

No. 2680

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**UNITED KINGDOM OF GREAT BRITAIN  
AND NORTHERN IRELAND  
and  
FEDERAL REPUBLIC OF GERMANY**

**Agreement (with exchange of letters) for repayment and  
offset. Signed at Paris, on 10 July 1954**

*Official text: English.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on  
5 October 1954.*

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**ROYAUME-UNI DE GRANDE-BRETAGNE  
ET D'IRLANDE DU NORD  
et  
RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE**

**Accord de remboursement et de compensation (avec échange  
de lettres). Signé à Paris, le 10 juillet 1954**

*Texte officiel anglais.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le  
5 octobre 1954.*

No. 2680. AGREEMENT<sup>1</sup> FOR REPAYMENT AND OFFSET BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE FEDERAL REPUBLIC OF GERMANY. SIGNED AT PARIS, ON 10 JULY 1954

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Federal Republic of Germany (hereinafter referred to as the Federal Government),

Desiring to make arrangements to provide for the repayment of part of the credits granted to the United Kingdom by the European Payments Union (hereinafter referred to as the Union) and by the Federal Republic of Germany (hereinafter referred to as Germany) to the Union under the Agreement for the Establishment of the Union, signed in Paris on September 19, 1950 (hereinafter referred to as the European Payments Agreement)<sup>2</sup>,

Have agreed as follows :—

*Article I*

The Government of the United Kingdom shall repay a total amount of one hundred and forty million units of account, as defined in Article 26 of the European Payments Agreement (hereinafter referred to as units of account), owed by the United Kingdom to the Union as follows :—

- (a) by a payment of the equivalent of thirty-five million units of account to the Federal Government on the value date of the Union for the month of June, 1954, and
- (b) by payment of the balance of the above-mentioned total amount in annual instalments of seven and one-half million pounds sterling to be paid to the Federal Government on August 1 in each year. The payment of the first instalment shall be made on August 1, 1954. If, however, on July 31 in any year, the balance outstanding of the above-mentioned total amount is less than the equivalent of seven and one-half million pounds sterling, calculated at the rate of exchange mentioned in Article III of the present Agreement, the amount of the instalment which shall be paid on August 1 following that date shall be the sterling equivalent, calculated at the same rate of exchange, of that outstanding balance.

<sup>1</sup> Came into force on 10 July 1954, as from the date of signature, in accordance with article X  
<sup>2</sup> United Kingdom : "Miscellaneous No. 14 (1950)," Cmd. 8064.

On the liquidation of the Union, the provisions of sub-paragraph (b) of this Article shall cease to have effect.

#### *Article II*

- (a) The payment made under Article I (a) of the present Agreement may, at the option of the Government of the United Kingdom, be made (i) in gold or (ii) in United States dollars calculated at the official price for gold of the United States Treasury at the date of payment or (iii) in any other currency acceptable to the Federal Government. If the payment is made otherwise than in gold or United States dollars the amount of the payment shall be calculated at a rate of exchange, between the unit of account and the currency of payment, agreed between the two Contracting Governments.
- (b) The instalments referred to in Article I (b) of the present Agreement shall be paid in registered sterling which shall be used on the same day to pay the instalment which will fall due from the Federal Government to the Government of the United Kingdom under the Agreement regarding the Settlement of the United Kingdom Claim in respect of Post-War Economic Assistance to Germany signed in London on February 27, 1953.<sup>1</sup>

#### *Article III*

Each payment made under Article I of the present Agreement shall be reported to the Agent for the Organisation for European Economic Co-operation (hereinafter referred to as the Agent) in order that adjustments may be made in the credits granted by the Union to the United Kingdom and the credits granted by Germany to the Union. These adjustments will be made in accordance with the provisions of the European Payments Agreement and the decisions of the Organisation for European Economic Co-operation relating thereto. The rate of exchange between sterling and the unit of account used for calculating the number of units of account to be reported to the Agent shall be that notified to him by the United Kingdom for the purpose of the operations in respect of the month of June in each year, unless another rate has been subsequently notified to him before August 1.

#### *Article IV*

If, at any date before the liquidation of the Union, the United Kingdom ceases to be a debtor of the Union or Germany ceases to be a creditor of the Union, the present Agreement shall cease to be operative upon the expiration of a period of 28 days after that date, unless before the expiration of that period the Government of the country which ceases to be a debtor or a creditor as the case may be by notice in writing to the other Contracting Government requests that the Agreement shall continue in force.

<sup>1</sup> United Kingdom: "Germany No. 2 (1953)," Cmd. 8782.

*Article V*

(a) If, on the liquidation of the Union, the United Kingdom's debt to Germany, established in accordance with the provisions of the European Payments Agreement, is less than or equal to the balance outstanding of the total amount referred to in Article I of the present Agreement, the amount due under the present Agreement from the Government of the United Kingdom to the Federal Government shall be the amount so established, which shall be converted into deutschemarks at the rate of exchange between the unit of account and the deutschemark communicated by Germany to the Agent for the purposes of the final operations under the European Payments Agreement.

(b) The amount due in accordance with the provisions of sub-paragraph (a) of this Article shall be repaid to the Federal Government in deutschemarks by annual instalments on August 1 of each year. The first instalment shall be paid on August 1 following the date of liquidation of the Union. The amount of each instalment shall be the deutschemark equivalent of seven and one-half million pounds sterling calculated at the middle closing rate ruling in the London Foreign Exchange market on the working day preceding the date of payment of each instalment. If, however, the balance outstanding of the amount due in accordance with the provisions of sub-paragraph (a) of this Article is less, at any time, than the deutschemark equivalent of seven and one-half million pounds sterling, calculated at the rate of exchange referred to in the preceding sentence, the amount to be repaid by the Government of the United Kingdom shall be the amount of that outstanding balance.

