation

III

November 25, 1949

Aksel Christiansen, Esq.
Head of the Danish Delegation

Dear Mr. Christiansen :

This letter will serve to place on records that the balance of the non-interest-bearing account denominated "Special Dollar Account B" held on the books of the Danmarks Nationalbank in the name of Bank deutscher Länder and covering funds which are owing by Denmark to the German Federal Republic in respect of coal imported by Denmark in earlier years shall be carried forward.

The liquidation of said balance shall continue according to the plan provided for in the exchange of letters of 15 July 1949 which remains in force, and which reads as follows :

" Referring to the Payments Agreement between the Military Governments for Germany (United States, United Kingdom and French) and the Royal Danish Government initialled by us today (hereinafter called the Payments Agreement) and to the Trade Lists for the year from August 1st, 1949 to July 31st, 1950 on which we have agreed today, this letter will place on record our understanding as follows :

" In order to liquidate in the course of the year from August 1st, 1949 to July 31st, 1950 as large as possible a part of the debt owed by Denmark to Western Germany in respect of coal imports by Denmark in earlier years by means of the delivery of commodities by Denmark to Western Germany, the Trade Lists on which we have agreed provide for the licensing of imports by Western Germany from Denmark^{*} in an aggregate amount which exceeds by \$7,100,000 the aggregate amount to be licensed for imports by Denmark from Western Germany.

" Moreover, owing to the Trade Arrangements agreed upon between Denmark and Western Germany in March 1949 and their implementation by both parties, the offset account carried on the books of Danmarks Nationalbank in the name of Bank deutscher Länder shows at present a debit balance substantially exceeding \$2,500,000.

" On this basis we have now reached the following understanding :

" Notwithstanding the provision of Article XI of the Payments Agreement, Western Germany shall have the right to direct during the period of the Payments Agreement the following transfers to be made from the

Special Dollar Account B provided for in Article X of the Payments Agreement to the Offset Account provided for in Article I of the Payments Agreement :

- “ (1) \$2,500,000 at any time after the Payments Agreement has become effective,
- “ (2) up to \$800,000 in respect of each past calendar month from August 1949 to April 1950 (both months inclusive), provided, however, that such transfers under (1) and (2) shall, without the consent of the Royal Danish Government not exceed in the aggregate \$9,600,000 during the period from August 1st, 1949, to July 31st, 1950.

“ Regarding that part of the balance of Special Dollar Account B that is not covered by our present arrangement (hereinafter referred to as “ the remaining balance ”), both parties desire to liquidate the remaining balance as soon as possible. Therefore, while no arrangements for the liquidation of the remaining balance are made at this time, the parties will reconsider the matter at all meetings of the Mixed Commission which are held during the year from August 1st, 1949, to July 31st, 1950, and will, in any event, endeavour to liquidate the remaining balance during the Fiscal Year 1950—51 ”.

Transfers according to the above exchange of letters will as of the entering into force of the Payments Agreement initialled today be effected by debit of the Deutsche Mark account.

Will you please confirm your agreement with the contents of this letter.

Very sincerely yours,

(Signed) M. R. L. ROBINSON
Head of the German Delegation

IV

November 25, 1949

M. R. L. Robinson, Esq., O.B.E.
Head of the German Delegation

Dear Brigadier Robinson :

I wish to acknowledge the receipt of your letter of today's date reading :

[See letter III]

I hereby confirm that I agree with the contents of your above-quoted letter.

Very sincerely yours,

(Signed) Aksel CHRISTIANSEN
Head of the Danish Delegation

V

November 25, 1949

Aksel Christiansen, Esq.
Head of the Danish Delegation

Dear Mr. Christiansen :

This letter will serve to place on record our understanding that payments for coal and coke deliveries to Denmark from the German Federal Republic will be excluded from the Payments Agreement between Allied High Commission for Germany (United States, United Kingdom and French) and the Royal Government of Denmark which we have initialled today. Such payments will be made in U.S. dollars to the Bank deutscher Länder Special Dollar Account carried on the books of Danmarks Nationalbank.

It is agreed that the balance in this account at the end of each month shall be reported to the Agent for the purpose of the Basle compensation and in case the balance is not utilised for this purpose it will be immediately due and paid in U.S. dollars in New York. However, to the extent that after the offsetting of the two accounts mentioned in Article II of the said agreement a credit balance in the Deutsche Mark account appears in favour of the Danmarks Nationalbank, payment by the Danmarks Nationalbank may be made by debiting the Deutsche Mark account calculated at the conversion rate for Deutsche Mark expressed in U.S. dollars as fixed by Allied High Commission at the date of such payment.

The Royal Danish Government in acceding to the request of Allied High Commission for Germany (United States, United Kingdom and French) to exclude current payments for coal and coke deliveries to Denmark from the German Federal Republic from being credited in the Kroner Account provided for in Article I of the Payments Agreement initialled today, desires to place on record its wish to have the issue of excluding such payments reconsidered as soon as our common program of reducing Denmark's old coal debt to the German Federal Republic by at least \$9,600,000.00 during the year from August 1, 1949 to July 31, 1950, has been implemented.

Will you please confirm your agreement with the contents of this letter.

Very sincerely yours,

(Signed) M. R. L. ROBINSON
Head of the German Delegation

VI

November 25, 1949

M. R. L. Robinson, Esq., O.B.E.
Head of the German Delegation

Dear Brigadier Robinson :

I wish to acknowledge the receipt of your letter of today's date reading :

[*See letter V*]

I hereby confirm that I agree with the contents of your above-quoted letter.

Very sincerely yours,

(*Signed*) Aksel CHRISTIANSEN
Head of the Danish Delegation