

No. 1550

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**YUGOSLAVIA  
and  
HUNGARY**

**Agreement on the exchange of goods (with exchange of letters). Signed at Budapest, on 18 March 1948**

**Agreement on payments arising from the exchange of goods (with exchange of letters). Signed at Budapest, on 18 March 1948**

*Official texts: Serbo-Croat and Hungarian.*

*Registered by Yugoslavia on 27 November 1951.*

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**YUGOSLAVIE  
et  
HONGRIE**

**Accord relatif aux échanges commerciaux (avec échange de lettres). Signé à Budapest, le 18 mars 1948**

**Accord sur les paiements découlant des échanges commerciaux (avec échange de lettres). Signé à Budapest, le 18 mars 1948**

*Textes officiels serbo-croate et hongrois.*

*Enregistrés par la Yougoslavie le 27 novembre 1951.*

[TRANSLATION — TRADUCTION]

No. 1550. AGREEMENT<sup>1</sup> ON THE EXCHANGE OF GOODS BETWEEN THE FEDERAL PEOPLE'S REPUBLIC OF YUGOSLAVIA AND THE REPUBLIC OF HUNGARY. SIGNED AT BUDAPEST, ON 18 MARCH 1948

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The Government of the Federal People's Republic of Yugoslavia and the Government of the Republic of Hungary, desiring to develop and extend trade between the two countries, have agreed as follows :

*Article 1*

During the period of validity of this Agreement the Government of the Federal People's Republic of Yugoslavia and the Government of the Republic of Hungary will permit the export and import of products in accordance with quota lists to be established by agreement for determined contractual periods.

*Article 2*

During the contract year 1948-1949 the Government of the Federal People's Republic of Yugoslavia will permit the export to Hungary of the products enumerated in list A annexed to this Agreement, and the Government of the Republic of Hungary will permit the import of those products.

Likewise during the contractual year 1948-1949 the Government of the Republic of Hungary will permit the export to Yugoslavia of the products enumerated in list B annexed to this Agreement, and the Government of the Federal People's Republic of Yugoslavia will permit the import of those products.

The quota lists A and B established for the contractual year 1948-1949 and annexed to this Agreement shall remain in force from 18 March 1948 until 18 March 1949.

The quota lists A and B shall expire at the end of each contractual period, and contracts still unexecuted on the expiry of the lists shall continue in force and be charged to the quota lists for the expired contractual period. One month before the expiry of quota lists A and B a mixed commission shall meet in order to establish quota lists for a new contractual period. The Mixed

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<sup>1</sup> Came into force on 18 March 1948, as from the date of signature, in accordance with article 11.

Commission shall establish quota lists ordinarily for twelve months, or by agreement for some other period.

### *Article 3*

Both Governments agree to take all necessary steps to ensure that contracts for the purchase and sale of the products mentioned on the quota lists are concluded forthwith and that the Contracting Parties punctually execute the same.

### *Article 4*

Both Governments agree that the prices of the products for reciprocal delivery under the Agreement shall be determined according to the prices at which those or corresponding products may be purchased or sold under identical or similar conditions in the countries of continental Europe. Prices so determined shall be expressed in United States dollars.

Any dispute concerning the application of the aforesaid rule arising between a purchaser and a vendor when prices are determined shall be submitted for settlement to the special representative of the exporting country (article 8) and the trade delegate of the importing country. If the special representative and the trade delegate do not settle the dispute within ten days, it shall be submitted for settlement to the competent Ministers of both countries.

### *Article 5*

Reciprocal deliveries of products shall be free at the frontier of the exporting country or f.o.b. a port of the exporting country, or c.i.f. a port of the importing country, and by agreement between the importing and exporting undertakings. The contract price shall be subject to parity.

### *Article 6*

Payments due under contracts of purchase and sale shall be made in accordance with the provisions of the Commercial Payments Agreement<sup>1</sup> concluded this day and forming an integral part of this Agreement.

### *Article 7*

A mixed commission shall be established to follow continuously the development of trade and to overcome difficulties. The Mixed Commission shall

<sup>1</sup> See p. 190 of this volume.

consist of two national sections, each composed of a chairman and from three to five members appointed by their Government.

The duties of the Commission shall be :

1. To propose, in accordance with experience and observation of the course of trade, supplementary lists with a view to the extension of trade.
2. In accordance with article 2 of this Agreement, to meet one month before the expiry of the lists and establish lists of products for the succeeding period.
3. To make proposals with a view to improving trade and payments.
4. At the end of the contractual period, to determine the balance and how it shall be settled.

