

No. 4198

**ITALY
and
BELGIUM**

**Agreement for repayment and amortization (with annexes).
Signed at Paris, on 12 July 1954**

**Additional Agreement to the above-mentioned Agreement.
Signed at Paris, on 3 July 1956**

Official text: French.

Registered by Italy on 13 March 1958.

**ITALIE
et
BELGIQUE**

**Convention de remboursement et d'amortissement (avec
annexes). Signée à Paris, le 12 juillet 1954**

**Avenant à la Convention susmentionnée. Signé à Paris, le
3 juillet 1956**

Texte officiel français.

Enregistrés par l'Italie le 13 mars 1958.

[TRANSLATION — TRADUCTION]

No. 4198. AGREEMENT¹ FOR REPAYMENT AND AMORTIZATION BETWEEN THE GOVERNMENT OF THE ITALIAN REPUBLIC AND THE GOVERNMENT OF THE KINGDOM OF BELGIUM. SIGNED AT PARIS, ON 12 JULY 1954

The Government of the Italian Republic, on the one hand, and the Government of the Kingdom of Belgium, acting on its own behalf and on behalf of the Government of the Grand Duchy of Luxembourg, by virtue of existing agreements, on the other hand,

Considering the Agreement for the Establishment of a European Payments Union (hereinafter referred to as the European Payments Agreement) signed at Paris on 19 September 1950, and Supplementary Protocols 1 to 5,

Considering article 13*bis* (a) of the European Payments Agreement,

Considering document C (54) 161 of 22 June 1954,

Have agreed as follows :

CHAPTER I

AMOUNT OF PAYMENTS

Article 1

The Government of the Italian Republic shall pay to the Government of the Kingdom of Belgium a total amount equivalent to thirty million units of account, the value of which is defined in article 26 of the European Payments Agreement.

This amount may be reduced, in accordance with the methods provided for in article 5 of this Agreement, if the European Payments Agreement is terminated in respect of one or both of the Parties to this Agreement.

CHAPTER II

OPERATION OF THIS AGREEMENT DURING THE PERIOD OF APPLICATION OF THE EUROPEAN PAYMENTS AGREEMENT

Article 2

During the period of application of the provisions of the European Payments Agreement to the two Parties to this Agreement, the Government of the Italian Republic shall repay the amount referred to in article 1, under the following conditions.

¹ Came into force on 12 July 1954, upon signature, in accordance with article 9.

The payments shall be made in gold, at Brussels or at any other place approved by the Government of the Kingdom of Belgium. The gold delivered must conform to the specifications necessary to be of good delivery in London.

The Government of the Italian Republic may, however, make its payments in United States dollars, calculated at the official price for gold of the United States Treasury.

A payment equivalent to ten million units of account shall be made on the value date of the operations of the Agent of the Organization for European Economic Co-operation for the European Payments Union (hereinafter referred to as the Agent) for the month of June 1954.

The remaining twenty million units of account shall be paid in twenty quarterly instalments of one million units of account. Payment of each quarterly instalment shall be made at the end of the month. The first instalment shall fall due on 30 September 1954.

Article 3

Not later than three working days before the due date of each of the payments referred to in article 2 of this Agreement, the Government of the Italian Republic shall notify the Agent of the payment to be made on the last day of the month.

The Government of the Italian Republic shall not, however, notify the Agent until it has issued a valid payment order in favour of the Government of the Kingdom of Belgium.

The Government of the Kingdom of Belgium shall have the option of terminating this Agreement for the future if a payment falling due under these provisions is not made by the due date.

Article 4

(a) If Italy, in its cumulative accounting position under article 7 of the European Payments Agreement, ceases to be a debtor before the debt referred to in article 1 is fully repaid, the following rules shall apply.

So long as the calculations effected in accordance with the methods provided for in paragraphs 4 or 16 and 17 of annex B to the European Payments Agreement show Italy to be a debtor of the Belgium-Luxembourg Economic Union, the Agreement shall continue in force. If the same calculations do not show Italy to be a debtor of the Belgium-Luxembourg Economic Union, the Government of the Italian Republic shall have the option either to suspend its payments or to continue them until the debt referred to in article 1 of this Agreement is paid off.

(b) Whenever the Belgium-Luxembourg Economic Union, in its cumulative accounting position, ceases to be a creditor before the debt referred to in article 1 is fully repaid, the Government of the Kingdom of Belgium shall on each occasion

have the option of requesting either the suspension of this Agreement or the continuation of payments by the Government of the Italian Republic.

(c) The calculations referred to in this article shall be effected in accordance with the hypothetical case set forth in paragraph 12 of annex B to the European Payments Agreement.

(d) If, during any suspension of this Agreement, the European Payments Agreement should terminate in respect of one or both of the Parties to this Agreement, this Agreement shall immediately cease to have effect.

