

**No. 4357**

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**ITALY  
and  
EGYPT**

**Payments Agreement (with annex and exchange of letters).  
Signed at Cairo, on 6 July 1957**

*Official text: French.*

*Registered by Italy on 13 June 1958.*

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**ITALIE  
et  
ÉGYPTE**

**Accord de paiement (avec annexe et échange de lettres).  
Signé au Caire, le 6 juillet 1957**

*Texte officiel français.*

*Enregistré par l'Italie le 13 juin 1958.*

[TRANSLATION — TRADUCTION]

No. 4357. PAYMENTS AGREEMENT<sup>1</sup> BETWEEN THE ITALIAN REPUBLIC AND THE REPUBLIC OF EGYPT. SIGNED AT CAIRO, ON 6 JULY 1957

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With a view to regulating payments between Italy and Egypt, the Government of the Italian Republic and the Government of the Republic of Egypt have resolved to conclude an agreement to this end and have appointed as their plenipotentiaries :

For the Government of the Italian Republic :

Baron Paolo Tallarigo di Zagarise e Sersale, Chargé d'Affaires ad interim of the Embassy of Italy at Cairo;

For the Government of the Republic of Egypt :

Mr Lofti El Banna, Deputy Under-Secretary of State in the Ministry of Finance and Economy,

who, having exchanged their full powers, found in good and due form, have agreed as follows :

*Article 1*

Payments between Italy and Egypt shall be settled in Italian lire, in accordance with the currency regulations in force in the two countries.

The aforesaid payments may also be settled in other currencies to the extent permitted by the provisions relating thereto in force in the two countries.

*Article 2*

The provisions of this Agreement shall apply to current payments.

The competent authorities of the two countries shall, on a basis of reciprocity and in accordance with their respective exchange regulations, grant the authorizations necessary to effect the current payments referred to above and defined in the list annexed hereto.<sup>2</sup>

*Article 3*

(1) The Provisional Payments Agreement between Italy and Egypt, signed on 8 November 1952, shall be terminated the day before the entry into force of this Agreement.

<sup>1</sup> Came into force on 22 July 1957, the fifteenth day after signature, in accordance with article 6.

<sup>2</sup> See p. 153 of this volume.

(2) The accounts provided for in article 1 of the Provisional Payments Agreement aforementioned shall be closed and the final balance resulting from the settlement of the balances of the said accounts shall be regulated in accordance with the provisions of letter No. 7<sup>1</sup> annexed to this Agreement.

(3) Payments in respect of the commitments undertaken during the validity of the Provisional Agreement aforementioned which have not been settled in accordance with the provisions of the said Agreement or of letter No. 7<sup>1</sup> annexed hereto shall be settled in accordance with the provisions of article 1 of this Agreement.

#### *Article 4*

A Joint Commission composed of Italian and Egyptian official representatives shall be appointed to supervise the application of this Agreement. The Commission shall meet at the request of either of the Contracting Parties in order to settle any questions which may arise in connexion with the application of this Agreement.

#### *Article 5*

The Ufficio Italiano dei Cambi and the National Bank of Egypt shall jointly establish the technical arrangements for the implementation of this Agreement.

#### *Article 6*

This Agreement and the letters annexed,<sup>2</sup> which form an integral part thereof, shall enter into force on the fifteenth day after its signature and may be denounced at any time on one month's notice.

IN WITNESS WHEREOF the undersigned plenipotentiaries have signed this Agreement and have thereto affixed the seals of their Governments.

DONE at Cairo on 6 July 1957, in duplicate, in the French language.

For the Government  
of the Italian Republic :  
P. TALLARIGO

For the Government  
of the Republic of Egypt :  
M. L. EL BANNA

<sup>1</sup> See XIII, p. 167 of this volume.

<sup>2</sup> See p. 155 of this volume.

## ANNEX

## DEFINITION OF CURRENT PAYMENTS

Payments in respect of the following transactions shall be deemed to be current payments :

(1) The supply of goods, other than goods in transit.

(2) Commercial and other services :

Transport costs in respect of all classes of sea, river, land or air traffic.

Other costs connected with the movement of goods.

Costs of warehousing, customs clearance, etc.

Insurance on goods (premiums and indemnities).

Commissions, brokerage, representation and advertising expenses.

Normal costs of processing, machining, repair, etc.

Wages, fees, artists' and athletes' fees, pensions and annuities.

Charges and profits relating to transit trade in Italy and Egypt.

