

No. 1457

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
BELGIUM**

Loan Agreement (with annexes and Protocol of Provisional Application). Signed at Paris, on 7 September 1949

Exchange of notes constituting an agreement modifying the above-mentioned Agreement. London, 25 May 1951

Official texts: English and French.

Registered by the United Kingdom of Great Britain and Northern Ireland on 16 October 1951 and on 26 October 1951.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
BELGIQUE**

Convention de prêt (avec annexes et Protocole d'application provisoire). Signée à Paris, le 7 septembre 1949

Échange de notes constituant un accord modifiant la Convention susmentionnée. Londres, 25 mai 1951

Textes officiels anglais et français.

Enregistrés par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 16 octobre 1951 et le 26 octobre 1951 (échange de notes)

(Convention)

No. 1457. LOAN AGREEMENT¹ BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE KINGDOM OF BELGIUM. SIGNED AT PARIS, ON 7 SEPTEMBER 1949

The Government of the Kingdom of Belgium and the Government of the United Kingdom of Great Britain and Northern Ireland : Having regard to the adoption on 2nd July, 1949, by the Council of the Organisation for European Economic Co-operation of a decision C(49) 94 concerning the system of Intra-European Payments for the year 1949-50 and in particular to paragraph II of that decision : Having regard to the adoption by the Council of the Organisation for European Economic Co-operation on 2nd September, 1949, of a decision C(49) 120 adopting the Agreement for Intra-European Payments and Compensations for 1949-50², as well as the decision C(49) 138 by the same Council, adopting a Protocol of provisional application of the said Agreement for Payments and Compensations :

Have agreed as follows :

Article 1

The Belgian Government shall open in favour of the Government of the United Kingdom a credit in Belgian francs equivalent to twenty-eight million U.S. dollars for the purpose of financing the deficit of the Sterling Area with the Belgian Monetary Area, the said deficit to be determined by application of the Agreement for Intra-European Payments and Compensations, signed in Paris on 7th September, 1949.

Article 2

The credit referred to in Article 1 above shall not be drawn upon by the Government of the United Kingdom until deficits with the Belgian Monetary Area of the equivalent of thirty-eight million five hundred thousand U.S. dollars have been covered by means of the drawing rights established in favour of the United Kingdom under the said Agreement for Payments and Compensations.

Article 3

I.—The Government of the United Kingdom shall draw upon the credit referred to in Article 1 above concurrently with the use, for the purpose of

¹ Applied provisionally as from 7 September 1949, the date of signature, in accordance with the provisions of the Protocol of Provisional Application, and came into force on 28 August 1951, by the exchange of the instruments of ratification at Brussels, in accordance with article 11.

² United Kingdom : *Miscellaneous No. 13 (1949)*, Cmd. 7812.

covering the deficit of the Sterling Area with the Belgian Monetary Area, of that portion—namely, the equivalent of thirty-five million five hundred thousand U.S. dollars—of the drawing rights established in favour of the United Kingdom for the purpose of covering that part of the surplus of the Belgian Monetary Area with the monetary areas of the parties to the Intra-European Payments Agreement for 1949-50 which shall exceed the equivalent of two hundred million U.S. dollars.

II.—This concurrent utilisation shall be effected in the following manner :

- (a) In equal proportions until a first tranche equivalent to twenty million five hundred thousand U.S. dollars of drawing rights has been exhausted, that is to say that for each U.S. dollar of drawing rights used there shall be drawn under the credit an amount in Belgian francs equivalent to one U.S. dollar calculated at the rate of exchange adopted for the calculation of drawing rights and of the corresponding conditional aid in accordance with the provisions of Annex B to the Intra-European Payments Agreement for 1949-50.
- (b) In the proportion of one to two for the balance, that is to say that for every two U.S. dollars of drawing rights there shall be drawn under the credit an amount in Belgian francs equivalent to one U.S. dollar calculated at the rate of exchange adopted for the calculation of drawing rights and of the corresponding conditional aid under the provisions of Annex B to the Intra-European Payments Agreement for 1949-50.

