

No. 4199

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**ITALY**  
**and**  
**FEDERAL REPUBLIC OF GERMANY**

**Exchange of notes constituting an agreement concerning  
repayment and amortization under the European  
Payments Union. Paris, 28 June 1954**

**Exchange of notes constituting an agreement supplement-  
ing the above-mentioned Agreement. Paris, 27 June  
1956**

*Official text: French.*

*Registered by Italy on 13 March 1958.*

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**ITALIE**  
**et**  
**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE**

**Échange de notes constituant un accord en matière de  
remboursement et d'amortissement dans le cadre de  
l'Union européenne de paiements. Paris, 28 juin 1954**

**Échange de notes constituant un accord complétant l'Accord  
susmentionné. Paris, 27 juin 1956**

*Texte officiel français.*

*Enregistrés par l'Italie le 13 mars 1958.*

[TRANSLATION — TRADUCTION]

No. 4199. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN ITALY AND THE FEDERAL REPUBLIC OF GERMANY CONCERNING REPAYMENT AND AMORTIZATION UNDER THE EUROPEAN PAYMENTS UNION. PARIS, 28 JUNE 1954

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I

PERMANENT MISSION OF THE FEDERAL REPUBLIC OF GERMANY TO OEEC

PARIS

Paris, 28 June 1954

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 for 1954-55, my Government is prepared to agree that the amount of 48 million units of account of the Italian debt to the Union and the amount of 48 million units of account of the German claims on the Union should be settled in the following manner :

1. An amount of 16 million units of account (or 33 1/3 per cent of the amount referred to above) shall be paid by the Italian Exchange Office, not later than the Agent's value date for the month of June 1954, to the Bank deutscher Länder, in gold or in United States dollars or by debiting accounts in convertible deutschemarks. The payment shall be reported by the Bank deutscher Länder and the Italian Exchange Office to the Agent so that he may take it into account in calculating the cumulative accounting positions of the two Contracting Parties.

2. An amount of 32 million units of account shall be paid over a period of five years beginning 1 July 1954 in equal quarterly instalments payable at the end of each quarter by the Italian Exchange Office to the Bank deutscher Länder. So long as the Union remains in existence, the payments shall be made on the value date for the last month in each quarter, the first payment being made not later than the value date for the month of September 1954. After the liquidation of the Union, the payments shall be made on 31 March, 30 June, 30 September and 31 December of each year.

3. Instalments falling due during the life of the Union shall be paid in gold, in United States dollars or by debiting accounts in freely convertible deutschemarks. The pay-

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<sup>1</sup> Came into force on 28 June 1954 by the exchange of the said notes.

ments shall be reported by the Bank deutscher Länder and the Italian Exchange Office to the Agent so that he may take them into account in calculating the cumulative accounting positions of the Contracting Parties.

4. (1) On the date of liquidation of the Union, the amount not yet repaid in conformity with article 2 shall be expressed in deutschemarks at the parity of the deutschemark ruling on that date.

(2) With effect from the date of liquidation of the Union, the unrepaid amount shall bear interest at the rate of 3 1/4 per cent per annum. The interest shall be payable on the last day of each quarter, namely, on 31 March, 30 June, 30 September and 31 December of each year.

(3) The quarterly instalments and the interest shall be paid in deutschemarks by debiting an account in freely convertible deutschemarks, or in any other currency acceptable to the creditor, such payments to be made outside any payments agreement that may exist between the Contracting Parties.

5. On the date of liquidation of the Union, the Italian Exchange Office shall deliver to the Bank deutscher Länder its promissory notes, denominated in deutschemarks, up to the amount of the balance outstanding on that date including the interest provided for in article 4, paragraph (2).

The amounts and maturities of the various notes shall be determined in accordance with the provisions of article 2.

6. The Italian Exchange Office may make advance repayments of the amount specified in article 2.

If, while the Union is in effect, Italy makes payments to a third party, under a consolidation agreement pursuant to the Decision of the Council of OEEC relating to the prolongation of the European Payments Union for 1954-55, in advance of the dates set by such agreement, an equal number of advance payments shall be made to the Bank deutscher Länder up to the amount specified in article 2.

7. (1) If on the liquidation of the EPU the claims of the Federal Republic of Germany on Italy, calculated according to the provisions of annex B to the Agreement for the Establishment of a European Payments Union of 19 September 1950 (Agreement for the EPU), should be greater than the sum due under the present Agreement, article 18 of annex B to the Agreement for the EPU shall apply with respect to that difference.

(2) If the claims as calculated are smaller than the sum concerned, the period specified in article 2 shall be shortened to reflect the difference, the amounts of the quarterly payments remaining unchanged unless the Italian Exchange Office and the Bank deutscher Länder agree to reduce them.

8. If while the EPU is in effect the respective positions of Italy and Germany in relation to the Union should become reversed, the Contracting Parties shall agree upon the action to be taken regarding the repayments provided for above.

9. The Italian Exchange Office and the Bank deutscher Länder shall determine by common agreement the procedure for giving effect to this Agreement.

I should be glad if you would confirm the agreement of your Government to the foregoing arrangements.

I have the honour to be, etc.

K. WERKMEISTER

Mr. Attilio Cattani  
Ambassador  
Head of the Permanent Mission of Italy to OEEC  
Paris

## II

### PERMANENT MISSION OF ITALY TO OEEC

2952

Paris, 28 June 1954

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.

