

**No. 4252**

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**ITALY  
and  
FEDERAL REPUBLIC OF GERMANY**

**Exchange of notes constituting an agreement concerning re-  
payment and amortization under the European Payments  
Union. Paris, 12 July 1957**

*Official text : French.*

*Registered by Italy on 25 March 1958.*

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**ITALIE**

**et**

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE**

**Échange de notes constituant un accord en matière de rem-  
boursement et d'amortissement dans le cadre de l'Union  
européenne de paiements. Paris, 12 juillet 1957**

*Texte officiel français.*

*Enregistré par l'Italie le 25 mars 1958.*

[TRANSLATION — TRADUCTION]

No. 4252. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN ITALY AND THE FEDERAL REPUBLIC OF GERMANY CONCERNING REPAYMENT AND AMORTIZATION UNDER THE EUROPEAN PAYMENTS UNION. PARIS, 12 JULY 1957

I

PERMANENT MISSION OF THE FEDERAL REPUBLIC OF GERMANY TO OEEC

Paris, 12 July 1957

Your Excellency,

With reference to the conversations held between our two delegations, I have the honour to inform you that the Government of the Federal Republic of Germany and the Government of the Italian Republic have agreed to conclude, in accordance with article 13-*bis* of the Agreement for the Establishment of a European Payments Union (hereinafter referred to as the Union), an arrangement covering repayment and amortization of 75 million (seventy-five million) units of account (hereinafter referred to as "u.a.") of the Italian debt to the Union and 75 million u.a. of the German claims on the Union, and to cancel the agreements concluded by the two Contracting Parties on 28 June 1954<sup>2</sup> and 27 June 1956.<sup>2</sup> The final instalments outstanding under the aforementioned agreements shall be paid on the value date for operations for the month of June 1957.

1. An amount of 7.5 million (seven million five hundred thousand) u.a. or ten per cent of the said amount of 75 million u.a. shall be paid on the value date for operations for the month of July 1957 by the Italian Exchange Office, at its option in gold or in United States dollars, to the Bank deutscher Länder.

2. The balance of ninety per cent of the said amount of 75 million u.a. or 67.5 million (sixty-seven million five hundred thousand) u.a. shall be repaid over a period of six years beginning 1 July 1957 in the manner prescribed in the following articles.

3. (a) While the Union is in effect, the repayment of the amount specified in article 2 shall be made in equal quarterly instalments on the value date for

<sup>1</sup> Came into force on 12 July 1957 by the exchange of the said notes.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 288, No. 4199.

operations for the last month in each quarter. Each quarterly payment shall therefore amount to  $\frac{67.5}{6 \times 4}$  million u.a., rounded off to the nearest thousand units, or 2.812 million (two million eight hundred and twelve thousand) u.a. The excess shall be settled when the last instalment is paid.

(b) The quarterly instalments shall be paid by the Italian Exchange Office, at its option, in gold or in United States dollars, to the Bank deutscher Länder.

4. The payments provided for under articles 1 and 3 shall be reported by the Italian Exchange Office and the Bank deutscher Länder to the Agent for the Organisation for European Economic Co-operation, in order that corresponding adjustments may be made in the credit and debit positions of the Contracting Parties.

5. (a) On the date of liquidation of the Union, the amount outstanding under this Agreement shall be denominated in deutschemarks on the basis of the parity of the deutschemark on that date.

(b) With effect from the date of liquidation of the Union, the amount outstanding on that date shall bear interest at the rate of  $3 \frac{1}{4}$  per cent per annum and shall be amortized in equal quarterly instalments. The amortization instalments and the interest shall fall due at the end of each calendar quarter and shall be payable in deutschemarks or in other currencies to be determined on each occasion by agreement between the Italian Exchange Office and the Bank deutscher Länder outside any controlled payments system.

6. (a) If on the date of liquidation of the Union the Italian debt calculated in accordance with the provisions of annex B to the Agreement for the Establishment of a European Payments Union is greater than the amount due under this Agreement, paragraph 18 of annex B to the Agreement for the Establishment of a European Payments Union shall apply to the difference between the amounts due

(b) If on the date of liquidation of the Union the Italian debt calculated in accordance with the aforementioned liquidation provisions is smaller than the amount outstanding under this Agreement, the amounts and maturities of the quarterly amortization instalments to be paid under the terms of this Agreement shall remain unchanged until the debt has been extinguished, unless the Italian Exchange Office and the Bank deutscher Länder agree to reduce them.

7. (a) With regard to the amount outstanding under this Agreement on the date of liquidation of the Union, or the smaller Italian debt calculated in accordance with the liquidation provisions, the Government of the Italian Republic shall arrange for the Italian Exchange Office to issue promissory notes in favour of the Bank deutscher Länder, such notes also to include the interest provided for in article 5, or, if there is a special arrangement between the parties concerned, to issue bonds of the Istituto Centrale per il Credito a medio termine a favore delle Medie e Piccole Industrie (Mediocredito) (Central Institute for Medium-Term Cre-

dit to Medium and Small Industry). The promissory notes and bonds to be delivered to the Bank deutscher Länder shall be denominated in deutschemarks and payable in deutschemarks outside any controlled payments system.

(b) The amounts and due dates of the promissory notes and bonds and of the interest are laid down in article 5 of this Agreement.

(c) The Bank deutscher Länder may at any time, as it sees fit, sell the notes and bonds delivered to it.

8. (a) If the Bank deutscher Länder receives "Mediocrebito" bonds under article 7 of this Agreement, the transaction shall be accompanied by the following guaranties :

(i) Guaranty given by the Government of the Italian Republic under the provisions of article 21 of the Italian Act No. 949 of 25 July 1952 ;

(ii) Transfer guaranty given by the Italian Exchange Office.

(b) The Italian Exchange Office shall deliver the following documents to the Bank deutscher Länder as soon as possible :

(i) A notarized record of the deliberations of the Executive Board of "Mediocrebito" ;

(ii) A guaranty order of the Minister of the Treasury, registered by the Audit Office ;

(iii) A letter from the Italian Exchange Office containing the transfer guaranty in respect of the sums due for amortization and interest.

9. (a) The Government of the Italian Republic may make advance repayments of the amount specified in article 2.

(b) If, while the Union is in effect, the Government of the Italian Republic makes advance repayments to a third party under a consolidation agreement concluded in accordance with article 13-*bis* of the Agreement for the Establishment of a European Payments Union, an equal number of advance payments shall be made to the Bank deutscher Länder up to the amount specified in article 2.

10. The Italian Exchange Office and the Bank deutscher Länder shall determine by common agreement the procedure for giving effect to this Agreement.

11. The agreements concluded between the Federal Republic and the Italian Republic on 28 June 1954 and 27 June 1956 shall be cancelled on the entry into force of this Agreement.

I should be glad if you would confirm the agreement of your Government to the foregoing arrangements.

I have the honour to be, etc.

K. WERKMEISTER

His Excellency Mr. Giuseppe Cosmelli

Ambassador

Head of the Permanent Mission of Italy to OEEC

## II

PERMANENT MISSION OF ITALY TO OEEC  
PARIS

Paris, 12 July 1957

Your Excellency,

I have the honour to acknowledge receipt of your letter of today's date, reading as follows :

[See note I]

I hereby confirm my Governments' agreement to the foregoing arrangements.  
I have the honour to be, etc.

Giuseppe COSMELLI

His Excellency Dr. Karl Werkmeister  
Ambassador  
Head of the Permanent Mission  
of the Federal Republic of Germany to OEEC

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