

**No. 4185**

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**NETHERLANDS  
and  
ITALY**

**Exchange of notes constituting an agreement for repayment  
and amortization. Paris, 29 June 1956**

*Official text: French.*

*Registered by the Netherlands on 3 March 1958.*

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**PAYS-BAS  
et  
ITALIE**

**Échange de notes constituant un accord de remboursement  
et d'amortissement. Paris, 29 juin 1956**

*Texte officiel français.*

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

[TRANSLATION — TRADUCTION]

No. 4185. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> FOR REPAYMENT AND AMORTIZATION BETWEEN THE GOVERNMENT OF THE NETHERLANDS AND THE GOVERNMENT OF ITALY. PARIS, 29 JUNE 1956

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## I

ITALIAN DELEGATION TO THE ORGANIZATION  
FOR EUROPEAN ECONOMIC CO-OPERATION

Paris, 29 June 1956

Sir,

With reference to the conversations held between our two Delegations, I have the honour to inform you that in accordance with the decisions of the Council of OEEC relating to the prolongation of the European Payments Union after 30 June 1956 my Government is prepared to agree to a consolidation arrangement covering 30 million units of account of the Italian debt to the European Payments Union and 30 million units of account of the Netherlands claims on the Union.

2. (a) Twenty-five per cent of the said sum of 30 million units of account, namely, 7.5 million units of account, shall be paid by the Ufficio Italiano dei Cambi (Italian Exchange Office) to the Nederlandsche Bank in gold or in dollars on the value date of operations for the month of June 1956.

(b) The positions of Italy and of the Netherlands in the Union shall be reduced in accordance with the principles laid down by the Council of OEEC.

3. (a) The remaining 75 per cent of the said sum of 30 million units of account, namely, 22.5 million units of account, shall be repaid in gold or in dollars as from 1 July 1956, on the date due, in equal quarterly instalments over a six-year period, each instalment to total, in units of account,  $\frac{22.5 \text{ million}}{4 \times 6}$ .

(b) The positions of Italy and of the Netherlands in the Union shall be adjusted as each instalment falls due through the Agent to which the Nederlandsche Bank and the Ufficio Italiano dei Cambi shall report the payments made.

(c) As long as the Union is in effect, these payments shall be made on the value dates of operations for the month at the end of which they are due.

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<sup>1</sup> Came into force on 29 June 1956 by the exchange of the said notes.

4. After the liquidation of the Union, the repayments shall be made, on the date due and within the prescribed period, in equal semi-annual instalments, outside any controlled system of payments, in Netherlands guilders or in such other currencies as are agreed upon by the two countries concerned.

5. On any due date as specified in paragraph 3 (a), Italy shall be entitled to prepay all or part of the outstanding balance.

6. On the liquidation of the Union, the bilateral debt of Italy to the Netherlands shall be computed in accordance with the provisions of annex B of the Agreement of 19 September 1950 for the Establishment of a European Payments Union.

If, however, the bilateral debt thus computed is greater or smaller than the outstanding balance of the consolidated debt, the following procedure shall be adopted :

(a) If the bilateral debt is *smaller* than the outstanding balance of the consolidated debt, Italy may at its option :

— Pay the amount of the bilateral debt in the semi-annual instalments provided for in paragraph 4 until the debt is paid off ;

— Pay the said amount in equal semi-annual instalments spread over the unexpired portion of the period of amortization provided for in paragraph 3 (a).

(b) If the bilateral debt is *greater* than the outstanding balance of the consolidated debt, Italy shall pay the said balance within the prescribed periods and shall pay the difference between the two amounts in accordance with the provisions of annex B of the aforementioned Agreement of 19 September 1950.

7. As from the liquidation of the Union :

(a) The debt still to be paid under this arrangement shall be expressed in Netherlands guilders at the parity of that currency applicable to the final operation of the Union ;

(b) As evidence of the debt referred to in sub-paragraph (a), Italy shall turn over to the Netherlands promissory notes of the Ufficio Italiano dei Cambi or, under an agreement to be arranged between the two countries, bonds issued by the Istituto Centrale per il Credito a medio termine a favore delle Medie e Piccole Industrie (Mediocredito) (Central Institute for Medium-Term Credit to Medium and Small Industry) in favour of the Netherlands. These securities shall be denominated and payable in Netherlands guilders. They 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 security shall bear notice of its date of maturity and shall be provided with interest coupons ;

(c) The aforesaid securities shall bear interest at the rate of  $3\frac{1}{4}$  per cent per annum. Interest shall be computed and payable semi-annually on the date

- due, or by fractional part of such semi-annual period if the liquidation of the Union does not take place at the end of a semi-annual period ; payment shall be made in Netherlands guilders, outside any controlled system of payments ;
- (d) The securities shall be made available on the Netherlands and on foreign markets ; they may be discounted and given as security or collateral.
  - (e) It is understood that the Italian Government shall be discharged of its debt by payment to the Nederlandsche Bank of the interest and amortization due ; the securities shall include a clause to that effect.
  - (f) As from the liquidation of the Union, any prepayment shall be subject to the agreement of the two Governments.

8. If the debt referred to in the preceding paragraph is represented by "Mediocredito" bonds, the transaction mentioned in that paragraph shall be accompanied by the following guaranties :

- (a) Guaranty given by the Italian Government under the provisions of article 21 of Act No. 949 of 25 July 1952 ;
- (b) Transfer guaranty given by the Ufficio Italiano dei Cambi.

In addition, the Ufficio Italiano dei Cambi shall supply the following documents to the Netherlands authorities :

- A notarized record of the deliberations of the Executive Board of "Mediocredito" ;
- A guaranty order of the Minister of the Treasury, registered by the Audit Office ;
- A letter from the Ufficio Italiano dei Cambi containing the transfer guaranty in respect of the sums due for amortization and interest.

9. If while the Union is in effect the respective positions of Italy and/or the Netherlands in relation to the Union should become reversed, the Contracting Parties shall agree upon the action to be taken regarding the repayments still due.

10. 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 arrangement in the event of the Union being liquidated shall apply.

11. The Nederlandsche Bank and the Ufficio Italiano dei Cambi 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.

If the Government of the Kingdom of the Netherlands agrees to the preceding provisions, I have the honour to suggest that this letter together with your reply to that effect shall be regarded as constituting an agreement between our two Governments which shall enter into force immediately.

As regards the Kingdom of the Netherlands, this Agreement shall be applicable only to the Kingdom in Europe.

I have the honour to be, etc.

(Signed) G. COSMELLI

Dr. J. C. Kruisheer  
Minister Plenipotentiary  
Chief of the OEEC Section of the Permanent Mission  
of the Netherlands to OEEC and NATO  
Paris

## II

Paris, 29 June 1956

Sir,

In your letter of 29 June 1956, you were kind enough to inform me as follows :

[See note I]

I have the honour to confirm that the Government of the Kingdom of the Netherlands agrees to the preceding provisions and regards your letter together with my reply as constituting an agreement between our two Governments which shall enter into force immediately. As regards the Kingdom of the Netherlands, this Agreement shall be applicable only to the Kingdom in Europe.

I have the honour to be, etc.

(Signed) J. C. KRUISHEER

His Excellency Mr. F. G. Cosmelli  
Ambassador  
Head of the Italian Delegation to the Organization  
for European Economic Co-operation  
Paris