

No. 2683

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

**Agreement (with exchange of notes) for repayment and
amortisation. 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.*

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

**Accord de remboursement et d'amortissement (avec échange
de notes). 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. 2683. AGREEMENT¹ FOR REPAYMENT AND AMORTISATION BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND PORTUGAL. SIGNED AT PARIS, ON 10 JULY 1954

The Government of the United Kingdom of Great Britain and Northern Ireland and the Portuguese 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 Portugal 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),²

Have agreed as follows :—

Article I

The Government of the United Kingdom shall repay a total amount of eleven 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 two and three-quarter million units of account to Portugal 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 equal monthly instalments of the equivalent of 98,214·2857 units of account to be paid to Portugal on the value date of the Union for each month. The payment of the first instalment shall be made on the value date of the Union for the month of July 1954.

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

Article II

Any payment made under Article I of the present Agreement may, at the option of the Government of the United Kingdom, be made (i) in gold or (ii) in

¹ Came into force on 10 July 1954, as from the date of signature, in accordance with article X.

² United Kingdom: "Miscellaneous No. 14 (1950)," Cmd. 8064.

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 Portuguese Government. The amount of any payment made otherwise than in gold or United States dollars shall be calculated at a rate of exchange, between the unit of account and the currency of payment, agreed between the two Contracting Governments.

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 Portugal 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.

Article IV

If, at any date before the liquidation of the Union, the United Kingdom ceases to be a debtor of the Union or Portugal ceases to be a creditor of the Union, the present Agreement shall terminate upon the expiration of a period of 28 days after that date, unless before the expiration of that period the two Contracting Governments agree that it shall continue in force.

Article V

(a) If, on the liquidation of the Union, the United Kingdom's debt to Portugal, established in accordance with the provisions of the European Payments Agreement, is greater than or equal to the balance outstanding of the total amount referred to in Article I of the present Agreement :—

- (i) That balance shall be converted into Portuguese escudos at the rate of exchange between the unit of account and that currency communicated by Portugal to the Agent for the purposes of the final operations under the European Payments Agreement and shall be repaid by the Government of the United Kingdom to Portugal in that currency in equal semi-annual instalments, the first of which shall be made six calendar months after the date of liquidation of the Union and the last of which shall be made on June 30, 1961, unless the whole of the balance shall have been repaid before that date. If, however, the last instalment relates to a period of less than six calendar months, the amount of that instalment shall be calculated on the basis of the proportion which the period covered by that instalment bears to a period of six calendar months and the amounts of the preceding instalments shall be adjusted accordingly.

- (ii) The terms of settlement of the excess, if any, shall be determined in accordance with the provisions of Annex B of the European Payments Agreement.

(b) If, on the liquidation of the Union, the United Kingdom's debt to Portugal, established in accordance with the provisions of the European Payments Agreement, is less than the balance outstanding of the total amount referred to in Article I of the present Agreement, the amount repayable by the Government of the United Kingdom to the Portuguese Government in accordance with the provisions of paragraph (a) (i) of this Article shall be the amount of the United Kingdom's debt to Portugal established in accordance with the provisions of the European Payments Agreement ; but the two Contracting Governments shall consult together to decide the extent to which the instalments, the period, and the rate of interest mentioned in Article VI of the present Agreement, or any of them, shall be reduced.

Article VI

With effect from the date of liquidation of the Union, interest, at the rate of three per cent. per annum, shall be paid semi-annually, on the same dates as the instalments referred to in Article V of the present Agreement, by the Government of the United Kingdom to Portugal in Portuguese escudos on any balance from time to time outstanding of the amount repayable by the Government of the United Kingdom to Portugal in accordance with the provisions of Article V (a) (i) or Article V (b) of the present Agreement.

Article VII

The payments to Portugal referred to in the present Agreement shall be made to the Bank of Portugal.

Article VIII

The Government of the United Kingdom shall have the right at any time 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.

Article IX

If, at any date before the liquidation of the Union, the United Kingdom or Portugal 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 :

[L.S.] Hugh ELLIS-REES

For the Portuguese Government :

[L.S.] RUY T. GUERRA

EXCHANGE OF NOTES

I

The Head of the Portuguese Delegation 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 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Portuguese Government (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 Portugal 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 implementation of certain Articles of the Agreement.

2. Since sub-paragraph (b) of paragraph 2 of the Directives for the Application of the Agreement for the Establishment of the Union provides that the amounts of the repayment instalments shall be reported to the Agent in thousands of units of account, the Portuguese Government propose that the actual amounts of the monthly instalments paid each month by the Government of the United Kingdom to the Bank of Portugal under Article I (b) and Article VII of the Agreement shall be the equivalent of 98,000 units of account ; the residual balances of the equivalent of 214·2857 units of account being carried forward each month until their sum exceeds the equivalent of 1,000 units of account, when the amount of the instalment in that month shall be increased to the equivalent of 99,000 units of account and any remaining balance carried forward.

3. With regard to the manner of any gold payments made by the Government of the United Kingdom under Article II of the Agreement, the Portuguese Government propose that any payments made to the Bank of Portugal in gold by the Government of the United Kingdom under this Article shall be made, at the option of the Government of the United Kingdom, in either of the following centres :—

Bank of England, London.

Federal Reserve Bank of New York, New York.

The bars used for making these payments shall be of a fineness of 995 per mille or over, and shall otherwise conform to the specifications necessary to be of good delivery in London. Such gold payments shall be made to the nearest bar and any balance shall be paid in United States dollars.

4. It is the understanding of the Portuguese Government that the provisions of Article V (b) of the Agreement are without prejudice to the operation of the procedure provided in paragraph 18 of Annex B of the European Payments Agreement for the determination of the terms of settlement of the bilateral credits granted in accordance with paragraphs 16 and 17 of that Annex.

5. 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 avail, &c.

Ruy T. GUERRA

II

The Head of the United Kingdom Delegation to the Organisation for European Economic Co-operation to the Head of the Portuguese Delegation 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 note 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