

No. 2721

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

Agreement for repayment and amortisation (with exchange of letters). Signed at Paris, on 9 July 1954

Official texts: English and French.

Registered by the United Kingdom of Great Britain and Northern Ireland on 25 November 1954.

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

Convention de remboursement et d'amortissement (avec échange de lettres). Signée à Paris, le 9 juillet 1954

Textes officiels anglais et français.

Enregistrée par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 25 novembre 1954.

No. 2721. AGREEMENT¹ FOR REPAYMENT AND AMORTISATION BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND BELGIUM. SIGNED AT PARIS, ON 9 JULY 1954

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Belgium acting on their own behalf and on behalf of the Government of the Grand Duchy of Luxemburg, by virtue of existing Agreements (hereinafter referred to as the Government of Belgium),

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 Belgium-Luxembourg Economic Union 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, and in accordance with C. (54) 161 adopted by the Council of the Organisation for European Economic Co-operation on June 30, 1954³,

Have agreed as follows :—

Article I

The Government of the United Kingdom shall repay a total amount of eighty-four 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 twenty-one million units of account to the Government of Belgium 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 seven hundred and fifty thousand units of account to be paid to the Government of Belgium 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.

¹ Came into force on 9 July 1954, as from the date of signature, in accordance with article XIII.

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

³ United Kingdom : "Miscellaneous No. 25 (1954)," Cmd. 9257.

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 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 Government of Belgium. 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 the Belgium-Luxembourg Economic Union 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 the Belgium-Luxembourg Economic Union 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

If, on the liquidation of the Union, the United Kingdom's debt to the Belgium-Luxembourg Economic Union, 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 Belgian francs at the rate of exchange between the unit of account and that currency communicated by the Belgium-Luxembourg Economic Union 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 Belgian francs issued by the Government of the United Kingdom to the Government of Belgium.

(b) Each bond shall be for an amount in Belgian francs equivalent, at the rate of exchange mentioned in article V of the present Agreement, to nine million 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 Belgian francs at the National Bank of Belgium, Brussels, 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 date of 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 Belgian franc equivalent, at the rate of exchange mentioned in Article V of the present Agreement, of four million five hundred thousand 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 Belgian francs at the National Bank of Belgium, Brussels, half-yearly on the dates on which instalments fall due under article VII.

Article IX

The Government of Belgium 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 retirement, 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 the Belgium-Luxembourg Economic Union, established in accordance with the provisions of the European Payments Agreements, 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 the Belgium-Luxembourg Economic Union established in accordance with the provisions of the European Payments Agreement, and the two Contracting Governments 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 Governments agree otherwise.

Article XII

If, at any date before the liquidation of the Union, the United Kingdom or the Belgium-Luxembourg Economic Union 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 XIII

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 9th day of July, 1954, in the English and French languages, both texts being equally authoritative.

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

[L.S.] Hugh ELLIS-REES

[L.S.] R. OCKRENT

EXCHANGE OF LETTERS

I

[TRADUCTION¹ — TRANSLATION²]

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

Your Excellency,

Paris, July 9, 1954

1. 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 Government of the Kingdom of Belgium (hereinafter referred to as the Agreement), concerning the repayment and amortisation of part of the credits granted by the European Payments Union (hereinafter referred to as the Union) to the United Kingdom, and by the Belgium-Luxembourg Economic Union 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 Governments concerning the implementation of certain articles of the Agreement.

2. With regard to the option given to the Government of the United Kingdom in article II of the Agreement, to make payments under article I of the Agreement in United States dollars, calculated at the official price for gold of the

¹ Translation by the Government of the United Kingdom.

² Traduction du Gouvernement du Royaume-Uni.

United States Treasury at the date of payment, the Government of Belgium propose that such option should only be exercised by the Government of the United Kingdom for so long as the United States Treasury continues, as at present, to sell gold against United States dollars at its official price.

3. The Government of Belgium propose that any payments made to them in gold by the Government of the United Kingdom under article II of the Agreement, shall be made, at the option of the Government of the United Kingdom, in either of the following centres : —

Bank of England, London.

Natioanal Bank of Belgium, Brussels.

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 that, while article IX of the Agreement provides for consultation between the Government of Belgium and the Government of the United Kingdom before the former shall exercise either of the options referred to in sub-paragraph (a) and sub-paragraph (b) of that article, the Belgian Government has, in the last resort and if the consultation leads to no concrete conclusions, the full right to exercise either or both of the options referred to in that article, and shall be the final judge of the necessity for the exercise of them.

5. It is the further understanding that the phrase "on terms to be agreed" in sub-paragraph (b) of article IX of the Agreement is not intended to restrict the Government of Belgium's right referred to in the preceding paragraph of this letter, but is intended to provide for discussion and agreement between the two Governments on the matters of detail which would arise if the Government of the United Kingdom were to retire, in accordance with sub-paragraph (b) of article IX of the Agreement, the bonds referred to in that sub-paragraph in advance of their final date of payment. Among the matters for discussion at that time would be the question whether it would be appropriate to allow a discount to the Government of the United Kingdom in respect of such retirement, it being understood that, if such a discount were considered appropriate, the amount of such discount would be reasonable.

6. The Government of Belgium propose that if they wish to offer for sale to the Bank for International Settlements, in accordance with the provisions of sub-paragraph (a) of article IX of the Agreement, less than one bond, or more than one bond but less than two bonds, the Government of the United Kingdom shall give sympathetic consideration to the necessary division of one of the bonds referred to in sub-paragraph (c) of article VII of the Agreement to enable this to be done.

7. In the event of the Government of Belgium selling to the Bank for International Settlements, in accordance with the provisions of article IX (a) of the Agreement, any bonds issued to the Government of Belgium by the Government of the United Kingdom, the Government of Belgium propose 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 the Government of Belgium. In any event the bonds shall be resold to the Government of Belgium on or before their final maturity date, in order that they may be presented for payment to the Government of the United Kingdom by the Government of Belgium.

8. It is the understanding of the Government of Belgium that the payments to be made by the Government of the United Kingdom under the present agreement shall be effected free of all tolls and taxes, present or future, which might be levied on such payments by the Government of the United Kingdom or any subordinate agency thereof, and that the payments to be made by the Government of the United Kingdom in respect of any bonds issued under the present agreement shall, so long as such bonds are held by the Government of Belgium or any agency thereof, be effected free of all such tolls and taxes as aforesaid.

9. It is understood that article IX of the Agreement shall be interpreted as applying to bonds issued under the provisions of article X of the Agreement.

10. If the Government of the United Kingdom agree with the contents of this letter, I have the honour to suggest that it should be regarded, together with your reply to it, as constituting an agreement between the two Governments.

Accept, &c.

R. OCKRENT

II

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

Your Excellency,

Paris, July 9, 1954

I have the honour to acknowledge the receipt of your letter of July 9, 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 content of your letter, and will regard that letter and his reply as constituting an agreement between the two Governments.

I have, &c.

Hugh ELLIS-REES