Expenses incurred in Italian and Egyptian ports and airports by vessels and aircraft of Egyptian and Italian registry respectively (exclusive of bunkering charges and charges for ships' stores where goods are purchased in the foreign State).

(3) Operations treated as commercial transactions :

Sundry insurance and reinsurance transactions (premiums, pensions, annuities, indemnities), provided that the amounts in question are payable in the currency of one of the two countries.

Maintenance, subsistence and relief costs.

Costs of travel, education, hospital treatment, cures and temporary residence.

Expenditure for and income from public services (taxes, fines, etc.).

Maintenance of diplomatic and consular posts, etc.

Periodic settlements between the post, telegraph and telephone administrations and between public transport agencies.

Royalties, contributions, subscriptions and other similar expenses.

Fees and royalties in respect of patents, licences, trademarks, copyrights, film exhibition rights.

Charges and taxes for the registration and maintenance of patents, licences, trademarks, etc.

Consular receipts.

(4) Business profits :

Share of branch offices in administrative expenses of central office.

Marine freight payments due to vessels of Italian or Egyptian registry for the carriage of goods on behalf of a trader of one of the two countries.

Carriage of persons resident in Italy or Egypt by vessels or aircraft of Egyptian registry and by vessels or aircraft of Italian registry respectively.

(5) Settlements of interest, revenue, contractual amortizations.

(6) Any other payment which the two Governments, or the competent authorities designated by them for this purpose, may agree to include in the foregoing list.

## EXCHANGE OF LETTERS

## I

Cairo, 6 July 1957

Sir,

With reference to the provisions of article 1, paragraph 1, of the Payments Agreement between Italy and Egypt signed this day,<sup>1</sup> I have the honour to inform you that, in accordance with the exchange regulations currently in force in Italy, the Italian lire designated as the means of payment between the two countries are lire of the *conti esteri in lire multilaterali*.

The Ufficio Italiano dei Cambi will duly give notice of any changes in the Italian exchange regulations.

I should also inform you that under the *Decreto Ministeriale* of 15 February 1957, transfers between *conti esteri in lire multilaterali* may be made without limitation and funds in these accounts may also be freely used for the purchase on our market, through authorized Italian banks, of any of the transferable currencies quoted on the Italian currency market; these are at present the currencies of the countries belonging to the European Payments Union and participating in the multilateral arbitrage system.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo

## II

Cairo, 6 July 1957

Sir,

In your note of today's date you informed me of the following :

[See I]

I have the honour to inform you that the Egyptian Government agrees to the foregoing.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo

<sup>1</sup> See p. 149 of this volume.

## III

Cairo, 6 July 1957

Sir,

With reference to the conversations which resulted in the Payments Agreement signed this day, I have the honour to confirm that in view of the importance which the Italian Government attaches to the question of the transfer of the assets of Italian nationals who are being or have been permanently repatriated from Egypt, the Egyptian Government will permit such transfers to be made in multilateral lire to the amount of 2,000 Egyptian pounds per family.

I also confirm that the Egyptian Government is prepared to increase this amount to a maximum of 4,000 Egyptian pounds as soon as the present Egyptian balance of payments position improves.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo

## IV

Cairo, 6 July 1957

Sir,

In your letter of today's date you informed me of the following :

[See III]

I have the honour to inform you that the Italian Government agrees to the foregoing and to confirm that the treatment referred to above will be accorded by the Italian authorities to Egyptian nationals who are being or have been permanently repatriated from Italy.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo

## V

Cairo, 6 July 1957

Sir,

I have the honour to confirm that the Egyptian Government agrees that payments of Suez Canal tolls by Italian shipping companies should until further notice be made in transferable Italian lire or other transferable currencies.

It is understood that if the Egyptian Government wishes to adopt other arrangements for the payment of such tolls it will give notice to that effect one month in advance.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo

## VI

Cairo, 6 July 1957

Sir,

In your note of today's date you informed me of the following :

[See V]

I have the honour to inform you that the Italian Government agrees to the foregoing.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo

## VII

Cairo, 6 July 1957

Sir,

In the course of the recent conversations concerning the special transactions authorized by the competent authorities of our two countries during the validity of the Provisional Payments Agreement signed on 8 November 1952, we agreed upon the following :

(a) The exchanges of goods in connexion with the aforementioned special transactions will be continued until the date of expiry of the authorizations applying to the transactions in question.

(b) The "special sub-accounts" relating to the aforementioned transactions will remain open until all transfers relating to the exchanges effected have been completed.