The Mixed Commission shall ordinarily meet every six months, in both countries alternately. In case of urgency a special meeting of the Mixed Commission may be convened by the chairman of either national section.

#### *Article 8*

For the discharge of the aforesaid duties each Government will within fifteen days after the signature of this Agreement appoint a special representative. The special representatives shall also be the chairmen of the national sections of the Mixed Commission.

The duties of the special representatives shall be :

1. To take steps to overcome difficulties arising in the execution of this Agreement, and to settle disputes arising in the course of trade.
2. In agreement with the trade delegate of the importing country, to settle disputes over prices.
3. To ensure that all contracts for the purchase and sale of products mentioned in the lists shall be concluded promptly and punctually and executed within the specified time.
4. To take the necessary steps for the extension of trade, and to propose supplementary lists and quotas.

The special representatives shall maintain close contact and endeavour to settle as speedily and thoroughly as possible any question that may arise.

*Article 9*

Compensation operations shall be authorized for products not on the quota lists only by way of exception, and for products on the quota lists only when contracts of purchase and sale have been concluded for the whole quantity of the goods and the fulfilment of the quotas is thereby assured.

Compensation operations shall be authorized by the special representatives.

*Article 10*

Operations concluded under the heading "Miscellaneous" in the quota lists shall not be treated as final until authorized by the special representatives; but this provision shall not apply to products falling under the heading "Miscellaneous" which are expressly mentioned under that heading.

*Article 11*

This Agreement shall enter into force on the day of signature until terminated by either Party. If not terminated by either Party within three months before the expiry of an annual period, it shall be deemed to be extended for a further period of one year.

This Agreement is done in duplicate in Serbo-Croat and Hungarian, both texts being equally authentic.

Budapest, 18 March 1948.

On behalf of the Government  
of the Republic of Hungary :

(Signed) Dr. Robert HARDI

On behalf of the Government  
of the Federal People's Republic  
of Yugoslavia :

(Signed) Zoran BUDISIN

## LIST "A"

<i>Serial number</i>	<i>Designation</i>	<i>Unit</i>	<i>Quantity</i>	<i>Remarks</i>
1.	Cellulose wood . . . . .	sq.m.	10,000	
2.	Beech logs for sawmill . . . . .	cub.m.	10,000	
3.	Beech logs for barking . . . . .	cub.m.	5,000	
4.	Telegraph poles . . . . .	cub.m.	2,000	
5.	Pit props . . . . .	cub.m.	30,000	
6.	Beech sleepers . . . . .	piece	p.m.	
7.	Firewood . . . . .	sq.m.	500,000	
8.	Pine logs . . . . .	cub.m.	15,000	
9.	Oak logs . . . . .	cub.m.	5,000	
10.	Willow and poplar logs . . . . .	cub.m.	8-10,000	
11.	Miscellaneous logs, deciduous . . . . .	\$	100,000	
12.	White pine . . . . .	cub.m.	10,000	
13.	Pit planks . . . . .	decam.	860,000	
14.	Beams, sawn and squared . . . . .	cub.m.	2,000	
15.	Charcoal . . . . .	ton	1,000	
16.	Pine cones . . . . .	ton	500	
17.	Copper blister . . . . .	ton	100	
18.	Limonite . . . . .	ton	115,000	
19.	Siderite . . . . .	ton	25,000	
20.	Mercury . . . . .	ton	5	
21.	Chrome ores, 2nd grade . . . . .	ton	1,000	
22.	Gypsum, calcined . . . . .	ton	2,500	
23.	Ferrochrome . . . . .	ton	100	
24.	Ammonium soda . . . . .	ton	1,500	
25.	Caustic soda . . . . .	ton	500	
26.	Copper sulphate . . . . .	ton	3,200	
27.	Calcium carbide . . . . .	ton	500	
28.	Dry distillation products . . . . .	ton	50	
29.	Cigarette paper . . . . .	ton	130	
30.	Hemp wastes . . . . .	ton	p.m.	
31.	Medicinal and aromatic plants . . . . .	ton	p.m.	
32.	Tubes . . . . .	ton	2	
33.	Sugar-beet pulp . . . . .		p.m.	
34.	Miscellaneous . . . . .	\$	1,000,000	

