

No. 1651

**BELGIUM
and
FRANCE**

**Loan Agreement (with annexes). Signed at Paris, on
7 September 1949**

Official text: French.

Registered by Belgium on 6 March 1952.

**BELGIQUE
et
FRANCE**

**Convention de prêt (avec annexes). Signée à Paris, le
7 septembre 1949**

Texte officiel français.

Enregistrée par la Belgique le 6 mars 1952.

[TRANSLATION — TRADUCTION]

No. 1651. LOAN AGREEMENT¹ BETWEEN BELGIUM AND THE FRENCH REPUBLIC. SIGNED AT PARIS, ON 7 SEPTEMBER 1949

The Government of the French Republic and the Government of the Kingdom of Belgium,

Having regard to the adoption on 2 July 1949 by the Council of the Organization for European Economic Co-operation of decision C (49) 94 concerning the system of intra-European payments for the year 1949-1950, and, in particular, to paragraph II of that decision,

Having regard to the adoption by the Council of the Organization for European Economic Co-operation of decision C (49) 120 adopting the Intra-European Payments and Compensations Agreement for 1949-1950, as well as decision C (49) 138 adopting the Protocol of provisional application of the said Payments and Compensations Agreement,

HAVE AGREED AS FOLLOWS :

Article 1

The Belgian Government shall open in favour of the French Government a credit in Belgian francs equivalent to twenty-one million five hundred thousand US dollars (\$21,500,000) for the purpose of financing the deficit of the French Monetary Area with the Belgian Monetary Area, the said deficit to be determined by application of the Intra-European Payments and Compensations Agreement signed in Paris on 7 September 1949.

Article 2

The credit referred to in article 1 above shall not be drawn upon by the Government of the French Republic until deficits with the Belgian Monetary Area of the equivalent of \$US29,500,000 have been covered by means of the drawing rights established in favour of the French Republic under the said Payments and Compensations Agreement.

¹ Came into force on 1 February 1952 by the exchange of instruments of ratification, in accordance with article 11. This Convention is not applicable to the territories of the Belgian Congo and Ruanda-Urundi.

Article 3

I. The Government of the French Republic shall draw upon the credit referred to in article 1 above concurrently with the use, for the purpose of covering the deficit of the French Monetary Area with the Belgian Monetary Area, of that portion—namely, the equivalent of \$US28 million—of the drawing rights established in favour of the French Republic 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 1949-1950 which shall exceed the equivalent of \$US200 million.

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

(a) In equal proportions until a first tranche equivalent to \$US15 million of drawing rights has been exhausted, that is to say that for each US dollar of drawing rights used there shall be drawn under the credit an amount in Belgian francs equivalent to one US 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 and Compensations Agreement for 1949-1950.

(b) In the proportion of one to two for the balance, that is to say that for every two US dollars of drawing rights there shall be drawn under the credit an amount in Belgian francs equivalent to one US 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 and Compensations Agreement for 1949-1950.

III. In the event of the payment to Belgium of US 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 French Monetary 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 French Republic, such payments shall be considered for the purposes of the present Agreement as a utilization of drawing rights.

Article 4

The Belgian Government undertakes to place at the disposal of the Government of the French Republic 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),¹

¹ See p. 25 of this volume.

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 and Compensations Agreements for 1949-1950.

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 French Republic 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 French Republic. This promissory note shall be drawn up in the form specified in annex I¹ 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 French Republic 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 French Republic within thirty days.

Article 7

If part of the American aid for the year 1949-1950 is accorded to the French Republic 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, 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 French Monetary Area which cannot be settled by media of payment acceptable to the Government of the French Republic other than gold or US dollars or foreign exchange convertible into gold or US dollars, the Belgian Government may settle the said deficit by deducting it as an extraordinary redemption instalment by the Government of the French Republic.

¹See p. 23 of this volume.

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 French Republic may owe under the present Agreement the assets in Belgian francs which are or may be held by them or by the Bank of France shall not benefit from any exchange guarantee.

The payments agreements 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 at 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 French Republic 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 7 September 1949, at the Belgian Mission to the Organization for European Economic Co-operation, in duplicate.

For the Government
of the Kingdom of Belgium :
DE MEEUS

For the Government
of the French Republic :
Alexandre PARODI

ANNEX I

PROMISSORY NOTE NO

Belgian francs

The Government of the French Republic 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 in Paris on 7 September 1949 (hereinafter referred to as the Loan Agreement).

The Government of the French Republic 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 1 July 1956, and the last on 1 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 1 January and 1 July in each year and for the first time on the 1 January or 1 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 French Republic 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 French Republic 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 French Republic or any subordinate agency thereof.

Further, the Government of the French Republic 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 French Republic.

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.

Paris, 19.....

On behalf of the Government of the French Republic :
(Signed)

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

DONE this 7 September 1949, in Paris.

On behalf of the Government
of the Kingdom of Belgium :
DE MEEUS

On behalf of the Government
of the French Republic :
Alexandre PARODI

ANNEX II

Letter to be addressed to the Bank for International Settlements by the Government of the Kingdom of Belgium and by the Government of the French Republic 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 month of August 1949 between representatives of the Governments of Belgium and the French Republic, 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 French Governments (hereinafter referred to as the Loan Agreement) in application of the decision C (49) 94 taken by the Council of the Organization for Economic Co-operation at its meeting on 2 July 1949, regarding the system of intra-european payments for the year 1949-1950.

The Loan Agreement has now been signed under the date of 7 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 French Governments, on the one hand, and the Bank for International Settlements, on the other hand, in connexion 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 France.

In agreement with our respective central banks we accordingly authorize 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 French 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 France of the amount of money corresponding to the loan which, for a given month, will be placed at the disposal of the French 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 Minister of Foreign Affairs, Quai d'Orsay, Paris.

We have the honour to be, etc.

For the Government
of the Kingdom of Belgium :

For the Government
of the French Republic :