III.—In the event of the payment to Belgium of U.S. dollars supplied by the Economic Co-operation Administration of the United States of America for the purpose of financing purchases effected in the Belgian Monetary Area by persons resident in the Sterling Area, in circumstances to be defined by agreement between the Belgian Government and the Economic Co-operation Administration of the United States of America, and if need be with the Government of the United Kingdom, such payment shall be considered for the purposes of the present agreement as a utilisation of drawing rights.

Article 4

The Belgian Government undertakes to place at the disposal of the Government of the United Kingdom within the limits and according to the conditions set out above and at the request of the Bank for International Settlements, acting in accordance with the instructions annexed to the present agreement (Annex II), which shall be given to it to this effect by the contracting parties, Belgian francs in such amounts and on such dates as may be necessary for the execution of the present agreement and of the Intra-European Payments Agreement for 1949-50.

Article 5

For each amount of Belgian francs which shall be placed at its disposal in accordance with the provisions of Article 4 above, the Government of the United Kingdom shall sign in favour of the Belgian Government and shall deliver to the latter a promissory note for the same amount of Belgian francs, bearing the date on which the said amount shall have been placed at the disposal of the Government of the United Kingdom. This promissory note shall be drawn up in the form specified in Annex I to the present Agreement.

Article 6

The Belgian Government undertakes not to assign, pledge or mortgage any promissory note given by the Government of the United Kingdom in accordance with the provisions of the present Agreement except in favour of one or more Belgian Government Agencies or Institutions. In the event of such assignment, pledge or mortgage the Belgian Government shall notify the Government of the United Kingdom within thirty days.

Article 7

If part of the American aid for the year 1949-50 is accorded to the United Kingdom in the form of loans bearing a rate of interest other than that provided for in the form of promissory note referred to in Article 5 above, the latter rate shall at the request of either of the parties to the present Agreement be changed to the rate of interest fixed for such loans.

Article 8

If after the signature of the present Agreement the Belgian Monetary Area should incur a deficit with the Sterling Area which cannot be settled by media of payment acceptable to the Government of the United Kingdom other than gold or U.S. dollars or foreign exchange convertible into gold or U.S. dollars, the Belgian Government may settle the said deficit by deducting it as an extraordinary redemption instalment by the Government of the United Kingdom.

Article 9

If at any time the contracting parties mutually agree that it would be in their interest, on account of adverse economic conditions or for any other reason whatsoever, to postpone or to provide for the postponement of one or more half-yearly redemption payments, or in general to alter or to provide for the alteration of any provision whatsoever in the promissory notes referred to

in Article 5 above, they may by mutual agreement in writing provide for any postponement, alteration or other modification of the said provisions.

If the Belgian Government should assign, pledge or mortgage the promissory notes in question to one or more Belgian Government Agencies or Institutions, the Belgian Government shall take all necessary measures to ensure that such assignment, pledge or mortgage shall not prevent the application of the first paragraph of the present article.

Article 10

To the extent of any amount which the Government of the United Kingdom may owe under the present Agreement the assets in Belgian francs which are or may be held by them or by the Bank of England shall not benefit from any exchange guarantee.

The payments agreement or other arrangements at present in operation between the contracting parties shall be amended to conform with the provisions of the foregoing paragraph.

Article 11

- (a) The present Agreement shall be ratified.
- (b) The instruments of ratification shall be exchanged in Brussels as soon as possible.
- (c) The present Agreement shall come into force upon the exchange of instruments of ratification.

Before signing the present Loan Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Belgium, the Signatories for the Contracting Parties have exchanged their full powers which have been found correct and in good order.

DONE in Paris this 7th September, 1949, at the Belgian Mission to the Organisation for European Economic Co-operation, in duplicate, the English and French texts being equally authentic.

For the Government
of the United Kingdom
of Great Britain
and Northern Ireland :
J. E. COULSON

For the Government
of the Kingdom of Belgium :
DE MEEUS

ANNEX I

PROMISSORY NOTE NO.

Belgian francs

The Government of the United Kingdom hereby undertakes to repay to the Belgian Government the capital sum of Belgian francs (B. Frs.) which it acknowledges having received this day in execution of the Loan Agreement between the said Governments signed at Paris on the 7th September, 1949 (hereinafter referred to as the Loan Agreement).