Any balances of the aforementioned "special sub-accounts" will be settled in multilateral lire in accordance with the provisions of article 3, paragraph 3, of the Payments Agreement signed this day.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo

## VIII

Cairo, 6 July 1957

Sir,

In your note of today's date you informed me of the following :

[See VII]

I have the honour to inform you that the Egyptian Government agrees to the foregoing.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo



## IX

Cairo, 6 July 1957

Sir,

With reference to the conversations which led to the signing this day of the Payments Agreement between Italy and Egypt, I have the honour to inform you that, with a view to promoting the development of commercial exchanges between the two countries, the two Governments consider that :

(a) The two countries should not depart in their commercial relations from the traditional pattern which has hitherto prevailed ;

(b) The most-favoured-nation clause should be maintained in force with the usual exceptions (in the case of Italy, the clause does not apply to the State of the Vatican, the Republic of San Marino, Libya or the Trust Territories under Italian administration or to customs unions, free trade areas or frontier traffic. In the case of Egypt, the clause does not apply to neighbouring countries or to the countries of the Arab League. The two Contracting Parties will therefore refrain from adopting discriminatory measures which might afford exporters or importers of either of the two countries less favourable opportunities than those afforded exporters or importers of other countries.

It is understood that trade negotiations between the two Governments will take place at the earliest possible date with a view to regulating more fully trade relations between the two countries.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo

## X

Cairo, 6 July 1957

Sir,

In your note of today's date you informed me of the following :

[See IX]

I have the honour to inform you that the Egyptian Government agrees to the foregoing.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo

## XI

Cairo, 6 July 1957

Sir,

In the course of our recent conversations concerning the decentralized accounts of Italian banks with Egyptian banks and vice versa, we agreed upon the following :

1. The decentralized accounts in Egypt of Italian banks will be closed at the earliest possible date before the entry into force of the Payments Agreement signed this day and the Egyptian authorities will issue the necessary authorizations for the transfer of the balances concerned.

2. The decentralized accounts in Italy of Egyptian banks will continue to exist and will be classified as *conti esteri in lire multilaterali*; the funds in question may be used accordingly.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo

## XII

Cairo, 6 July 1957

Sir,

In your note of today's date you informed me of the following :

[See XI]

I have the honour to inform you that the Italian Government agrees to the foregoing.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo

## XIII

Cairo, 6 July 1957

Sir,

With reference to article 3 of the Payments Agreement between Italy and Egypt signed this day, I have the honour to confirm that the Egyptian Government agrees to the following :

(1) *Liquidation of pending transactions*

(a) The "Egyptian Pounds Account" and the "Lire Account" referred to in article 1 of the Provisional Payments Agreement between Italy and Egypt signed on 8 November 1952 will be closed on the day preceding the day of the entry into force of the Payments Agreement signed this day and the final balance resulting from the settlement of the said accounts will be established.

(b) On the date of the entry into force of the Payments Agreement signed this day, the Ufficio Italiano dei Cambi will open a "Special Account" in Italian lire in the name of the National Bank of Egypt, to which shall be debited :

- (i) The final balance referred to in paragraph (a) above;
- (ii) Payment orders previously transmitted or transmitted during the ninety days following the date of the entry into force of the Payments Agreement signed this day, by the National Bank of Egypt to the Ufficio Italiano dei Cambi, relating to commitments undertaken during the period of application of the aforementioned Provisional Agreement in respect of commercial and other transactions, duly authorized, where necessary, by the Contracting

Parties, it being understood that, excluding the orders already received by the Ufficio Italiano dei Cambi by 7 June 1957, the orders received after that date will have to include payments in respect of invisibles to a total amount of not less than 1,120 million lire.

(c) During the 150 days following the entry into force of the Payments Agreement signed this day, payments to be executed in Egypt or Italy in respect of refunds of sums transferred through the two accounts referred to in paragraph (a) above or the "Special Account" will be debited or credited as appropriate to the Special Account.

The competent authorities of the two countries will take the necessary steps to ensure that such refunds are effected without delay, in particular those in respect of payments in advance or to cover credits given in connexion with transactions not completed within the ninety days following the date of the entry into force of the Payments Agreement signed this day.

(d) The debit balance of the "Special Account" referred to in paragraph (b) above may not exceed 7,537 million Italian lire.

The National Bank of Egypt will furnish the Ufficio Italiano dei Cambi with sufficient funds in multilateral lire to permit the settlement of payment orders the execution of which would cause the debit balance to exceed the aforementioned sum.

## (2) *Settlement of the balance*

(a) The "Special Account" referred to in paragraph 1 (b) above will be closed on the one hundred and fiftieth day following the date of the entry into force of the Payments Agreement signed this day.