*Article VI*

With effect from the date of liquidation of the Union, interest, at the rate of 3 per cent. per annum, shall be paid on August 1 in each year by the Government of the United Kingdom to the Federal Government in deutschemarks on any balance from time to time outstanding under the present Agreement.

*Article VII*

The payments to the Federal Government referred to in the present Agreement shall be made to the Bank deutscher Länder.

*Article VIII*

The Government of the United Kingdom shall have the right on August 1 in any year or at any other time after consultation with the Federal Government to repay all or any of the instalments referred to in the present Agreement on a date or dates earlier than those provided for in the Agreement. The currency of any such repayment shall be agreed between the two Contracting Governments.

*Article IX*

If, at any date before the liquidation of the Union, the United Kingdom or Germany or both withdraw from the Union, the provisions of the present Agreement shall apply as though the Union had been liquidated on that date.

*Article X*

The present Agreement shall enter into force on the date of signature.

IN WITNESS WHEREOF the undersigned, being duly authorised by their respective Governments, have signed the present Agreement and have affixed thereto their seals.

DONE in duplicate at Paris this 10th day of July, 1954, in the English language.

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

For the Government of the Federal Republic of Germany :

[L.S.] Hugh ELLIS-REES

[L.S.] K. WERKMEISTER

## EXCHANGE OF LETTERS

## I

*The Head of the Delegation of the Federal Republic of Germany to the Organisation for European Economic Co-operation to the Head of the United Kingdom Delegation to that Organisation*

Paris, July 10, 1954

Your Excellency,

I have the honour to refer to the Agreement signed to-day by the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Federal Republic of Germany (hereinafter referred to as the Agreement) concerning the repayment of part of the credits granted by the European Payments Union (hereinafter referred to as the Union) to the United Kingdom and by the Federal Republic of Germany (hereinafter referred to as Germany) to the Union under the Agreement for the Establishment of the Union, signed in Paris on September 19, 1950 (hereinafter referred to as the European Payments Agreement), and to discussions which have taken place in Paris between representatives of the two Governments concerning the terms of repayment of any debt additional to that covered by the Agreement, which may be due on the liquidation of the Union from the United Kingdom to Germany arising from the provisions of the European Payments Agreement.

2. The Government of the Federal Republic of Germany (hereinafter referred to as the Federal Government) propose that—

- (a) If, on the liquidation of the Union, the United Kingdom debt to Germany, established in accordance with the provisions of the European Payments Agreement, is greater than the balance outstanding of the total amount referred to in Article I of the Agreement, an amount equal to that outstanding balance shall be repaid in accordance with the provisions of Article V of the Agreement and the excess shall be converted from units of account into deutschemarks at the rate of exchange mentioned in Article V (a) of the Agreement and shall be repaid by the Government of the United Kingdom to the Federal Government by annual instalments of the deutschemark equivalent of £ 7<sup>1</sup>/<sub>2</sub> million calculated at the middle closing rate ruling in the London Foreign Exchange market on the working day preceding the date of payment of each instalment.
- (b) These instalments shall be paid on August 1 in each year and the first of them shall be paid on the first day of August immediately following the repayment in full of the total amount referred to in Article I of the Agreement. If the amount of the final instalment paid under Article V of the Agreement is less than the deutschemark equivalent of £ 7<sup>1</sup>/<sub>2</sub> million, calculated at the middle closing rate of exchange ruling in the London Foreign Exchange market on the working day preceding the date of payment of the instalment, the difference between the two amounts shall be used to repay part of the debt covered by paragraph 2 (a) of this letter.
- (c) Interest, at the rate of 3 per cent. per annum, shall be paid on August 1 in each year by the Government of the United Kingdom to the Federal Government in deutschemarks on any balance from time to time outstanding in accordance with the provisions of the preceding sub-paragraphs.
- (d) The payments to the Federal Government in accordance with the preceding sub-paragraphs shall be made to the Bank deutscher Länder.
- (e) The Government of the United Kingdom shall have the right on August 1 in any year or at any other time after consultation with the Federal Government to repay all or any of the instalments referred to in the preceding sub-paragraphs on a date or dates earlier than those provided for therein. The currency of any such repayment shall be agreed between the two Contracting Governments.
- (f) If, at any date before the liquidation of the Union, the United Kingdom or Germany or both withdraw from the Union, the preceding sub-paragraphs shall apply as though the Union had been liquidated on that date.

3. If the Government of the United Kingdom agree with the proposals made in this letter, I have the honour to suggest that this letter together with

your reply to that effect shall be regarded as constituting an agreement between the two Governments.

I have, &c.

K. WERKMEISTER

II

*The Head of the United Kingdom Delegation to the Organisation for European Economic Co-operation to the Head of the Delegation of the Federal Republic of Germany to that Organisation*

Paris, July 10, 1954

Your Excellency,

I have the honour to acknowledge the receipt of your letter of July 10, 1954, reading as follows :—

[*See letter I*]

In reply, I have the honour to inform your Excellency that the Government of the United Kingdom agree with the proposals made in your letter, and will regard that letter and this reply as constituting an agreement between the two Governments.

I have, &c.

Hugh ELLIS-REES