The Government of the United Kingdom undertakes :

1. To repay the capital sum covered by the present promissory note in fifty equal half-yearly instalments, of which the first falls due on the 1st July, 1956, and the last on the 1st January, 1981.
2. To pay on the unredeemed portion of the said sum interest at the rate of two and one half per centum ($2\frac{1}{2}$ %) per annum with effect from the date of the present promissory note, the said interest being payable half-yearly on the 1st January and 1st July in each year and for the first time on the 1st January or the 1st July immediately following the date of issue of the present promissory note.

The capital and interest shall be paid in lawful money of the Kingdom of Belgium to the National Bank of Belgium in Brussels, acting in its capacity of banker to the Belgian State, unless the Contracting Parties shall otherwise agree.

It is understood that the Government of the United Kingdom may, subject to giving one month's notice, at each due date repay in advance the whole or part of the amount still owing. Any partial repayment shall be spread over the whole of the promissory notes issued in execution of the Loan Agreement and shall be set against the half-yearly redemption instalments in the inverse order of their maturity.

Similarly, any extraordinary redemption effected on the basis of Article 8 of the Loan Agreement shall be spread over the whole of the promissory notes issued in execution of the said Agreement and set against the half-yearly redemption instalments in the inverse order of their maturity. Any such extraordinary redemption shall give rise to a reduction in the amount of interest due on the first contractual due date immediately following the date on which the said extraordinary redemption shall have been effected.

The payments to be made by the Government of the United Kingdom as regards both capital and interest shall for the whole period of the loan be effected free of all tolls and taxes whatsoever, present or future, which might be levied on such payments by the Government of the United Kingdom or any subordinate agency thereof.

Further, the Government of the United Kingdom undertakes to ensure the transfer of such payments to Belgium or other agreed place of payment at all times and without any restriction and whatever may be the circumstances without requiring the drawing up of any affidavit whatsoever or the accomplishment of any formality.

The present promissory note and any similar promissory notes issued in execution of the Loan Agreement may at the request of the Belgian Government be exchanged for fifty (50) promissory notes for amounts and maturities corresponding to the half-yearly redemption instalments provided for above.

The form of these promissory notes shall be determined by mutual agreement between the Belgian Government and the Government of the United Kingdom.

In the event of default on the prompt payment in full of any instalment of principal or interest due under the present promissory note the whole of the capital sum outstanding shall become immediately payable at the option and at the request of the Belgian Government and the interest payable on the said balance shall continue to run until the date of the effective repayment of the balance. If in any particular case of default the Belgian Government does not exercise its rights, this shall not constitute any renunciation of its rights either in that particular case or in any other case of default.

The present promissory note is issued in execution of the Loan Agreement and is governed by all the terms and conditions of the said Agreement and may not be assigned, pledged or mortgaged except to one or more Belgian Government Agencies or Institutions.

On behalf of the Government of the United Kingdom of Great Britain and Northern Ireland,

London, 19..... (signed)

The present form of promissory note forms an integral part of the Agreement of to-day's date to which it is annexed.

DONE this 7th day of September, 1949, at Paris.

On behalf
of the Government
of the United Kingdom
of Great Britain
and Northern Ireland :
J. E. COULSON

On behalf
of the Government
of the Kingdom of Belgium :

DE MEEUS

ANNEX I I

Letter to be addressed to the Bank for International Settlements by the Government of the Kingdom of Belgium and by the Government of the United Kingdom concerning the application of the Loan Agreement between the said Governments.

Sir,

We have the honour to refer to the conversations which have taken place in Paris during the months of August 1949 between representatives of the Governments of Belgium and the United Kingdom on the one hand, and representatives of the Bank for International Settlements on the other hand, in the course of which it was agreed that the Bank for International Settlements would be entrusted with the carrying out of the operations provided for in the Loan Agreement between the Belgian and the United Kingdom Governments (hereinafter referred to as the loan agreement) in applica-

tion of the decision C(49) 94 taken by the Council of the Organisation for Economic Co-operation at its meeting on the 2nd July, 1949, regarding the system of Intra-European Payments for the year 1949-50.

The loan agreement has now been signed under the date of 7th September, 1949, and we enclose herewith a certified true copy and request you to be good enough to undertake to carry out the operations provided for in the said Agreement.

