

No. 2684

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

**Agreement (with exchange of letters) for repayment and
amortisation. Signed at Paris, on 28 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
SUÈDE**

**Accord de remboursement et d'amortissement (avec échange
de lettres). Signé à Paris, le 28 juillet 1954**

Texte officiel anglais.

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

No. 2684. AGREEMENT¹ FOR REPAYMENT AND AMORTISATION BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND SWEDEN. SIGNED AT PARIS, ON 28 JULY 1954

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Sweden,

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 Sweden 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 forty-eight 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 twelve million units of account to Sweden 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 428,571·4285 units of account to be paid to Sweden 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

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

¹ Came into force on 28 July 1954, as from the date of signature, in accordance with article XIV.

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

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 Sweden. 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 Parties.

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 Sweden to the Union. These adjustments shall 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 Sweden 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 Parties agree that it shall continue in force.

Article V

If, on the liquidation of the Union, the United Kingdom's debt to Sweden, 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—

- (a) that balance shall be converted into Swedish kronor at the rate of exchange between the unit of account and that currency communicated by Sweden to the Agent for the purposes of the final operations under the European Payments Agreement, and
- (b) 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.

Article VI

(a) The balance so converted shall be represented by bonds denominated in Swedish kronor issued by the Government of the United Kingdom to Sweden.

(b) Each bond shall be for an amount in Swedish kronor equivalent, at the rate of exchange mentioned in Article V of the present Agreement, to 5,142,857·1428

units of account. If, however, the final period of renewal of the bond, whose final maturity date will be June 30, 1961, is less than one year, the amount of that bond shall be reduced proportionately.

Article VII

The bonds issued under Article VI of the present Agreement shall be repayable in Swedish kronor and shall mature as follows :—

- (a) The first bond shall be repayable in two equal instalments, the first falling due six calendar months and the second twelve calendar months after the date of liquidation of the Union.
- (b) The second bond shall be repayable in two equal instalments, the first falling due eighteen calendar months and the second twenty-four calendar months after the date of liquidation of the Union.
- (c) The remainder of the bonds shall mature two years after the liquidation of the Union and shall be automatically renewed to provide serial annual maturities so as effectively to repay the balance outstanding of the total amount referred to in Article I of the present Agreement by June 30, 1961. Each of these bonds shall be repayable in two equal instalments, one of which shall fall due six calendar months before the final date of maturity of that bond and the other on that date. If the final bond has less than six months to run, it shall be paid in full on June 30, 1961. If it has longer than six months to run, the Swedish kronor equivalent, at the rate of exchange mentioned in Article V of the present Agreement, of 2,571,428·5714 units of account shall be paid six calendar months after the final date of maturity of the bond maturing immediately before it, and the balance of the amount of the final bond shall be repaid on June 30, 1961.

Article VIII

The bonds issued under Article VI of the present Agreement shall bear interest, at the rate of three per cent. per annum, calculated and payable in Swedish kronor half-yearly on the dates on which instalments fall due under Article VII.

Article IX

Sweden shall have the right, in case of need and after consultation with the Government of the United Kingdom—

- (a) to offer for sale to the Bank for International Settlements any one or any two bonds of those referred to in Article VII (c) of the present Agreement at any time after the date of liquidation of the Union, and
- (b) to present to the Government of the United Kingdom any one or any two bonds of those referred to in Article VII (c) of the present Agreement for retire-

ment, on terms to be agreed, at any time after two years from the date of liquidation of the Union.

Article X

If, on the liquidation of the Union, the United Kingdom's debt to Sweden, 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 in accordance with the provisions of Article V, Article VI and Article VII of the present Agreement shall be the amount of the United Kingdom's debt to Sweden established in accordance with the provisions of the European Payments Agreement ; but the two Contracting Parties shall consult together to decide the extent to which the amount of the bonds, the instalments, the period and the rate of interest payable in accordance with the provisions of Article VIII of the present Agreement, or any of them, shall be reduced.

Article XI

The Government of the United Kingdom shall have the right—

- (a) before the date of liquidation of the Union, to repay all or any of the instalments referred to in Article I (b) of the present Agreement on value dates of the Union earlier than those provided for in that Article, and
- (b) after the date of liquidation of the Union, to repay all or any of the bonds and instalments referred to in Article VI and Article VII of the present Agreement on any date or dates earlier than those provided for in Article VII of the present Agreement, but payment shall in no case be made on a date or dates other than those specified in one or more of the bonds unless the two Contracting Parties agree otherwise.

Article XII

The payments to Sweden referred to in the present Agreement shall be made to the Sveriges Riksbank.

Article XIII

If, at any date before the liquidation of the Union, the United Kingdom or Sweden 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 XIV

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

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

DONE in duplicate at Paris this 28th 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 Government of Sweden :

[L.S.] Ingemar HÄGGLÖF

For the Sveriges Riksbank :

[L.S.] Lennart KOLM

[L.S.] Hans O. LUNDSTRÖM

EXCHANGE OF LETTERS

I

The Swedish Delegation to the Organisation for European Economic Co-operation to the Head of the United Kingdom Delegation to that Organisation

Paris, July 28, 1954

Your Excellency,

We 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 Government of Sweden (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 Sweden to the Union under the Agreement for the Establishment of the Union, signed in Paris on September 19, 1950, and to discussions which have taken place in Paris between representatives of the two countries 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, Sweden proposes that the actual amounts of the monthly instalments paid each month by the Government of the United Kingdom to the Sveriges Riksbank under Article I (b) and Article XII of the Agreement shall be the equivalent of 428,000 units of account ; the residual balances of the equivalent of 571·4285 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 429,000 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 in accordance with the provisions of Article II of the Agreement, Sweden proposes that any payments made to the Sveriges Riksbank 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 any of the following centres :—

Bank of England, London

Bank of France, Paris

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. Sweden wishes to have an understanding regarding the manner in which the payments provided for in Article VII, Article VIII and Article X of the Agreement would be made if, after the date of liquidation of the Union or the withdrawal of either the United Kingdom or Sweden or both from the Union, bilateral payments arrangements are in existence between the two countries. In these circumstances, Sweden proposes that the payments provided for in Article VII, Article VIII and Article X of the Agreement should be made outside such bilateral payments arrangements. In such circumstances the two Contracting Parties shall consult together regarding the method of implementing the proposals of Sweden.

5. In the event of Sweden selling to the Bank for International Settlements, in accordance with the provisions of Article IX (a) of the Agreement, any bonds issued to Sweden by the Government of the United Kingdom, Sweden proposes that suitable arrangements shall be made to ensure that any bonds so sold shall be held by the Bank for International Settlements and shall be resold by that Bank only to Sweden. In any event, the bonds shall be resold to Sweden on or before their final maturity date in order that they may be presented for payment to the Government of the United Kingdom by Sweden.

6. It is the understanding of Sweden that Article IX of the Agreement shall be interpreted as applying to bonds issued in accordance with the provisions of Article X of the Agreement.

7. If the Government of the United Kingdom agree with the contents of this letter, we 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 Contracting Parties.

We have, &c.

For the Government of Sweden :

Ingemar HÄGGLÖF

For the Sveriges Riksbank :

Lennart KOLM
Hans O. LUNDSTRÖM

II

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

Paris, July 28, 1954

Your Excellencies,

I have the honour to acknowledge the receipt of your letter of July 28, 1954, reading as follows :—

[See letter I]

In reply, I have the honour to inform your Excellencies that the Government of the United Kingdom agree with the contents of your letter and will regard that letter and this reply as constituting an agreement between the two Contracting Parties.

I have, &c.

Hugh ELLIS-REES