## LIST "B"

<i>Serial number</i>	<i>Designation</i>	<i>Unit</i>	<i>Quota</i>	<i>Remarks</i>
1.	Paraffin oil . . . . .	ton	20	
2.	Hydrogen . . . . .	cub.m.	3,300	
3.	Hydrogen peroxide . . . . .	ton	30	According to contract
4.	Magnesium chloride . . . . .	ton	13	
5.	Zinc sulphate . . . . .	ton	25	
6.	Sodium thiosulphate . . . . .	ton	100	
7.	Benzol . . . . .	ton	50	
8.	Caseine . . . . .	ton	30	According to contract
9.	Active charcoal for foodstuffs industry . . . . .	ton	180	
10.	Photographic materials . . . . .	\$	200,000	
11.	Chemical products, various . . . . .	\$	200,000	
12.	Instruments, precision engineering products, medical and veterinary instruments and apparatus, optical products and apparatus . . . . .	\$	200,000	
13.	Spare parts for textile machinery . . . . .	\$	50,000	
14.	Fire bricks . . . . .	ton	3,200	
15.	Sanitary earthenware . . . . .	ton	670	
16.	Steel section . . . . .	ton	500	
17.	Steel rods . . . . .	ton	500	

<i>Serial number</i>	<i>Designation</i>	<i>Unit</i>	<i>Quota</i>	<i>Remarks</i>
18.	Spring steel, coil and leaf	ton	24	
19.	Coil and leaf springs	ton	150	
20.	Sheet iron over 4 mm gauge	ton	300	
21.	Cast-iron tubes	ton	1,500	
22.	Bourdon tubes	kg	1,350	
23.	Iron wire	ton	10	
24.	Nails	ton	200	
25.	Tacks	ton	20	
26.	Fittings for steel and gas plants	ton	500	
27.	Gravel barges	ton	25	
28.	Hand tools, various	piece	8	According to annex
29.	Wagon wheels	\$	150,000	
30.	Cast sanitary appliances	ton	500	
31.	Non-ferrous metal products			According to annex
32.	Fittings	ton	150	
33.	Electrical igniters	ton	1,700	According to agreement
34.	Capsules	\$	500,000	
35.	Rubber and rubber products	\$	6,400	According to annex
36.	Bicycle parts	ton	10	
37.	Motor-car parts, small	\$	15,000	According to annex
38.	Forged machine parts	ton	500	
39.	Special instruments	\$	30,000	According to agreement
40.	Bulbs	piece	2,000,000	
41.	Special bulbs	piece	520,000	According to annex
42.	Glass rods for bulbs	ton	4,5	
43.	Tubes and fine tubes, lead-glass	ton	27	
44.	Electrodes for bulbs	pair	2,500,000	
45.	Welding sets	piece	10	
46.	Transformers, air and oil-cooled	piece	30	
47.	Metering transformers	piece	60	
48.	Electrical meters	piece	10,000	
49.	Equipment for high and low-tension electrical installations	\$	420,000	According to annex
50.	Insulating fabric tubes	km	200	
51.	Fittings for high and low-tension cables	piece	9,000	
52.	Waterproof lighting fittings	piece	5,000	
53.	Lacquered dynamo wire	kg	700	
54.	Porcelain insulators	ton	500	
55.	Wireless parts	\$	500,000	According to annex
56.	Television parts	\$	60,000	According to agreement
57.	Telephone exchanges and sub-exchanges	\$	50,000	
58.	Parts for automatic telephone exchanges	\$	120,000	
59.	Telephone apparatus and parts	\$	40,000	According to annex
60.	Telephone apparatus and special equipment for same	\$	36,000	
61.	Electrical instruments	\$	100,000	According to annex
62.	Brood cows, Hungarian strains	head	100	Delivery in autumn
63.	Miner's-lamp burners	piece	60,000	
64.	Printing machines	\$	85,000	According to agreement
65.	Miscellaneous	\$	1,000,000	

The foregoing list relates to Hungarian products.

