

**No. 2263**

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**FRANCE  
and  
LEBANON**

**Agreement concerning monetary and financial relations  
between the two countries (with annexes, explanatory  
protocol and annexed letters). Signed at Paris, on  
24 January 1948**

*Official text: French.*

*Registered by France on 24 September 1953.*

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**FRANCE  
et  
LIBAN**

**Accord sur les relations monétaires et financières entre les  
deux pays (avec annexes, protocole explicatif et lettres  
annexes). Signé à Paris, le 24 janvier 1948**

*Texte officiel français.*

*Enregistré par la France le 24 septembre 1953.*

[TRANSLATION — TRADUCTION]

No. 2263. AGREEMENT<sup>1</sup> BETWEEN FRANCE AND LEBANON CONCERNING MONETARY AND FINANCIAL RELATIONS BETWEEN THE TWO COUNTRIES. SIGNED AT PARIS, ON 24 JANUARY 1948

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The Government of the French Republic, on the one hand, and the Government of the Lebanese Republic, on the other, desirous of regulating the Agreement concluded between them on 25 January 1944 and denounced by the French Government, equally desirous of settling at the same time all the financial problems arising out of the past winding-up operations and of organizing their future monetary and financial relations, have agreed as follows :

PART I

PROCEDURE APPLICABLE TO THE LEBANESE ASSETS IN FRANCS OF THE BANQUE DE SYRIE ET DU LIBAN, OFFICE OF ISSUE

The French Government, on the one hand, and the Lebanese Government, on the other, hereby agree that the provisions concerning the Lebanese holdings in francs of the Banque de Syrie et du Liban, set forth in paragraph 4 of the letter of 25 January 1944 from General Catroux to the President of the Council of Ministers of the Lebanese Republic shall be deemed to have lapsed and that the following procedure shall apply in future :

*Article*

Such Lebanese assets in francs as are held on the date of the signature of this Agreement by the Banque de Syrie et du Liban, Office of Issue, of the Lebanese Republic, shall, in accordance with the conditions hereinafter set forth, be registered in accounts opened with the said bank to be designated : “ Old Account No. 1, Lebanon ” and “ Old Account No. 2, Lebanon ”.

*Article 2*

Old Account No. 1 shall be credited with a sum of 8,000 million francs.

During the term of this Agreement, Old Account No. 1 may be drawn upon only for the following transactions :

(1) For settlement, by debit to such account, of the sums owed by the Lebanese Government to the French Government, in respect of the amounts and under the conditions set forth in articles 8 and 9 hereunder.

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<sup>1</sup> Came into force on 16 February 1949, in accordance with article 24, the exchange of the instruments of ratification having taken place at Paris on 15 February 1949.

(2) As from 1 January 1953, for transfers to the new account specified in article 4 hereunder up to an annual amount of not more than one-tenth of the original sum entered in Old Account No. 1 in pursuance of this Agreement and only when an express request to that effect is made by the Lebanese Government not less than three months before the date upon which it desires such transfer to be made.

(3) For transfers to the new account specified in article 4 hereunder of amounts exceeding the proportion prescribed in paragraph 2 above, if by reason of any decrease in the volume of Lebanese currency in circulation or for any other reason it appears desirable to exceed that proportion and provided that the Contracting Parties so agree.

### *Article 3*

Old Account No. 2 shall be credited with a sum corresponding to the difference between the total of Lebanese assets in francs held on the date of the signature of this Agreement by the Banque de Syrie et du Liban, Office of Issue, and the amount credited to Old Account No. 1 in accordance with article 2 above.

The following transactions may be debited to Old Account No. 2 :

1. The purchase of equipment and goods manufactured in and exported from the French Union.

2. The purchase of certain European currencies other than the French franc at the official rate of exchange of the Banque de France.

The proportion to which, and the time-limits within which, the amounts in Old Account No. 2 may be converted into European currencies shall be agreed upon between the Contracting Parties, it being understood that the portion available for the purchase of currency may not exceed one-half of the total sum.

3. Transfers to the new Lebanese account (Account No. 3) referred to in article 4 below should the occasion arise.

### *Article 4*

There shall be opened in the books of the Banque de Syrie et du Liban, as the administrator of the Syrian-Lebanese Exchange Control Board, a franc account to be designated "New Account, Lebanon" (Account No. 3), to which shall be credited and debited as from the date of this Agreement all the transactions which may take place between Lebanon and the French Union.

In particular the proceeds from the following transactions shall be credited to this account :

— Payments for French imports originating in and exported from Lebanon;

- All funds transferred from the French Union to Lebanon according to the terms of part IV of this Agreement (article 16, paragraph 2).

Account No. 3 may likewise be freely credited with funds debited to Old Account No. 2.

