

**No. 4182**

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**NETHERLANDS  
and  
ICELAND**

**Agreement for repayment and amortization. Signed at  
Paris, on 28 December 1954**

*Official text: French.*

*Registered by the Netherlands on 3 March 1958.*

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**PAYS-BAS  
et  
ISLANDE**

**Accord de remboursement et d'amortissement. Signé à  
Paris, le 28 décembre 1954**

*Texte officiel français.*

*Enregistré par les Pays-Bas le 3 mars 1958.*

[TRANSLATION — TRADUCTION]

No. 4182. AGREEMENT<sup>1</sup> FOR REPAYMENT AND AMORTIZATION BETWEEN THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS AND THE GOVERNMENT OF THE REPUBLIC OF ICELAND. SIGNED AT PARIS, ON 28 DECEMBER 1954

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The Government of the Kingdom of the Netherlands and the Government of the Republic of Iceland, desiring to conclude an agreement for repayment and amortization in accordance with the decisions of the Organization for European Economic Co-operation relating to the renewal of the European Payments Union (hereinafter referred to as the Union) for the year 1954-55, have agreed as follows :

*Article 1*

This Agreement shall apply to 1 million units of account of the Netherlands claims on the Union and 1 million units of account of the Icelandic debt to the Union.

*Article 2*

(a) One quarter of the said sum of 1 million units of account, namely, 250,000 units of account, shall be paid by the National Bank of Iceland to the Nederlandsche Bank in gold, dollars or any other currency acceptable to the Nederlandsche Bank, at the option of the National Bank of Iceland, on the value date of operations for the month of December 1954.

(b) The positions of the Netherlands and of Iceland in the Union shall be reduced in accordance with the principles laid down in the aforementioned decisions of OEEC.

*Article 3*

(a) The remaining three-quarters of the sum of 1 million units of account, namely 750,000 units of account, shall be repaid over a period of five years beginning 1 January 1955. During the life of the Union, the repayments shall be made, at the option of the National Bank of Iceland, in gold, dollars or any other currency acceptable to the Nederlandsche Bank, in equal monthly instalments.

Each monthly instalment shall therefore amount to :

$$\frac{750,000}{5 \times 12} \text{ units of account}$$

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<sup>1</sup> Came into force on 28 December 1954, upon signature, in accordance with article 9.

After the liquidation of the Union, the repayments shall be made in equal semi-annual instalments.

Each semi-annual instalment shall therefore amount to :

$$\frac{750,000}{5 \times 2} \text{ units of account}$$

(b) Beginning 1 January 1955 and until the liquidation of the Union :

- i. The Icelandic Government shall be entitled to prepay, on any due date, all or part of the outstanding instalments.
- ii. If Iceland becomes a creditor in its cumulative accounting position in the Union, the Icelandic Government shall be entitled to suspend the repayments provided for above so long as that situation continues to exist.  
If, in its cumulative accounting position in the Union, the Netherlands becomes a debtor, the Netherlands Government shall be entitled to cause the repayments to be suspended so long as that situation continues to exist.  
If Iceland, in its cumulative accounting position, becomes a creditor at the same time as the Netherlands, in its cumulative accounting position, becomes a debtor, the repayments shall be suspended so long as that situation continues to exist unless the two Governments decide otherwise by agreement between them.
- iii. The positions of the Netherlands and of Iceland in the Union shall be adjusted monthly by deduction of the monthly instalments repaid from the credit granted by the Netherlands to the Union and by the Union to Iceland.

(c) On the liquidation of the Union, the outstanding balance of the debt shall be represented by Treasury bearer bonds issued by the Icelandic Government and placed at the disposal of the Nederlandsche Bank. From that date, any prepayment shall be subject to the agreement of the two Governments. The said Treasury bonds shall be denominated and payable in guilders.

The calculation in guilders shall be made on the basis of the stated parity of the guilder in relation to the unit of account on the date of liquidation of the Union.

The calculations made in application of the provisions on liquidation of the Union (annex B, section II, paragraphs 16 to 18, of the Agreement for the Establishment of the Union) may, however, show a debt greater or smaller than the outstanding balance :

- i. If the Icelandic debt is smaller than the outstanding balance, the Icelandic Government may at its choice either :

— Continue to make the repayments provided for in article 3 (a) until that debt is extinguished ; or

- Pay the amount of that debt in equal semi-annual instalments spread over the unexpired portion of the period of amortization provided for in this Agreement. The value and number of the Treasury bonds shall be adjusted accordingly.
- ii. If the Icelandic debt is greater than the outstanding balance, the difference between the two debts shall be settled in conformity with annex B of the Agreement.

#### *Article 4*

The Treasury bonds referred to in article 3 (c) shall be divided into denominations of the amount requested by the Nederlandsche Bank, and the total thereof maturing in each of the outstanding semi-annual periods shall be equal to the amount of the corresponding semi-annual instalment.

Each Treasury bond shall bear notice of its date of maturity and shall be provided with interest coupons.

Interest shall be payable semi-annually or by fractional part of such semi-annual period if the bonds mature in less than six months. The coupons shall bear due dates drawn up accordingly.

#### *Article 5*

The Treasury bonds shall bear interest at the rate of  $3\frac{1}{4}$  per cent per annum.

#### *Article 6*

(a) The Treasury bonds delivered by the Icelandic Government to the Nederlandsche Bank in representation of its debt may be placed on the Netherlands market by the Netherlands authorities as they see fit.

(b) It is understood that the Icelandic Government shall be discharged of its debt by payment to the Nederlandsche Bank of the interest and amortization due ; the Treasury bonds shall include a clause to that effect.

#### *Article 7*

If at any date before the liquidation of the Union one or both of the Contracting Parties withdraw from the Union, the measures provided for in this Agreement in the event of the Union being liquidated shall apply.

#### *Article 8*

The Nederlandsche Bank and the National Bank of Iceland shall be responsible for giving effect to the preceding provisions and shall, by mutual agreement, determine the procedure for doing so in so far as such procedure is not specified above.

*Article 9*

This Agreement shall come into force on the date of its signature.

DONE in Paris, on 28 December 1954.

For the Government  
of the Kingdom of the Netherlands :

(Signed) J. C. KRUISHEER

For the Government  
of the Republic of Iceland :

(Signed) Pétur BENEDIKTSSON

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