CHAPTER III

OPERATION OF THIS AGREEMENT AFTER THE TERMINATION OF THE EUROPEAN PAYMENTS AGREEMENT

Article 5

(a) On the date when the European Payments Agreement terminates in respect of one or both of the Parties to this Agreement, the balance payable under article 1 and 2 by the Government of the Italian Republic, hitherto expressed in units of account, shall be established and expressed in Belgian francs on the basis of the parity of the Belgian franc in relation to the unit of account on the said date.

(b) As from that date, the payments shall no longer be quarterly, but shall be replaced by half-yearly payments equal to two quarterly payments.

(c) If on that date the amount of the bilateral credits which the Belgium-Luxembourg Economic Union must grant to Italy under the provisions of annex B to the European Payments Agreement falls below the total of the quarterly instalments outstanding under this Agreement, the total shall be adjusted to the amount of the bilateral credits.

In the latter case, the Government of the Italian Republic may, at its option :

- Make half-yearly payments equal to two quarterly instalments as provided for in the fourth paragraph of article 2 ; or
- Reduce the amount of the half-yearly instalments, in order to spread them over the period remaining under the same article.

If, however, on that date the amount of the bilateral credits which the Belgium-Luxembourg Economic Union must grant to Italy under the provisions of annex B to the European Payments Agreement exceeds the total of the quarterly instalments outstanding under this Agreement, the method of repaying the balance shall be fixed in accordance with the provisions of annex B aforesaid.

(d) As soon as the European Payments Agreement terminates in respect of one or both of the Parties to this Agreement, the Government of the Italian Republic shall deliver to the Government of the Kingdom of Belgium bearer

bonds issued by the Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie to the amount of the total balance outstanding at that time, under this Agreement, taking into account article 5, paragraph (c). These bonds shall be denominated in Belgian francs and repayable at Brussels in Belgian francs, in cash.

The Government of the Italian Republic undertakes to ensure that the bonds will be honoured and that capital and interest accruing from the bonds will be transferred freely to Belgium or to the agreed place of payment at any time, without any restriction and in any circumstances, without requiring that any affidavit be drawn up or that any formality be complied with.

The bonds shall be negotiable both on the Belgian market and on foreign markets and may at any time be transferred or discounted, or given as security or collateral.

They shall bear interest calculated and paid half-yearly at the rate of 3.25 per cent per annum.

They shall be printed in the form specified in the annexes to this Agreement (annexes I¹ and II²).

(e) The bonds issued under paragraph (d) above shall comprise :

- (1) Two bonds, one maturing in six months and the other in twelve months, each one representing the amount of one half-yearly instalment.
- (2) A series of one-year bonds to the amount of the outstanding balance, having a nominal value equal to two half-yearly instalments, or a lesser value, if the said balance does not correspond exactly to two half-yearly instalments.

(f) Each year, and for the first time one year after the date of issue, one of these bonds shall be exchanged for two divisional bonds, one maturing in six months and the other in twelve months, each representing the amount of one half-yearly instalment. The remaining bonds shall be exchanged for new bonds maturing in one year.

(g) The Government of the Kingdom of Belgium shall be entitled to request that the bonds referred to in the preceding paragraphs be split into fractions of a lesser nominal amount.

CHAPTER IV

MISCELLANEOUS PROVISIONS

Article 6

While this Agreement remains in force, the Government of the Italian Republic shall be entitled, on any due date, to prepay all or part of the unpaid balance.

¹ See p. 69 of this volume.

² See p. 73 of this volume.

Any prepayment shall be applied to the half-yearly instalments last falling due.

Article 7

All payments made by the Government of the Italian Republic in settlement either of the principal or of the interest referred to above shall be free of any tax, toll or commission whatsoever, present or future, to which such payments might be subject under any law or regulation of the Italian Republic.

The same shall apply to the issue of the bonds referred to in article 5, paragraph (d).

Article 8

The National Bank of Belgium and the Italian Exchange Office shall be responsible for giving effect to this Agreement and shall determine the technical methods for doing so by common agreement.

Article 9

This Agreement, together with annexes I and II which constitute an integral part thereof, shall enter into force on its signature.

DONE in duplicate at Paris, on 12 July 1954.

For the Government
of the Italian Republic :

CATTANI

For the Government
of the Kingdom of Belgium :

R. OCKRENT

A N N E X I

MODEL OF BOND MATURING IN ONE YEAR

BOND No.

B.F. 3.25 per cent per annum.

The Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie will pay the bearer of this bond the principal sum of Belgian francs (..... B. Frs.).

This bond is issued in accordance with the provisions of the Agreement for Repayment and Amortization between the Government of the Kingdom of Belgium and the Government of the Italian Republic, signed at Paris on 12 July 1954¹ (hereinafter

¹ See p. 61 of this volume.

referred to as the Agreement) and is subject to all the terms and conditions of that Agreement.

The Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie will :

- 1) Pay the principal sum of this bond on (1)
- 2) Pay, on the sum of this bond, interest at the rate of 3.25 per cent per annum, running from (2) This interest will be payable on (3) and (1)

The principal and the interest will be paid in Belgian francs, in cash, at the National Bank of Belgium at Brussels, unless the contracting parties decide otherwise.

The payments made by the Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie in settlement of the principal or interest will be free of any tax, toll or commission whatsoever, present or future, to which such payments might be subject under any law or regulation of the Italian Republic.

Furthermore, the Government of the Italian Republic will ensure that the capital and interest are transferred freely to Belgium or to the agreed place of payment, at any time, without any restriction and in any circumstances, without requiring that any affidavit be drawn up or that any formality be complied with.

At the request of the Government of the Kingdom of Belgium, this bond may be divided and exchanged for fractional bonds of a nominal value to be determined by that Government.

Prepayment of this bond by the Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie will not entitle the latter to clear itself by a payment which is less than the nominal face value of the bond.

- (1) (i) In the case of bonds issued under article 5, paragraph (e), of the Agreement : one year after the date of termination of the European Payments Agreement in respect of one or both of the Parties to the Agreement.
- (ii) In the case of bonds issued under article 5, paragraph (f), of the Agreement : one year after the maturity date of the one-year bond exchanged under the terms of paragraph (f).
- (2) (i) In the case of bonds issued under article 5, paragraph (e), of the Agreement : the date of termination of the European Payments Agreement in respect of one or both of the Parties to this Agreement.
- (ii) In the case of bonds issued under article 5, paragraph (f), of the Agreement : the maturity date of the one-year bond exchanged under the terms of paragraph (f) aforesaid.
- (3) (i) In the case of bonds issued under article 5, paragraph (e), of the Agreement : six months after the date of termination of the European Payments Agreement in respect of one or both of the Parties to this Agreement.
- (ii) In the case of bonds issued under article 5, paragraph (f), of the Agreement : six months after the maturity date of the one-year bond exchanged under the terms of paragraph (f) aforesaid.

For the Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie,

Rome,

(Signed)

COUPON No. 1 for ... (Belgian francs)

(..... B. Frs.)

Payable on

COUPON No. 2 for (Belgian francs)

(..... B. Frs.)

Payable on

DONE at Paris, on 12 July 1954.

For the Government
of the Italian Republic :

CATTANI

For the Government
of the Kingdom of Belgium :

R. OCKRENT

A N N E X II

MODEL OF BOND MATURING IN SIX MONTHS

BOND No.

B.F. 3.25 per cent per annum.

The Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie will pay the bearer of this bond the principal sum of Belgian francs (..... B. Frs.).

This bond is issued in accordance with the provisions of the Agreement for Repayment and Amortization between the Government of the Kingdom of Belgium and the Government of the Italian Republic, signed at Paris on 12 July 1954 (hereinafter referred to as the Agreement) and is subject to all the terms and conditions of that Agreement.

The Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie will :

1) Pay the principal sum of this bond on (1)

(1) (i) In the case of bonds issued under article 5, paragraph (e), of the Agreement : six months after the date of termination of the European Payments Agreement in respect of one or both of the Parties to the Agreement.

(ii) In the case of bonds issued under article 5, paragraph (f), of the Agreement : six months after the maturity date of the one-year bond exchanged under the terms of paragraph (f) aforesaid.

- 2) Pay, on the sum of this bond, interest at the rate of 3.25 per cent per annum, running from (2) This interest will be payable on (3)

The principal and the interest will be paid in Belgian francs, in cash at the National Bank of Belgium at Brussels, unless the contracting parties decide otherwise.

The payments made by the Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie in settlement of the principal or interest will be free of any tax, toll or commission whatsoever, present or future, to which such payments might be subject under any law or regulation of the Italian Republic.

Furthermore, the Government of the Italian Republic will ensure that the capital and interest are transferred freely to Belgium or to the agreed place of payment, at any time, without any restriction and in any circumstances, without requiring that any affidavit be drawn up or that any formality be complied with.

At the request of the Government of the Kingdom of Belgium, this bond may be divided and exchanged for fractional bonds of a nominal value to be determined by that Government.

Prepayment of this bond by the Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie will not entitle the latter to clear itself by a payment which is less than the nominal face value of the bond.

For the Istituto Centrale per il credito a medio termine a favore delle medie e piccole industrie,

Rome,

(Signed)

COUPON No. 1 for Belgian francs
(..... B. Frs.)
Payable on

DONE at Paris, on 12 July 1954.