The following transactions shall be debited to Account No. 3 :

- Payments for imports originating in and exported from the French Union which are not debited to Old Account No. 2;
- More generally, for all transfers of funds from Lebanon to the French Union according to the terms of part IV of this Agreement (article 16, paragraph 1).

#### *Article 5*

If, within ten years from the date of signature of this Agreement, the official parity between the franc and the pound sterling determined on the basis of the ratio of parities reported to the International Monetary Fund should change, the balance of Old Account No. 1 defined above which is outstanding on the date of such change shall be forthwith adjusted.

Such adjustment shall be effected, either by transfer from the French treasury to the credit of Old Account No. 1 or by debiting such account in favour of the French treasury as convenient, in such a manner that the sterling equivalent at the new official parity of the balances of Old Account No. 1 so adjusted shall be equal to the sterling equivalent of such balance at the parity obtaining prior to adjustment.

#### *Article 6*

Amounts credited to Old Account No. 1 as a result of the adjustments referred to in article 5 above shall bear interest at the rate of 1 per cent per annum, but excluding such amounts as may accrue from the adjustment of the part of Old Account No. 1 which corresponds to the amounts owed to France by Lebanon referred to in article 9 below. Such sums shall not bear interest.

#### *Article 7*

One year before the expiry of this Agreement the Contracting Parties shall confer to decide whether the proviso referred to in article 5 is to remain in force in whole or in part.

In the event of its discontinuation, Old Account No. 1 shall be closed upon the expiry of this Agreement.

Any balance outstanding shall be credited to Old Account No. 2 to be disposed of as follows :

(a) If no exchange control restrictions are in force at the expiry of this Agreement all assets remaining in Old Account No. 2 may be used in such manner as the Lebanese Government may desire;

(b) If certain exchange control restrictions are in force at the time, all assets remaining in Old Account No. 2 may be used in accordance with the procedure set forth in article 3 of this Agreement.

The proviso in article 5 shall remain fully effective until the Contracting Parties agree on the terms of its renewal or until the final disposal of the amount in question.

## PART II

### SETTLEMENT OF CREDITS AND DEBTS

The French Government and the Lebanese Government hereby agree to adopt the following procedure for the general settlement of all credits and debts outstanding between them.

#### *Article 8*

French credits shall be determined as follows :

##### 1. *French property*

The French Government shall transfer and the Lebanese Government shall accept the premises listed in Annex I, in their present stage, the total value of which shall be fixed at the lump sum of 18 million Lebanese pounds, which shall be credited to France and debited to Lebanon.

The Lebanese Government shall direct its administrative and military personnel to vacate any French-owned premises which they may now occupy if they do not acquire title thereto under this article.

Premises belonging to the French State and situated in Lebanon other than those transferred in pursuance hereof, may be freely used or alienated by the French State subject to the laws and regulations in force in Lebanon.

##### 2. *Transfer of military equipment*

A lump sum of 1,640,000 Lebanese pounds shall be credited to France and debited to Lebanon in respect of military equipment in excess of the normal equipment of the units which is transferred by the French Government to the Lebanese Government at the time the special troops are transferred to Lebanon.

### 3. *Telephone system*

The sum of 80,000 Lebanese pounds shall be credited to France and debited to Lebanon in respect of the balance due to the French Government from the Lebanese Government in respect of the transfer of the Lebanese telephone system to Lebanon.

### 4. *Beyrouth broadcasting station*

The amount due in respect of the transfer by the French Government of the Beyrouth radio broadcasting station to the Lebanese Government, which has been fixed at the lump sum of 150,000 Lebanese pounds by an exchange of letters between the General Delegation of the French Government and the Lebanese Government shall be credited to France and debited to Lebanon.

### 5. *Flying control and meteorological equipment*

The sum representing the value of equipment belonging to the French State comprising the three flying control radio stations and the five meteorological stations operating in Lebanon and transferred to the Lebanese Government on 1 January 1947, which totals 130,000 Lebanese pounds, shall be credited to France and debited to Lebanon.

## *Article 9*

The total French credits listed in article 8, amounting to 20 million Lebanese pounds representing the aggregate owed by Lebanon, shall bear interest at the rate of 1 per cent per annum. This amount shall be paid in francs at the official rate of exchange of the French franc to the Lebanese pound on the date of payment.

The aforesaid payment shall be made by debiting Old Account No. 1 referred to in article 2 hereof in five equal annual instalments due on 30 June 1949, 30 June 1950, 30 June 1951, 30 June 1952 and 30 June 1953, respectively.

If the official parity reported to the International Monetary Fund between the pound sterling and the Lebanese pound should on any of the dates aforementioned exceed 8.83125, the amount of the instalment in Lebanese pounds shall be so increased as to leave unchanged the value of the said instalment in pounds sterling, calculated at the rate of exchange of 8.83125.