## ANNEX TO LIST " B "

*Item No. 29*

1. Spiral gimlets . . . . .	ton	30
2. Screw taps . . . . .	ton	15
3. Screw dies . . . . .	ton	10
4. Reamers . . . . .	ton	6
5. Chisels . . . . .	ton	15
6. Bits, various . . . . .	piece	50,000
7. Metal-saw blades . . . . .	ton	30
8. Electrical apparatus . . . . .	piece	2

*Item No. 31*

1. Aluminium rivets . . . . .	ton	10	
2. Fredal . . . . .	ton	84	
3. Semi-finished articles in cast bronze . . . . .			According to agreement
4. Bronze tubes . . . . .	ton		According to agreement
5. Phosphor bronze . . . . .			According to agreement
6. Brass bolts . . . . .			According to agreement
7. Mercury column . . . . .	piece	1	
8. New silver . . . . .			According to agreement

*Item No. 35*

1. Vulcanite . . . . .	kg	400
2. Technical rubber . . . . .	kg	300
3. Dust masks . . . . .	piece	20
4. Tubes without inserts . . . . .	kg	2,000
5. Rubber appliances . . . . .	kg	250

*Item No. 37*

1. Ferrodo band . . . . .	m	54
2. Ignition distributors . . . . .	piece	3,000
3. Motor-car supplies, small . . . . .	piece	25,000

*Item No. 41*

1. Motor-car bulbs . . . . .	piece	15,000
2. Small bulbs . . . . .	piece	500,000
3. Dim bulbs . . . . .	piece	2,000

*Item No. 49*

1. Metal waterproof cut-outs . . . . .	piece	1,000
2. Fuses . . . . .	piece	3,000
3. Fuses and cut-outs for poles . . . . .	piece	2,000
4. Minor equipment for electrical installations . . . . .	piece	50,000
5. Bakelite waterproof cut-outs . . . . .	piece	200,000
6. Cut-out fuses . . . . .	piece	50,000
7. Junction boxes . . . . .	piece	1,000
8. Switchgear . . . . .	piece	250
9. Low-tension cut-out, 200 amp. . . . .	piece	1,000
10. Electrical construction material . . . . .	piece	190
11. Bar and cylinder star-triangle cut-outs and commutators . . . . .	piece	500
12. Safety oil cut-outs . . . . .	piece	2,000
13. Air-gap safety cut-outs . . . . .	piece	2,050
14. High-tension circuit-breakers . . . . .	piece	50
15. Electric thermostats . . . . .	piece	100
16. Electrical generator sets, petrol or diesel . . . . .	ton	2
17. Spare parts for generator sets . . . . .	\$	2,000
18. Dry rectifiers . . . . .	piece	65
19. Mercury rectifiers . . . . .	piece	15



*Item No. 55*

1. Special wireless receivers . . . . .	piece	250
2. Small transformers . . . . .	piece	5,000
3. Bakelite wireless parts . . . . .	piece	9,000
4. Wireless valves . . . . .	piece	100,000
5. Wireless valves, American . . . . .	piece	250
6. High-frequency filters, spool . . . . .	piece	10,000
7. Wireless parts . . . . .	piece	26,000
8. Microphones . . . . .	piece	1,000
9. Condensers, low-tension . . . . .	piece	500,000
10. Resistances, low-tension . . . . .	piece	500,000

*Item No. 59*

1. Automatic telephone apparatus . . . . .	piece	1,000
2. Relays . . . . .	piece	3,000
3. Relay parts . . . . .	kg	36
4. Telephone cut-outs . . . . .	piece	2,000

*Item No. 61*

1. Electrical instruments and apparatus . . . . .	piece	1,000
2. Laboratory equipment and material . . . . .	\$	100,000
3. Controllers . . . . .	piece	10

## EXCHANGE OF LETTERS

## I

Budapest, 18 March 1948

Sir,

During the negotiations for the conclusion of the Trade Agreement signed today and of the Additional Protocol to the Agreement on long-term Hungarian deliveries and Yugoslav counter-deliveries, you expressed the desire that, if the Yugoslav Ministry of Foreign Trade succeeded in contracting with a third country and importing therefrom a sufficient quantity of ferrosilicon, it would cede to the Republic of Hungary as much as it could spare of that quantity up to 200 tons.

I have the honour to inform you that my Government has consented to cede to you a certain quantity of ferrosilicon up to 200 tons according to the amount it is able to import and to its own needs for 1948.

I have the honour to be, etc.

(Signed) Zoran BUDISIN  
Chairman, Yugoslav Delegation

Dr. Robert Hardi  
Chairman, Hungarian Delegation  
Budapest

## II

Budapest, 18 March 1948

Sir,

I have the honour to confirm receipt of your letter reading as follows :

[See letter I]

I beg to inform you that I agree with the contents of that letter.