For the Government
of the Italian Republic :

CATTANI

For the Government
of the Kingdom of Belgium :

R. OCKRENT

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- (2) (i) In the case of bonds issued under article 5, paragraph (e), of the Agreement : the date of termination of the European Payments Agreement in respect of one or both of the Parties to the Agreement.
(ii) In the case of bonds issued under article 5, paragraph (f), of the Agreement : the maturity date of the one-year bond exchanged under the terms of paragraph (f) aforesaid.
(3) On the maturity date of the principal.
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ADDITIONAL AGREEMENT¹ TO THE AGREEMENT FOR REPAYMENT AND AMORTIZATION OF 12 JULY 1954² BETWEEN THE GOVERNMENT OF THE ITALIAN REPUBLIC AND THE GOVERNMENT OF THE KINGDOM OF BELGIUM. SIGNED AT PARIS, ON 3 JULY 1956

The Government of the Italian Republic, on the one hand, and the Government of the Kingdom of Belgium, acting on its own behalf and on behalf of the Government of the Grand Duchy of Luxembourg, by virtue of existing agreements, on the other hand,

Considering the Agreement for the Establishment of a European Payments Union (hereinafter referred to as the European Payments Agreement) signed at Paris on 19 September 1950, and Supplementary Protocols 1 to 8,

Considering article 13*bis* (a) of the European Payments Agreement,

Considering document C (54) 161 of 22 June 1954,

Considering document C (55) 91, paragraph 10, of 22 April 1955,

Considering document C (56) 118, paragraphs 3 and 4, of 1 June 1956,

Considering Council Decision C (56) 161 of 29 June 1956,

Have agreed as follows :

Article 1

The Government of the Italian Republic shall pay to the Government of the Kingdom of Belgium, in addition to the amount specified in article 1 of the Agreement for Repayment and Amortization between the Government of the Kingdom of Belgium and the Government of the Italian Republic (hereinafter referred to as the Agreement) signed at Paris on 12 July 1954,¹ a total amount equivalent to fifteen million units of account, the value of which is defined in article 26 of the European Payments Agreement.

Article 2

All the provisions of the Agreement, both those relating to the period preceding the termination of the European Payments Agreement in respect of one or both Parties and those relating to the period following such termination, shall apply to the settlement of the additional amount referred to in article 1 above, taking into account and subject to the following provisions.

¹ Came into force on 3 July 1956, upon signature, in accordance with article 5.

² See p. 61 of this volume.

These provisions shall be applied having regard to the fact that the total sum of the payments to be made by the Government of the Italian Republic under article 1 of the Agreement has been increased by an amount of fifteen million units of account.

Article 3

During the period of application of the provisions of the European Payments Agreement to both Parties to this Additional Agreement, the Government of the Italian Republic shall repay the sum of fifteen million units of account referred to in article 1 above under the following conditions :

A payment equivalent to three million units of account shall be made on the value date of the Union for the month of June 1956.

The remaining twelve million units of account shall be paid in twenty-four equal quarterly instalments of five hundred thousand units of account. The first of these quarterly instalments shall be paid on 30 September 1956.

So long as quarterly payments remain outstanding under the Agreement, each of the quarterly instalments referred to above shall be combined with the corresponding quarterly instalment provided for in the Agreement.

Article 4

After the date when the European Payments Agreement terminates in respect of one or both of the Parties, the Government of the Italian Republic shall repay the amount of the bilateral credits which the Belgium-Luxembourg Economic Union must grant to Italy pursuant to annex B to the European Payments Agreement, under the conditions provided for in article 5 of the Agreement and taking into account the following provisions :

(a) If on that date the amount of the bilateral credits is less than or equal to the total of the quarterly instalments outstanding under the Agreement, the credits shall be repaid in accordance with the said Agreement, and this Additional Agreement shall cease to have effect.

(b) If on that date the amount of the bilateral credits is greater than the total of the quarterly instalments outstanding under the Agreement, but less than that total increased by the total of the quarterly instalments outstanding under this Additional Agreement, the fraction of the bilateral credits which is equal to the quarterly instalments outstanding under the Agreement shall be repaid in half-yearly instalments equal to two quarterly instalments as provided for in article 2 of the Agreement, and the remaining fraction of the credits shall be repaid, at the option of the Government of the Italian Republic :

(i) In half-yearly instalments equal to two quarterly instalments as provided for in the third paragraph of article 3 of this Additional Agreement, or

(ii) In half-yearly instalments reduced so that they may be spread over the period still to run under that article.

(c) If on that date the amount of the bilateral credits is greater than the total of the quarterly instalments outstanding under the Agreement and under this Additional Agreement, the method of repaying the outstanding balance shall be fixed in accordance with the provisions of annex B to the European Payments Agreement.

Article 5

This Additional Agreement shall enter into force on its signature.

DONE in duplicate in Paris, on 3 July 1956.

For the Government
of the Italian Republic :

G. COSMELLI

For the Government
of the Kingdom of Belgium :

R. OCKRENT