## *Article 10*

Within six months from the entry into force of this Agreement, the French Government shall submit to the Superior Council of Syrian and Lebanese Common Interests (Conseil supérieur des intérêts communs syro-libanais) or to any other body designated for that purpose jointly by the Syrian Government and the Lebanese Government, the sums and assets held by the French authorities for the account of Syrian and Lebanese common interests as specified in Annex III.

The said sums and assets shall be transferred, subject to the presentation by the Syrian Government and the Lebanese Government of an acquittance attesting to the satisfactory management of the relevant accounts and the assumption by those Governments of the liabilities of the French Government towards third parties.

#### *Article 11*

The French Government hereby renounces all claims against the Lebanese Government relating to rights and deeds prior to the date of signature of this Agreement and not mentioned herein.

The Lebanese Government hereby renounces all claims against the French Government relating to rights and deeds prior to the date of signature of this Agreement and not mentioned herein.

The above renunciations shall not become effective until this Agreement enters into force.

### PART III

#### COMMERCIAL PROVISIONS

#### *Article 12*

Exports and imports between the French Union and Lebanon shall in general be subject to the regulations and permit requirements of each of the countries concerned.

#### *Article 13*

With respect to products the importation and exportation of which is restricted, the Governments concerned shall through their respective representatives agree on the quantities that may be authorized for export and import and on the time-limits within which the approved quotas may be filled.

In establishing export quotas the Contracting Parties shall take into account the traditional pattern of trade between their countries and their particular economic needs.

In addition, the French Government shall endeavour by its exports to promote the flow of capital goods to Lebanon.

## PART IV

PROCEDURE FOR THE MOVEMENT OF FUNDS BETWEEN THE  
FRENCH UNION AND LEBANON*Article 14*

All payments between the French Union and Lebanon, except those relating to the transactions referred to in articles 2 and 3 hereof, shall be effected by debiting or crediting New Account No. 3 defined in article 4 hereof.

No transaction may be effected between the French Union and Lebanon in any currency other than the French franc or the Lebanese pound, without the express assent of the exchange control authorities of the Contracting Parties.

*Article 15*

Funds may be freely transferred by both Parties for the payment of goods provided that the transfers are effected through authorized agencies and relate to goods imported or exported in conformity with the general regulations and procedure in force in each country.

*Article 16*

1. Transfers from Lebanon to the French Union, except those provided for in article 15 hereof, shall be allowed irrespective of their nature or amount, but only through authorized agencies.

2. With respect to transfers of funds from the French Union to Lebanon other than those provided for in article 15 hereof, French exchange regulations shall, subject to certain restrictions, provide for the transfer of funds pertaining to :

- dependents' allotments and subsistence expenses,
- tuition expenses,
- miscellaneous income,
- insurance premiums and legal costs,
- the transfer of assets of Lebanese nationals who dispose of their undertakings in the French Union and settle permanently in Lebanon.

*Article 17*

The present procedure for the transfer of funds may be changed by agreement between the French monetary authorities and the Lebanese monetary



authorities. Such changes shall first be studied jointly by the exchange control authorities of the Parties. They shall be put into effect by the same authorities.

#### *Article 18*

The status of New Account No. 3 defined in article 4 hereof shall be examined periodically and at least once yearly by agreement between the Contracting Parties. If, as a result of such circumstances as a fluctuation in the balance of trade, this account should show an unfavourable balance, the exchange control authorities of the Parties shall act jointly to relax or intensify, as required, the procedure for the transfer of funds to Lebanon with a view to restoring the normal balance of the account.

#### *Article 19*

The Contracting Parties hereby undertake to adhere as strictly as possible to the general spirit of this Agreement in applying the principles set forth above. The Banque de Syrie et du Liban and the Syrian-Lebanese Exchange Control Board shall issue to the parties concerned whatever documents they may require.

#### *Article 20*

The Protocol dated 19 April 1944 laying down the Lebanese and Syrian exchange control regulations shall, not later than three months from the date on which this Agreement enters into force, be cancelled by mutual agreement and replaced by a new protocol.<sup>1</sup> The new protocol shall lay down the conditions for ensuring the co-operation essential to smooth financial relations between Lebanon and the French Union and to the possible participation of Lebanon in the agreements with France entered into by third countries for their payments with the franc area.

### PART V

#### MISCELLANEOUS PROVISIONS

#### *Article 21*

The French Government, desirous of taking into consideration the particular interests of Lebanese holders of securities in French companies operating in Syria and Lebanon, hereby undertakes to amend, for the benefit of such holders of securities and subject to the conditions set forth in Annex III, the present regulations for the deposit of French shares with the Central Securities Deposit and Transfer Office.