(Signed) Dr. Robert HARDI  
Chairman, Hungarian Delegation

Mr. Zoran Budisin  
Chairman, Yugoslav Delegation  
Budapest

## III

Budapest, 18 March 1948

Sir,

During the negotiations concerning the Trade Agreement signed today you emphasized that so many wagons would be required for the goods to be delivered by Yugoslavia to Hungary that the Yugoslav railways would have difficulty in providing the necessary transport; and you requested that the Hungarian Government should allow as many goods wagons as possible for the exports from Yugoslavia.

I have accordingly the honour to inform you that the Hungarian Government will place at the disposal of the Yugoslav State Railways before 31 July 1948, for the purpose of exports from Yugoslavia to Hungary, 50 to 100 wagons a day according to the increase in the volume of Yugoslav deliveries of goods.

I beg you to acknowledge receipt of this letter.

I have the honour, etc.

(Signed) Dr. Robert HARDI  
Chairman, Hungarian Delegation

Mr. Zoran Budisin  
Chairman, Yugoslav Delegation  
Budapest

## IV

Budapest, 18 March 1948

Sir,

I have the honour to acknowledge receipt of your letter reading as follows :

[*See letter III*]

I beg respectfully to express my full agreement with the contents of your letter.

(*Signed*) Zoran BUDISIN  
Chairman, Yugoslav Delegation

Dr. Robert Hardi  
Chairman, Hungarian Delegation  
Budapest

[TRANSLATION — TRADUCTION]

AGREEMENT<sup>1</sup> ON PAYMENTS ARISING FROM THE EXCHANGE OF GOODS BETWEEN YUGOSLAVIA AND HUNGARY. SIGNED AT BUDAPEST, ON 18 MARCH 1948

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The Government of the Federal People's Republic of Yugoslavia, of the one part, and the Government of the Republic of Hungary, of the other part, with a view to settling payments arising from trade between the two countries, have agreed as follows :

*Article 1*

All payments connected with trade between Yugoslavia and Hungary in accordance with the Agreement<sup>2</sup> on the exchange of goods signed this day shall be made through the National Bank of the Federal People's Republic of Yugoslavia at Belgrade and the Hungarian National Bank at Budapest.

*Article 2*

The National Bank of the Federal People's Republic of Yugoslavia and the Hungarian National Bank shall each open for the other an account in United States dollars, to be kept without interest or charge.

*Article 3*

Yugoslav debtors shall pay the amounts owing from them when due in dinars into the " Dollar account, 1948 " of the Hungarian National Bank to be opened with the National Bank of the Federal People's Republic of Yugoslavia.

Hungarian debtors shall pay the amounts owing from them when due in forints into the " Dollar account, 1948 " of the National Bank of the Federal People's Republic of Yugoslavia to be opened with the Hungarian National Bank.

*Article 4*

The following payments may be made through the accounts mentioned in articles 2 and 3 of this Agreement :

(a) Payments for goods;

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<sup>1</sup> Came into force on 18 March 1948, by signature.

<sup>2</sup> See p. 160 of this volume.

- (b) Trading expenses, such as packing, insurance and the like;
- (c) Trading rebates, discounts and allowances;
- (d) With the prior approval of both national banks, other payments.

#### *Article 5*

In accordance with advices of payments in which advices shall be deemed to be orders for payment, both banks shall make payment to the payees in the national currency at the official rate of exchange in force in their respective countries. Payments shall be made in chronological order of receipt of advices of payments in.

#### *Article 6*

The national bank of each Contracting Party shall pay to the order of the other Party irrespective of the funds available in the account mentioned in article 2 of this Agreement and notwithstanding that the account of the Party issuing the order does not contain sufficient funds; provided that the total of such uncovered payments shall in no case exceed \$2,500,000 (two million five hundred thousand dollars).

When, in accordance with the foregoing, the total of the said uncovered payments reaches the sum of \$2,000,000 (two million dollars), the national bank of the creditor country shall send an advice to the national bank of the debtor country. The competent authorities of the debtor country shall then forthwith take the necessary steps to amplify their export of goods. If after receipt of the said advice the total debit balance resulting from uncovered payments to orders of the national bank of the debtor country increases to \$2,500,000 (two million five hundred thousand dollars), the national bank of the creditor country shall suspend payment to exporters and the Government of the creditor country shall suspend deliveries. In such case the exporters of the creditor country shall not be liable for the consequences of delay in delivery.

If the extreme limit of \$2,500,000 (two million five hundred thousand dollars) is reached, the Mixed Commission shall be convened forthwith. The Mixed Commission shall prescribe additional deliveries or in some other manner ensure that within one month from the date on which the extreme limit was reached the balance of payments shall be restored, that is to say brought below \$2,000,000 (two million dollars).

