

No. 3400

**UNITED STATES OF AMERICA
and
YUGOSLAVIA**

**Exchange of notes constituting an agreement relating to
economic assistance. Belgrade, 19 January 1956**

Official text: English.

Registered by the United States of America on 9 May 1956.

**ÉTATS-UNIS D'AMÉRIQUE
et
YOUUGOSLAVIE**

**Échange de notes constituant un accord relatif à l'assistance
économique. Belgrade, 19 janvier 1956**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 9 mai 1956.

No. 3400. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND YUGOSLAVIA RELATING TO ECONOMIC ASSISTANCE. BELGRADE, 19 JANUARY 1956

I

*The American Counsellor for Economic Affairs to the Yugoslav Ambassador
and Counsellor of State for Foreign Affairs*

AMERICAN EMBASSY

Belgrade, January 19, 1956

Dear Mr. Ambassador :

The Government of the United States of America, in order to reach a mutual understanding on the terms under which certain economic assistance might be made available by it to the Government of the Federal People's Republic of Yugoslavia, proposes the following :

1. The Government of the United States of America will make available to the Government of the Federal People's Republic of Yugoslavia, on a loan basis, the first \$15,000,000.00 in dinar equivalents accumulated under the procedures of the Section 402 portion of the Fiscal Year 1956 Mutual Security Program, and the two Governments will cooperate fully in jointly concluding as soon as possible a formal loan agreement applicable thereto, together with the necessary notes in support of the loan agreement.

2. The Government of the United States of America will make the balance of the local currency payments under the Fiscal Year 1956 Section 402 program, above the \$15 million loan portion, available to the Government of the Federal People's Republic of Yugoslavia on the same grant basis as for Fiscal Year 1955 Section 402 sales proceeds.

3. The Government of the Federal People's Republic of Yugoslavia and the Government of the United States of America will mutually agree as soon as possible upon the specific uses, for defense support purposes, of the United States Treasury dinars received in payment for Fiscal Year 1956 Section 402 Assistance.

4. The two Governments agree :

a) that the loan schedules and notes are to be denominated in United States dollar equivalents and that repayments of principal and interest are to be maintained in equivalent dollar values until final liquidation thereof;

¹ Came into force on 19 January 1956 by the exchange of the said notes.

b) that the standard loan terms provide for the following: payment in dollars at three percent interest per annum, or in dinars at four percent interest per annum, with the option as to currency of repayment to be with the Government of the Federal People's Republic of Yugoslavia at each payment date; a grace period on accumulation of interest and payments of principal with interest payments to begin three and one-half years after the first loan disbursement and principal repayments to begin four years after the first loan disbursement; and principal and interest payments to be made semi-annually over a forty-year period including the grace periods; and

c) that local currency repayments, including interest and principal, accruing to the United States under dinar loans may be used by the United States for such purposes as it may determine in Yugoslavia or, as may be mutually agreed from time to time, such currencies may be expended in other areas or converted into other currencies; the United States Government, in considering possible expenditure of these funds, will give due regard to the balance of payments situation of Yugoslavia.

5. The loan agreement and notes will be signed in Washington, D. C. after negotiation in Belgrade.

6. The Government of the Federal People's Republic of Yugoslavia agrees to guarantee the dollar value equivalent for accumulations of dinars as a result of assistance under the Fiscal Year 1956 Section 402 program during the period prior to their release on loan.

I would appreciate being advised whether your Government concurs in the foregoing.

Please accept, Mr. Undersecretary, the assurance of my highest consideration.

Respectfully yours,

James S. KILLEN
Counsellor for Economic Affairs
United States Embassy
Belgrade

Dr. Stane Pavlic
Ambassador and Counsellor of State
Secretariat of State for Foreign Affairs
Federal People's Republic of Yugoslavia
Belgrade

II

*The Yugoslav Ambassador and Counsellor of State for Foreign Affairs
to the American Counsellor for Economic Affairs*

Beograd, January 19, 1956

Dear Mr. Counsellor,

I have the honor to acknowledge the receipt of your letter of today, reading as follows :

[*See note I*]

I have the honor to inform you that my Government concurs in the foregoing.

Please accept, Mr. Counsellor, the assurance of my highest consideration.

Respectfully yours,

Dr. Stane PAVLIC
Ambassador and Counsellor of State
for Foreign Affairs

Mr. James S. Killen
Counsellor for Economic Affairs
United States Embassy
Beograd