<sup>1</sup> See p. 127 of this volume.

Interest, dividends and other proceeds from the securities in such French companies, which will be represented by the certificates referred to in Annex III (paragraph A.1) shall be exempted from the French tax on income from transferable securities.

*Article 22*

This Agreement shall remain in force for a period of ten years. The Contracting Parties shall confer one year before the expiry of the Agreement to decide whether it shall be renewed for a further term or modified.

*Article 23*

The High Contracting Parties hereby agree that any differences arising in connexion with the application of this Agreement or of its annexes shall, at the request of the Party concerned, be submitted to the International Court of Justice for arbitration.

*Article 24*

This Agreement has been drawn up in two authentic copies, one for each of the Contracting Parties. It shall be submitted by the latter to their respective Parliaments for approval and ratified. It shall enter into force on the day following the exchange of the instruments of ratification, which shall take place in Paris.

IN WITNESS WHEREOF the undersigned, duly authorized for the purpose by their respective Governments, have affixed thereto their signatures.

DONE at Paris, on 24 January 1948.

(Signed) Georges BIDAULT  
(Signed) Hamid FRANGIEH

A N N E X I

LIST OF PREMISES OWNED BY THE FRENCH STATE IN LEBANON TO BE TRANSFERRED  
IN ACCORDANCE WITH ARTICLE 8 OF THE AGREEMENT SIGNED OF TO-DAY'S DATE

- Lyautey-Weygand barracks
- Military court
- Small garage at the military court
- Granger barracks
- Gey barracks
- Southern part of the Franchet-d'Esperey barracks
- Joffre barracks
- Desgré-Duloup barracks

- Lambrouin barracks
- The so-called “ musicians’ barracks ”
- Lot 3
- Former Rouessat petrol station
- Hammana Chabanieh and Hammana Amariam stores (excluding the parts restored to the former owner)
- Tripoli hospital
- Ablah camp
- Rayak aerodrome (excluding the parts occupied by the White Fathers, the Sisters of the Holy Family, and the D.H.P.), the right being reserved to remove the four so-called “ twin-arch ” hangars.

## ANNEX II

## STATEMENT OF ASSETS TO BE TURNED OVER BY FRANCE TO THE SUPERIOR COUNCIL OF COMMON INTERESTS

## A. Amounts due to “ common interests ” under the heading of deposit accounts transferred to “ common interests ” on 1 April 1944.

	<i>Lebanese pounds</i>	<i>Lebanese pounds</i>
(1) C.I. treasury funds . . . . .	5,660,000.00	
(2) C.I. deposit account : Ottoman Public Debt . . . . .	716,390.00	
(3) C.I. deposit account, monthly bond for former staff of the Ottoman Public Debt . . . . .	490.00	
(4) C.I. deposit account : reserve fund to cover the proceeds of the fixed rate paid by the Iraq Petroleum Company . . . . .	269,040.00	
(5) C.I. deposit account : tobacco monopoly . . . . .	6,090.00	
(6) C.I. deposit account : deductions for pensions of the local staff of the quarantine services . . . . .	18,940.00	
(7) C.I. deposit account : proceeds of the light-house surtax . . . . .	24,820.00	
(8) C.I. deposit account : proceeds from the securities covering coin issues of the Lebanese Republic . . . . .	8,550.00	
	<hr/>	
	6,704,320.00	

The following payments are to be deducted from the above total :

(a) Expenditure by the Paris and Marseilles offices to the account of the Syrian and Lebanese Governments . . . . .	903,226.39
(b) Payments made to the Lebanese Legation in France (12 April and 2 May 1945) . . . . .	18,750.00