#### *Article 7*

Every payment into and out of an account mentioned in article 2 or 3 of this Agreement shall be made in accordance with the currency laws in force in the country whose national bank keeps the account.

*Article 8*

The Mixed Committee shall meet within one month of the expiry of the annual lists to establish the state of the accounts referred to in articles 2 and 3 of this Agreement. The Contracting Party whose account shows a debit balance shall settle the same by deliveries of goods, at first completing uncompleted contracts or quotas. If the debit balance is not paid off in this manner, the Mixed Committee shall agree on new categories and quantities of goods to be delivered within three months from the date of such agreement.

*Article 9*

The national banks of the two Contracting Parties may, so long as the making of payments is not obstructed thereby, transfer sums from the accounts referred to in articles 2 and 3 of this Agreement to the accounts referred to in article 3 of the Non-Commercial Payments Agreement.<sup>1</sup> Sums may likewise be transferred from the accounts referred to in article 3 of the Non-Commercial Payments Agreement to the accounts referred to in articles 2 and 3 of this Agreement.

*Article 10*

The two national banks shall agree separately on rules of procedure for the due execution of this Agreement.

*Article 11*

This Agreement shall form an integral part of and remain in force for the same time as the Agreement of the exchange of goods signed this day.

This Agreement is done in duplicate in Serbo-Croat and Hungarian, each text being equally authentic.

Budapest, 18 March 1948.

On behalf of the Government  
of the Republic of Hungary :  
(Signed) Dr. Robert HARDI

On behalf of the Government  
of the Federal People's  
Republic of Yugoslavia :  
(Signed) Zoran BUDISIN

<sup>1</sup> See p. 210 of this volume.

## EXCHANGE OF LETTERS

## I

Budapest, 18 March 1948

Sir,

During the negotiations carried on for the purpose of determining the manner of delivery and of payment which shall enable both Parties to obtain with the least delay the value of goods delivered by them, we agreed on the following terms :

1. Yugoslav and Hungarian exporters shall deliver goods appearing in the lists of the Agreement signed this day either against instruments of credit or on open account, as provided by special private contracts concluded between the parties.

2. Hungarian State and nationalized undertakings will not require from Yugoslav purchasers payment in advance for articles ordered in Hungary by Yugoslav undertakings and not taking longer to manufacture than three months.

Where articles taking more than three months to manufacture are ordered from private undertakings in general or from State or nationalized undertakings, purchasing and supplying undertakings will agree concerning payment in advance; but the Hungarian Government will advise supplying undertakings to restrict their demands for payment in advance to the minimum in order to facilitate and increase trade as much as possible.

Please be so good as to express your agreement with the contents of this letter.

I have the honour, etc.

(Signed) Zoran BUDISIN  
Chairman, Yugoslav Delegation

Dr. Robert Hardi  
Chairman, Hungarian Delegation  
Budapest

## II

Budapest, 18 March 1948

Sir,

I have the honour to acknowledge receipt of your letter reading as follows :

[See letter I]

I beg respectfully to express my full agreement with the contents of your letter.

(Signed) Dr. Robert HARDI  
Chairman, Hungarian Delegation

Mr. Zoran Budisin  
Chairman, Yugoslav Delegation  
Budapest

## III

Budapest, 18 March 1952

Sir,

During the negotiations for the conclusion of the Agreement on the exchange of goods and the Agreement on payments resulting from trade signed this day, you informed me of the desire of the Government of the Republic of Hungary, in order to maintain the smooth operation of trade and of payment, to conserve the balance of payments by the cession, in case of need and with the agreement of the national banks of both countries, of credit balances with third countries, of course by leave of the competent authorities of those countries.

I have the honour to inform you that my Government considers that the balance of payments should be established in this way, and will make a proposal to that effect in case of need.

I have the honour, etc.

(Signed) Zoran BUDISIN  
Chairman, Yugoslav Delegation

Dr. Robert Hardi  
Chairman, Hungarian Delegation  
Budapest

## IV

Budapest, 18 March 1948

Sir,

I have the honour to acknowledge receipt of your letter reading as follows :

[See letter III]

I confirm hereby that I fully agree with the contents of that letter.

I have the honour, etc.

(Signed) Dr. Robert HARDI  
Chairman, Hungarian Delegation

Mr. Zoran Budisin  
Chairman, Yugoslav Delegation  
Budapest