(b) The balance remaining in the aforementioned "Special Account" after it has been closed will be reimbursed in Italian lire or other transferable currencies in three equal annual payments, the first of which will be paid on 1 July 1959.

(c) The "Special Account" referred to above will bear interest at the rate of 3 per cent per annum.

The interest will be calculated when the three annual payments referred to in paragraph (b) above fall due and will be paid at the same time as those payments.

I also confirm that the Egyptian Government agrees that any changes which may be made in the Payments Agreement signed this day or its denunciation will in no way affect the provisions set out in this letter, which will continue in effect in any case.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo

## XIV

Cairo, 6 July 1957

Sir,

In your note of today's date you informed me of the following :

[See XIII]

I have the honour to inform you that the Italian Government agrees to the foregoing.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo

## XV

Cairo, 6 July 1957

Sir,

With reference to our conversations concerning the liquidation of pending transactions and in particular the provisions of paragraph 1 (b) (ii) of annexed letter No. 7,<sup>1</sup> I note that the Egyptian Government agrees to give priority of transmission to the following :

— In the case of orders in respect of invisibles : orders relating to the savings of Italian nationals up to a maximum of 5,000 Egyptian pounds per family;

— In the case of orders in respect of commercial transactions : in the first place, the transfer of amounts which were payable to Italian beneficiaries before the entry into force of the Payments Agreement signed this day or payable within ninety days after the entry into force of the said Agreement, preference being given in all cases to those in respect of goods already exported from Italy to Egypt.

After effect has been given to the aforementioned priorities, the competent Italian authorities will give favourable consideration to any request which the National Bank of Egypt may make for the execution, within the limits of the funds available in the "Special Account" referred to in annexed letter No. 7,

<sup>1</sup> See XIII, p. 167 of this volume.

of payments falling successively due ninety days or more after the date of the entry into force of the Payments Agreement signed this day but not later than 150 days after that date.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo

XVI

Cairo, 6 July 1957

Sir,

In your note of today's date you informed me of the following :

[See XV]

I have the honour to inform you that the Egyptian Government agrees to the foregoing.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo

XVII

Cairo, 6 July 1957

Sir,

With reference to our conversations concerning the liquidation of pending transactions, I have the honour to confirm that the Italian Government will give the authorizations required for the export of Italian goods contracted for before the date of the entry into force of the Payments Agreement signed this day and in respect of which the National Bank of Egypt has transmitted or transmits payment orders within the agreed limits.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo

## XVIII

Cairo, 6 July 1957

Sir,

In your note of today's date you informed me of the following :

[See XVII]

I have the honour to inform you that the Egyptian Government agrees to the foregoing.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo

## XIX

Cairo, 6 July 1957

Sir,

With reference to our conversations concerning the liquidation of pending transactions and in particular the interest to be calculated on the "Special Account" in Italian lire, I have the honour to confirm that such interest will be calculated on the portion of the debit balance of the said account exceeding the credit balance in a multilateral lire account which may be opened with the Ufficio Italiano dei Cambi in the name of the National Bank of Egypt.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo

## XX

Cairo, 6 July 1957

Sir,

In your note of today's date you informed me of the following :

[See XIX]

I have the honour to inform you that the Italian Government agrees to the foregoing.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo

## XXI

Cairo, 6 July 1957

Sir,

At the conclusion of the recent conversations concerning the treatment to be accorded to transferable lire paid in Egypt, the Egyptian delegation stated that its Government considers itself unable to accord such transferable lire the same treatment as is accorded to convertible currencies.

In this connexion, I would request you to note that it is the view of the Italian Government that any discriminatory treatment as between transferable lire and convertible currencies, particularly in connexion with the export of cotton, will make it very difficult, if not impossible, for Italian traders to purchase Egyptian goods against payment in transferable lire, particularly if the difference in treatment were to result in percentages higher than the minimum margins on the international money markets between the price of transferable currencies and their official rates.

I have the honour to be, etc.

P. TALLARIGO

Mr. Lofti El Banna  
Deputy Under-Secretary of State in the Ministry  
of Finance and Economy  
Cairo



## XXII

Cairo, 6 July 1957

Sir,

In your note of today's date your informed me of the following :

[See XXI]

I have the honour to inform you that the Egyptian Government takes note of the foregoing.

I have the honour to be, etc.

M. L. EL BANNA

Baron Paolo Tallarigo di Zagarise e Sersale  
Chargé d'Affaires ad interim of the Embassy of Italy  
Cairo

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