(c) Appropriation to the credit of the provisional winding-up account of the mandate and "common interests" services . . . . .	2,775,000.00	
	<u>3,696,976.39</u>	<u>3,007,343.61</u>
To be added : the present balance of the provisional winding-up account of the mandate and "common interests" services . . . . .		581,953.25
		<u>3,589,296.86</u>
B. Advance for the account of French Equatorial Africa (purchase of moving picture equipment) . . . . .		20,000.00
C. Miscellaneous equipment taken over by the General Delegation (subject to verification) . . . . .		758,452.04
		<u>4,367,748.90</u>
D. Accounts not transferred to "common interests" on 1 April 1944 :		
(1) Share of the States in the profits of the Tripoli refinery . . . . .	9,871,848.60	
(2) Port of Alexandrette . . . . .	43,289.51	
(3) Sequestered assets of the Company for the construction of railways in Turkey . . . . .	81,672.42	
(4) Special fund for the suppression of disturbances . . . . .	3,487.46	
(5) Special fines fund . . . . .	24,068.47	
(6) Proceeds from Exchange Control Board fines and operations . . . . .	180,210.62	
(7) Armenian refugee relief fund . . . . .	23,727.00	
(8) Armenian refugee assistance fund . . . . .	291.00	
(9) Payments by the Nansen Office on winding-up . . . . .	4,913.00	
	<u>10,233,508.08</u>	
		<u>14,601,256.98</u>
F. (a) 2,875 shares in the Bagdad railway in respect of which 75,000 Lebanese pounds remain to be paid by the French syndicate to the shareholders, in kind.		
(b) 2,050 certificates representing Transjordan's share in the Ottoman Public Debt payable in kind.		
G. (a) 10,248 Turkish pounds gold, in kind.		
(b) 145 pounds sterling gold, seized by the Customs Administration and belonging to the "common interests", in kind.		
(c) Repayment to the "common interests" of the purchase price of 5,000 pounds sterling gold, purchased by the "common interests" treasury for the account of French Somaliland :		
Purchase price . . . . .	157,138.25	
1/2 per cent purchasing commission . . . . .	78.57	
	<u>157,216.82</u>	
TOTAL		<u>14,758,473.80</u>

## ANNEX III

PROCEDURE FOR SECURITIES HELD IN FRENCH COMPANIES  
OPERATING IN SYRIA AND LEBANON

In order to provide for the particular situation of Lebanese security holders and in order that securities held in French companies operating in Syria and Lebanon may be negotiated without difficulty or delay in Lebanon or on the Paris Stock Exchange, the following provisions shall be applied :

A. *Condition for depositing securities in the Central Securities Deposit and Transfer Office*

1. *Securities physically situated in Lebanon.* When such securities are called in to the Central Securities Deposit and Transfer Office, they shall be registered with a bank in Lebanon affiliated with the said Office.

The actual scrips shall be delivered to the Central Securities Deposit and Transfer Office and taken on account by the local bank affiliated with that Office. At the same time the bank shall issue to the holders resident in Lebanon in exchange for the securities deposited certificates made out to the bearer and negotiable locally under the same conditions as the securities that they deposit. Such certificates, which are intended solely for holders resident in Lebanon, shall be supplied to the bank by the issuing company. The latter shall take no part in the transaction other than to supply the bank with the trustee's document in due and proper form, and the bank affiliated to the Central Securities Deposit and Transfer Office shall bear the sole responsibility for the issue thereof.

As present holders resident in Lebanon and in possession of securities kept in Lebanon shall not be required to produce any proof of title, the certificate issued to such holders shall have the same safeguards, characteristics and advantages as the deposited security.

2. *Securities kept in France.* When securities kept in France by the bearers themselves or deposited in a bank are called in to the Central Securities Deposit and Transfer Office, they shall be deposited with the said Office. Such deposits shall not require the issue of a certificate but merely the opening of a file in the affiliated bank in the name of the depositor.

No particular proof of title shall be required in respect of securities already registered as Lebanese in banks in France.

However, such proof shall be required in respect of securities that have not yet been deposited in a bank. When such proof (affidavit of ownership) is found to be satisfactory, the bank shall proceed to open a Lebanese file which shall be subject to the procedure governing such files.

3. *Securities already deposited with the Central Securities Deposit and Transfer Office.* If such securities have been received for the account of Lebanese holders by a French bank in Lebanon or a bank in France, they shall be subject to the procedures set forth in paragraphs 1 and 2. Thus, in the first case the affiliated bank shall issue the certificate to the holder, and in the second case the affiliated bank in France shall proceed to open a Lebanese file.

### B. *Conditions for the negotiation of securities*

Certificates issued in Lebanon shall, as stated, be negotiable there by manual delivery but they may also be transferred to holders resident in France.

In such a case the certificate shall be delivered to the bank of deposit in support of the transfer order; the bank shall cancel the certificate and affect the transaction by means of a transfer in its books from the Lebanese file to a domestic French file.

Conversely, any security of a French company operating in Lebanon which is entered in due form in the Lebanese file in France may be transferred, in the books of the Central Securities Deposit and Transfer Office, to the file of a Lebanese bank affiliated to that Office, whereby the bank shall issue a certificate to the holder in the manner prescribed in the foregoing paragraph.

## EXPLANATORY PROTOCOL

The Government of the French Republic and the Government of the Lebanese Republic, desirous of avoiding any misinterpretation of the Monetary and Financial Agreement that they concluded on 24 January 1948, have agreed to attach this Explanatory Protocol to the said Agreement.