All dealings between the Belgian and United Kingdom Governments on the one hand, and the Bank for International Settlements, on the other hand, in connection with the carrying out of the operations referred to in the present letter, will normally take place between the Bank for International Settlements, the National Bank of Belgium and the Bank of England.

In agreement with our respective central banks we accordingly authorise you:

- (a) To invite the National Bank of Belgium, in its capacity as Banker of the Belgian State, to place at the disposal of the United Kingdom Government the amount of currency corresponding to the loan which you will be entitled to use for a given month;
- (b) To advise the Bank of England of the amount of money corresponding to the loan which, for a given month, will be placed at the disposal of the British Government by the Belgian Government.

We should be grateful if you would acknowledge receipt of this letter to the Minister of Foreign Affairs of Belgium, 8, Rue de la Loi, Brussels, and to the Secretary of State for Foreign Affairs, Downing Street, London.

We are, Sir,
Your obedient servants,

For the Government
of the United Kingdom
of Great Britain
and Northern Ireland:

For the Government
of the Kingdom of Belgium:

PROTOCOL OF PROVISIONAL APPLICATION OF THE LOAN AGREEMENT BETWEEN THE KINGDOM OF BELGIUM AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

The Signatories to the Loan Agreement signed this day between the Government of the Kingdom of Belgium and the Government of the United Kingdom of Great Britain and Northern Ireland,

Desiring to give immediate and provisional effect to the Agreement,

Have agreed as follows :

Pending ratification of the Loan Agreement, the Parties to the present Protocol shall apply the provisions of the Agreement provisionally as from the date of its signature.

The present Protocol shall come into force on this day's date and shall continue in force until the Agreement comes into force.

DONE in Paris, this 7th September, 1949, at the Belgian Mission to the Organisation for European Economic Co-operation, in duplicate, English and French texts being equally authentic.

For the Government
of the United Kingdom
of Great Britain
and Northern Ireland :
(Signed) J. E. COULSON

For the Government
of the Kingdom of Belgium :

(Signed) DE MEEUS

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ MODIFYING THE LOAN AGREEMENT OF 7 SEPTEMBER 1949. LONDON, 25 MAY 1951

ÉCHANGE DE NOTES CONSTITUANT UN ACCORD¹ MODIFIANT LA CONVENTION DE PRÊT DU 7 SEPTEMBRE 1949. LONDRES, 25 MAI 1951

I

The Secretary of State for Foreign Affairs to the Belgian Ambassador

FOREIGN OFFICE, S. W. 1

25th May, 1951

Your Excellency,

I have the honour to refer to the Agreement between His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland and the Belgian Government signed on 7th September, 1949, under which the Belgian Government extended to the Government of the United Kingdom a credit in Belgian francs equivalent to United States dollars 28,000,000. Belgian francs 287,639,882.50 have been drawn and your Excellency will recall that, under the arrangements concluded in Paris for the adjustment of the United Kingdom's 1949-50 drawing rights on Belgium and of the above-mentioned credit, His Majesty's Government repaid, on 31st July, 1950, Belgian francs 270,900,000. I now have the honour to propose that, notwithstanding the provision of the Promissory Note which prescribes 1st July, 1956, as the first due date for repayment, His Majesty's Government should repay forthwith the remainder of the amount drawn, namely Belgian francs 16,739,882.50.

If the Belgian Government agree to this proposal I have the honour to suggest that the present Note and your Excellency's reply in that sense shall be regarded as constituting the mutual agreement required under Article 9 of the above-mentioned Agreement.

I have, &c.

Herbert MORRISON

¹ Came into force on 25 May 1951, by the exchange of the said notes.

¹ Entré en vigueur le 25 mai 1951, par l'échange desdites notes.

[TRANSLATION¹ — TRADUCTION²]

The Belgian Ambassador to the Secretary of State for Foreign Affairs

London, 25th May, 1951

Mr. Secretary of State,

I have the honour to acknowledge receipt of the Note of to-day's date in which your Excellency writes as follows :—

[See note I]

I have pleasure in informing your Excellency of the agreement of the Belgian Government to the proposal contained in your Note given above and to the suggestion that that Note and the present reply shall be considered as constituting the agreement between the two Governments.

I avail, &c.

Obert DE THIEUSIES

¹ Translation by the Government of the United Kingdom.

² Traduction du Gouvernement du Royaume-Uni.