

**No. 4144**

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**ITALY  
and  
SWITZERLAND**

**Exchange of notes constituting an agreement relating to  
repayment and amortization within the framework  
of the European Payments Union. Bern and Paris,  
29 June 1956**

*Official text: French.*

*Registered by Italy on 3 January 1958.*

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**ITALIE  
et  
SUISSE**

**Échange de notes constituant un accord en matière de  
remboursement et d'amortissement dans le cadre de  
l'Union européenne des paiements. Berne et Paris,  
29 juin 1956**

*Texte officiel français.*

*Enregistré par l'Italie le 3 janvier 1958.*

[TRANSLATION — TRADUCTION]

No. 4144. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN ITALY AND SWITZERLAND RELATING TO REPAYMENT AND AMORTIZATION WITHIN THE FRAMEWORK OF THE EUROPEAN PAYMENTS UNION. BERN AND PARIS, 29 JUNE 1956

I

THE DIRECTOR OF THE DIVISION OF COMMERCE  
OF THE FEDERAL DEPARTMENT OF ECONOMIC AFFAIRS

Berne, 29 June 1956

Sir,

I have the honour to confirm to you that the Italian Government and the Swiss Government, in accordance with the decisions of the Council of OEEC relating to the prolongation of the European Payments Union after 30 June 1956, have agreed to conclude a consolidation arrangement covering 10 million units of account of the Italian debt to the European Payments Union and 10 million units of account of the Swiss claims on the Union.

2. The present arrangement in no way replaces the consolidation arrangement of 29 June 1954, which remains in force.

3. (a) Twenty per cent of the said sum of 10 million units of account, namely 2 million units of account, shall be paid immediately by Italy to Switzerland in gold or in dollars;

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

4. (a) The remaining 80 per cent of the said sum of 10 million units of account, namely 8 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 ten-year period, each instalment to total, in units of account,  $\frac{8 \text{ million}}{4 \times 10}$ ;

(b) The positions of Italy and of Switzerland shall, in accordance with the principles laid down by the Council of OEEC, be adjusted as each instalment falls due through the Agent to which the Swiss National Bank and the Italian Exchange Office shall report the payments made.

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

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

5. After the termination of the Union, 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 Swiss francs at their exchange value in the free market or in such other currencies as are agreed upon by the two countries concerned.

6. On any due date as specified in paragraphs 4 (a) and 5, Italy shall be entitled to prepay all or part of the unpaid balance.

7. Upon the termination of the Union, the bilateral debt of Italy to Switzerland 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 less than the unpaid balance of the consolidated debt, the following procedure shall be adopted :

(a) If the bilateral debt is *less* than the unpaid 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 5 until the debt is paid off;

—Pay the said amount in equal semi-annual instalments spread out over the unexpired portion of the period of amortization provided for in this Agreement;

(b) If the bilateral debt is *greater* than the unpaid balance of the consolidated debt, Italy shall pay the said balance within the periods provided for in paragraph 5 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.

8. As from the termination of the Union :

(a) The debt referred to in paragraph 7 and still to be paid under this arrangement shall be expressed in Swiss francs at the parity of that currency applicable to the final operation of the Union;

(b) As evidence of this debt, Italy shall turn over to Switzerland promissory notes of the Italian Exchange Office 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 Switzerland. These bonds shall be denominated in Swiss francs. The amounts and maturities of the said notes or bonds shall be determined by joint agreement upon the termination of the Union;

(c) The aforesaid notes and bonds shall bear interest at the rate of 3.75 per cent per annum. Interest shall be computed and paid semi-annually on the date due; payment shall be made, outside any controlled system of payments, in Swiss francs at their exchange value in the free market;

(d) The notes and bonds shall be made available on the Swiss and on foreign markets by the federal authorities as they see fit, and may, for example, be discounted and given as security or collateral.

9. 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 Italian Exchange Office. In addition, the Italian Exchange Office shall supply the following documents to the Swiss authorities:

- (1) A notarized record of the deliberations of the Executive Board of "Mediocredito".
- (2) A guaranty order of the Minister of the Treasury, registered by the Audit Office;
- (3) A letter from the Italian Exchange Office containing the transfer guaranty in respect of the sums due for amortization and interest.

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

11. The Swiss National Bank and the Italian Exchange Office shall be responsible for giving effect to this Agreement and for the procedure for doing so.

I would appreciate it if you would confirm your agreement to the arrangements set out in this letter.

I have the honour to be, etc.

SCHAFFNER

His Excellency Mr. Giuseppe Cosmelli  
Head of the Italian Delegation to OEEC  
Paris

## II

ITALIAN DELEGATION TO OEEC  
PARIS

Paris, 29 June 1956

Sir,

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

[See note I]

I hereby confirm my Government's agreement to the foregoing arrangements.

I have the honour to be, etc.

Giuseppe COSMELLI

His Excellency Mr. Hans Schaffner  
Director of the Division of Commerce  
of the Federal Department of Economic Affairs  
Berne

## III

THE DIRECTOR OF THE DIVISION OF COMMERCE  
OF THE FEDERAL DEPARTMENT OF ECONOMIC AFFAIRS

Berne, 29 June 1956

Sir,

I have the honour to confirm to you that under the relevant Swiss constitutional provisions, the consolidation arrangement concluded today is subject to ratification by the Federal Chambers. It is understood, however, that the arrangement enters into force upon signature.

I would appreciate it if you would confirm your agreement to the foregoing.

I have the honour to be, etc.

SCHAFFNER

His Excellency Mr. Giuseppe Cosmelli  
Head of the Italian Delegation to OEEC  
Paris

## IV

ITALIAN DELEGATION TO OEEC  
PARIS

Paris, 29 June 1956

Sir,

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

[See note III]

I hereby confirm my Government's agreement to the foregoing arrangements.

I have the honour to be, etc.

Giuseppe COSMELLI

His Excellency Mr. Hans Schaffner  
Director of the Division of Commerce  
of the Federal Department of Economic Affairs  
Berne

## V

THE DIRECTOR OF THE DIVISION OF COMMERCE  
OF THE FEDERAL DEPARTMENT OF ECONOMIC AFFAIRS

Berne, 29 June 1956

Sir,

With reference to the consolidation arrangement concluded today, I have the honour to confirm to you that the Swiss Government and the Italian Government have agreed as follows :

The bilateral debt of Italy to Switzerland existing at the termination of the European Payments Union shall be settled :

(a) Up to the amount of the unpaid balance of the debt consolidated under the arrangement of 29 June 1954, in accordance with the provisions of that arrangement;

(b) To the extent that it exceeds the unpaid balance of the debt consolidated under the arrangement of 29 June 1954, in accordance with the provisions of the arrangement of 29 June 1956;

(c) To the extent that it exceeds the total of the unpaid balances of the debts consolidated under the arrangements of 29 June 1954 and 29 June 1956, in accordance with the provisions of annex B of the Agreement of 19 September 1950 for the Establishment of a European Payments Union.

I would appreciate it if you would confirm your agreement to the foregoing.

I have the honour to be, etc.

SCHAFFNER

His Excellency Mr. Giuseppe Cosmelli  
Head of the Italian Delegation to OEEC  
Paris

VI

ITALIAN DELEGATION TO OEEC  
PARIS

Paris, 29 June 1956

Sir,

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

[See note V]

I hereby confirm my Government's agreement to the foregoing arrangements.

I have the honour to be, etc.

COSMELLI

His Excellency Mr. Hans Schaffner  
Director of the Division of Commerce  
of the Federal Department of Economic Affairs  
Berne

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