### *Article 1*

With regard to the second paragraph of article 9, the sum of 20 million Lebanese pounds, representing the total amount owed to France by the Lebanese Government, shall be repaid by the latter in five equal payments out of Old Account No. 1 on 30 June of the years 1949, 1950, 1951, 1952 and 1953, respectively.

It is understood that these dates are fixed merely for convenience and do not preclude the right of the Lebanese Government to pay all or part of its debt in advance thereof.

### *Article 2*

In clarification of article 2, paragraph 2 :

(a) 1 January 1953 is fixed as the date from which transfers may be made from Old Account No. 1 to New Account No. 3, to conform with the dates specified in article 9 for the payment of debts owed to France.

Accordingly, if the Lebanese Government should take advantage of the opportunity to pay its debt in advance, referred to in the preceding article hereof, the transfers in question could commence as from the year in which the debts owed to France are paid in full.

(b) The three months' notice requirement is designed merely to keep the Treasury of the French Government making its estimates and may in no case

be quoted as a reason for contesting or discussing in any way the absolute right of the Lebanese Government to the yearly transfer to New Account No. 3 of one-tenth of the original sum entered in Old Account No. 1.

#### *Article 3*

Under article 2, paragraph 3, the Parties are empowered in certain cases to transfer amounts from Account No. 1 to Account No. 3 in excess of the amounts laid down in paragraph 2 of that article.

In regard to article 19 of the Agreement, the Parties hereby declare, in the light of the other provisions of the Agreement and more particularly the provisions of part III and article 18, that the words "desirable" and "any other reason" contained in article 2, paragraph 3, should be interpreted broadly.

For example, it would be "desirable" to exceed the amount transferred to Account No. 3 provided for in paragraph 2 if, following the exhaustion of Account No. 2, Account No. 3 shows a deficit.

#### *Article 4*

It shall be understood that the time-limits mentioned in article 3, paragraph 2, for the purchase of European currencies other than French franc may exceed one year from the date of the entry into force of the Agreement only with the consent of both Parties.

#### *Article 5*

The words "should the occasion arise" in article 3, paragraph 3, mean that Lebanon may request the transfer in question to be made at any time.

#### *Article 6*

The second paragraph of article 14 means merely that a resident of one of the two contracting countries may not enter into any commitment with a resident of the other country or accept such a commitment from him in any currency other than the French franc or the Lebanese pound save by authorization of the exchange control authority of his own Government.

#### *Article 7*

The new Protocol provided for in article 20 shall establish the independence of the Lebanese exchange control.

## ANNEXED LETTERS

## I

24 January 1948

Your Excellency,

I have the honour to inform you, with reference to the provisions of article 5 of the Agreement signed today, that, to comply with the desire expressed by the Lebanese Government, the French Government has agreed to waive adjustment of Old Account No. 1 should the Lebanese Government for economic reasons, on its own initiative or by agreement with the International Monetary Fund, change the official rate of exchange between the Lebanese pound and the pound sterling.

The final version of article 5 of the Agreement signed today is drafted in this sense.

The French Government further agrees with the Lebanese Government on the following :

Old Account No. 1 shall be divided into two sub-accounts to be known as sub-account A and sub-account B.

Only the original sum mentioned in article 2 will be credited to sub-account A.

The amounts resulting from the transactions referred to in article 2 shall be debited to sub-account A. The debiting of such transactions to the sub-account shall be compulsory. Such transactions shall not affect sub-account B unless by the application of article 2, paragraph 3, the funds in sub-account A have been completely exhausted.

The amounts resulting from the adjustments mentioned in article 5 shall be credited or debited to sub-account B.

Sub-account B may not show a debit balance. Consequently, in the event of an adjustment to be made by debit against sub-account B, if sub-account B does not contain sufficient funds therefor, all or part of the adjustment shall be postponed until subsequent deposits make such adjustment possible.

Any adjustment that cannot be made during the term of the Agreement by debit against sub-account B shall be made at the expiry of the Agreement by debit against sub-account A.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

## II

24 January 1948

Your Excellency,

With reference to annex II of the Agreement signed today, I have the honour to confirm that after the entry into force of the Agreement the French representative in Lebanon and the services of the Superior Council of Common Interests (Conseil supérieur des intérêts communs) shall jointly examine expenditure charged since 1 January 1944



or to be charged against the "Provisional Winding-up Account of the Mandate and Common Interests Services".

If it is found that this account has, since 1 January 1944, been charged with expenditure other than that relating to the winding-up of the various administrative organs of the mandate and the "common interests" services, the amount of such expenditure shall be added to the amounts listed in Annex II and shall be covered by a supplementary payment by the French authorities to the Superior Council of Common Interests.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

### III

24 January 1948

Your Excellency,

The amounts that you have listed as payable by the French Government to the Superior Council of Common Interests, in pursuance of article 10 of the Agreement signed today, include the following :

1. £L 25,695.80 Profit from the operation of the Beyrouth-Aleppo-Missibine Railway and its extensions
2. £L 296,163.30 Operation of the Bagdad Railway under sequestration
3. £L 214,109.74 Reserve fund of the management of the Syrian Bagdad lines

As you know, the mandatory Power, as custodian of the Bagdad Railway Company, had to arrange for the operation of certain sectors of that line, both Turkish and Syrian from 1919 to 1945.

In that connexion, it not only received the proceeds of the operation, represented by the above figures, but also advanced various sums which have not yet been repaid. Such advances include the sum of 1,175,000 Syro-Lebanese pounds spent on repairs and supplies.

Accordingly, the French Government cannot release the proceeds from the operation of the railway that it holds for the account of the Imperial Bagdad Railway Company, until the advances in question have been repaid.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

### IV

24 January 1948

Your Excellency,

With reference to article 10 of the Agreement between France and Lebanon signed today, I have the honour to inform you that, notwithstanding the provisions of that article, the French Government reserved all the rights which it is entitled to exercise

jointly with the British and United States Governments on behalf of the eighteen nations comprising the Inter-Allied Reparations Agency, with respect to German property seized in Lebanon in pursuance of any decisions which may be adopted by the Reparations Commission.

The waiver contained in article 10 cannot therefore be construed as preventing the French Government from availing itself of the rights in question should the necessity arise.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

V

24 January 1948

Your Excellency,

1. With reference to the provisions of Part IV of the Agreement signed today concerning the movement of funds between the French Union and Lebanon, I have the honour to inform you that the French Government agrees to make the following amendments to the procedure established by Notice No. 225 of the French Exchange Office concerning the movement of funds between metropolitan France and the overseas territories in the franc area and Lebanon. These amendments will be published in a corrigendum.

A. *Dependent's allotments* (Part II, para. 2)

The maximum monthly amount transferable under the heading of dependent's allotments is increased from 10,000 to 25,000 French francs.

B. *Subsistence expenses* (Part II, para. 3)

The maximum amount transferable for subsistence expenses is increased from 25,000 francs for the head of the family and 5,000 francs for each dependent under his care or accompanying him, to 45,000 francs for the head of the family and 15,000 francs for each dependent in his care or accompanying him.

2. I also confirm that the necessary instructions will be issued to the Exchange Offices of Metropolitan France and the territories of the French Union directing them to adopt the following procedure :

(A) On production of the customary proof, to permit the transfer of funds to Lebanon for payment of individual subscriptions to Lebanese newspapers;

(B) Subject to the conditions set forth hereinafter, to permit the transfer of funds to Lebanon for the payment of tuition expenses :

(a) The applicant must produce a statement of fees prepared by the head of the educational institution for which the transfer is requested and approved by the Lebanese authorities. The signature of the authorities must be certified by the French Consul of the place in which the school is situated. Such costs may be paid in advance for each school year subject to the subsequent production of receipts proving that

the funds thus transferred in advance have been properly used. Where such proof is not produced, no further transfer of advance payments shall be permitted;

- (b) The applicant must submit a declaration certifying that he has no funds in Lebanon with which he could pay the costs in question locally;
- (c) The costs of education must have been incurred by the children of the applicant unless he can prove by a certificate issued by the local Lebanese authorities and legalized by the French Consul that :
- the father of the child concerned is dead,
  - the child is in the exclusive care of the person (grandfather, uncle, brother) requesting the transfer;
- (d) The maximum amount transferable yearly for each student shall be :

(1) For *boarding* pupils including both tuition fees and cost of room and board :

- £L 1,200 for primary school pupils,
- £L 1,500 for secondary pupils,
- £L 2,400 for university students;

(2) For *day* pupils : School fees exclusive of the cost of room and board and all other costs. Day pupils may also receive authorized allotments provided that the total amount received under both headings does not exceed the amount transferable for boarding pupils;

- (e) The school fees in respect of which transfer is requested must be commensurate with the personal situation of the applicant.

(C) On production of the customary proof, to permit the transfer of funds to Lebanon for the payment of insurance premiums or legal costs by Lebanese residents of the French Union, provided that the applicants prove that they do not have funds in Lebanon with which they could pay the costs in question locally.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

VI

24 January 1948

Your Excellency,

With reference to the Agreement signed today and the Agreement concluded on 19 April 1944 between the Syrian Government and the Lebanese Government, the General Delegation and the Banque de Syrie et du Liban, Office of Issue, I should be

grateful if you would kindly confirm that the Lebanese Government recognizes the validity of the denunciation of the final paragraph of the latter Agreement which was notified by the Banque de Syrie et du Liban to the Minister of Finance by letter of 10 September 1946, and that Lebanon consequently assumes the exchange risks that that institution has accepted in respect of the assets held by it as office of issue and agent of the Syrian-Lebanese Exchange Office.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

VII

24 January 1948

Your Excellency,

I have the honour to inform you that the French Government is henceforth prepared to issue to all importers on request licences authorizing the purchase of citrus fruits in Lebanon during the next six months up to a total of 300 million francs.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

VIII

24 January 1948

Your Excellency,

The French Government agrees to increase the amount of termination allowance paid by the French military authorities to Lebanese civilian employees who were employed by those authorities under contract, to 30 days' pay for each year of service since July 1941.

Within two months from the date of signature of this letter the Lebanese Government will transmit to the French Government nominal rolls of the persons concerned listed by service, with the names and data suitable for identifying the applicants, the length of service claimed in support of the application, and the dates on which their employment began and ended in the undertakings concerned. The supporting documents must be certified by the Lebanese authorities.

With a view to the immediate payment of this additional allowance the Government agrees to make available to the Lebanese Government, upon the entry into force of the Agreement signed today, the sum of 3 million Lebanese pounds, which will be deducted from the French credit with Lebanon as defined in article 9 of the Agreement of today's date.

When the payments have been completed by the Lebanese authorities and the records verified by the French authorities, the amount to be remitted by the French Government will be adjusted, as stated above, by agreement between the two Governments.

Should such adjustment result in a credit balance against the Lebanese Government and in favour of the French Government, the first of the payments referred to in the aforementioned article 9 which falls due after the date of the adjustment will be increased accordingly.

On the other hand, should the adjustment require a supplementary payment by the French Government to the Lebanese Government, the first payment referred to in the aforesaid article 9 which falls due after the date of adjustment will be decreased accordingly.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

IX

24 January 1948

Your Excellency,

You have been good enough to inform me that, if the Syrian Government should not adhere to the French and Lebanese Financial Agreement signed today or to a similar agreement and if the balance of payments between Lebanon and Syria should result in a deficit for Lebanon, the latter might be compelled to use currencies other than the Lebanese pound and the franc for the payment of essential commodities originating in Syria if unobtainable from the franc area at the same prices.

Should the circumstances referred to above arise, the French Government would agree to a revision, by mutual agreement of the Contracting Parties, of the proportion and time-limits provided for in article 2, paragraph 2, of the Agreement in conformity with the general spirit of the Agreement signed today.

These concessions may not, however, be construed as authorizing any increase in the part of Old Account No. 2 that may be used for the purchase of European currencies over three-fifths of the total amount.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

X

24 January 1948

Your Excellency,

I have the honour to confirm, on the occasion of the signature of the Agreement of today's date, that the commitments previously entered into by the French Government with respect to the allocation of foreign exchange to Lebanon for the third quarter of 1947 remain unchanged.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

## XI

24 January 1948

Your Excellency,

With reference to the Agreement signed today, I have the honour to inform you that the French Government regards the sum of 8,000 million referred to in article 2 of the Agreement as a provisional figure. The final estimate of the amount to be credited to Old Account No. 1 will be made when exact information is available on the distribution as between Syria and Lebanon of French assets in the Banque de Syrie et du Liban on the date of signature of the said Agreement.

The sum in francs to be credited to Old Account No. 1 on the date of signature will then be determined in such a manner that the ratio of that amount to the figure of 16,000 million will be equivalent to the ratio of the amount of Lebanese franc assets in the Banque de Syrie et du Liban to the total amount in francs of the bank's assets used to back Lebanese and Syrian currency that is on deposit in the Office of Issue account at the close of business on 24 January.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic

## XII

24 January 1948

Your Excellency,

I have the honour to acknowledge receipt of your letter of this date stating as follows :

“ The Lebanese Government, considering that, in view of the termination of the mandate and the proclamation of Lebanese independence, it may be desirable to make certain modifications in the acts and annexes governing the concessions of French companies or companies financed by French capital operating in Lebanon and the provisions governing the execution thereof, proposes to initiate conversations with each of the said companies in the spirit of the negotiations already held in this connexion.

“ The purpose of these conversations will be to seek a solution, by contractual means and under the legislation now in force, that will enable the Lebanese Government to submit the modifications in question to Parliament for approval.

“ Pending the entry into force of the said modifications, the Acts, annexes and texts governing the concessions of these companies on 1 January 1944 will remain in force.

“ This *modus vivendi* is in keeping the various provisions of the Agreement of today's date.”

The French Government agrees with the purport of the above letter.

I have the honour to be, etc.

His Excellency Mr. Hamid Bey Frangieh  
Minister of Foreign Affairs of the Lebanese Republic