CATTANI

Dr. Karl Werkmeister  
Ambassador  
Head of the Permanent Mission  
of the Federal Republic of Germany to OEEC  
Paris

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup>  
SUPPLEMENTING THE AGREEMENT CONCERNING  
REPAYMENT AND AMORTIZATION OF 28 JUNE 1954<sup>2</sup>  
BETWEEN ITALY AND THE FEDERAL REPUBLIC OF  
GERMANY. PARIS, 27 JUNE 1956

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I

PERMANENT MISSION OF THE FEDERAL REPUBLIC OF GERMANY TO OEEC

Paris, 27 June 1956

Your Excellency,

With reference to the conversations held between our two delegations, I have the honour to inform you that the Government of the Federal Republic of Germany and the Government of the Italian Republic have agreed to conclude, in accordance with article 13*bis* of the Agreement for the Establishment of a European Payments Union (hereinafter referred to as the Union) and as a supplement to the Agreement of 28 June 1954<sup>2</sup> between the Contracting Parties which remains in force, an arrangement covering repayment and amortization of 35 million (thirty-five million) units of account (hereinafter referred to as u.a.) of the Italian debt to the Union and 35 million u.a. of the German claims on the Union.

1. An amount of 7 million (seven million) u. a. or 20 per cent of the said amount of 35 million u. a. shall be paid on the value date for the operations for the month of June 1956 by the Italian Exchange Office, at its option, in gold or in United States dollars, to the Bank deutscher Länder.

2. The balance of 80 per cent of the said amount of 35 million u. a. or 28 million (twenty-eight million) u. a. shall be repaid over a period of six years beginning 1 July 1956 in the manner prescribed in the following articles.

3. (a) While the Union is in effect, the repayment of the amount specified in article 2 shall be made in equal quarterly instalments on the value date for operations for the last month in each quarter. Each quarterly payment shall therefore amount to  $\frac{28 \text{ million}}{6 \times 4}$  u.a., rounded off to the nearest thousand units, or 1.167 million (one million one hundred and sixty-seven thousand) u. a. The excess shall be settled when the last instalment is paid.

<sup>1</sup> Came into force on 27 June 1956 by the exchange of the said notes.

<sup>2</sup> See p. 85 of this volume.

(b) The quarterly instalments shall be paid by the Italian Exchange Office, at its option, in gold or in United States dollars, to the Bank deutscher Länder.

4. The payments provided for under articles 1 and 3 shall be reported by the Italian Exchange Office and the Bank deutscher Länder to the Agent for the Organization for European Economic Co-operation in order that corresponding adjustments may be made in the credit and debit positions of the Contracting Parties.

5. (a) On the date of liquidation of the Union, the amount outstanding under this Agreement shall be denominated in deutschemarks on the basis of the parity of the deutschemark on that date.

(b) With effect from the date of liquidation of the Union, the amount outstanding on that date shall bear interest at the rate of 3 1/4 per cent per annum and shall be amortized in equal quarterly instalments. The amortization instalments and the interest shall fall due at the end of each calendar quarter and shall be payable in deutschemarks or in other currencies to be determined on each occasion by agreement between the Italian Exchange Office and the Bank deutscher Länder outside any controlled payments system.

6. (a) If on the date of liquidation of the Union the Italian debt calculated in accordance with the provisions of annex B to the Agreement for the Establishment of a European Payments Union is greater than the total amount due under this Agreement and the Agreement of 28 June 1954, paragraph 18 of annex B to the Agreement for the Establishment of a European Payments Union shall apply to the difference between the amounts due.

(b) If on the date of liquidation of the Union the Italian debt calculated in accordance with the aforementioned liquidation provisions is smaller than the total amount outstanding under this Agreement and the Agreement of 28 June 1954, though greater than the amount due under the Agreement of 28 June 1954, the amounts and maturities of the quarterly amortization instalments to be paid under the terms of the present Agreement shall remain unchanged until the debt has been extinguished, unless the Italian Exchange Office and the Bank deutscher Länder agree to reduce them.

7. (a) With regard to the amount outstanding under this Agreement on the date of liquidation of the Union or the smaller Italian debt calculated in accordance with the liquidation provisions, the Government of the Italian Republic shall arrange for the Italian Exchange Office to issue promissory notes in favour of the Bank deutscher Länder, such notes also to include the interest provided for in article 5, or, if there is a special arrangement between the parties concerned, to issue bonds of 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). The promissory notes and bonds to be delivered to the Bank deutscher Länder shall be denominated in deutschemarks and payable in deutschemarks outside any controlled payments system.

(b) The amounts and due dates of the promissory notes and bonds and of the interest are laid down in article 5 of this Agreement.

(c) The Bank deutscher Länder may at any time, as it sees fit, sell the notes and bonds delivered to it.

8. (a) If the Bank deutscher Länder receives "Mediocredito" bonds under article 7 of this Agreement, the transaction shall be accompanied by the following guaranties :

(i) Guaranty given by the Government of the Italian Republic under the provisions of article 21 of the Italian Act No. 949 of 25 July 1952 ;

(ii) Transfer guaranty given by the Italian Exchange Office.

(b) The Italian Exchange Office shall deliver the following documents to the Bank deutscher Länder as soon as possible :

(i) A notarized record of the deliberations of the Executive Board of "Mediocredito" ;

(ii) A guaranty order of the Minister of the Treasury, registered by the Audit Office ;

(iii) A letter from the Italian Exchange Office containing the transfer guaranty in respect of the sums due for amortization and interest.

9. (a) The Government of the Italian Republic may make advance repayments of the amount specified in article 2.

(b) If, while the Union is in effect, the Government of the Italian Republic makes advance repayments to a third party under a consolidation agreement concluded in accordance with article 13*bis* of the Agreement for the Establishment of a European Payments Union, an equal number of advance payments shall be made to the Bank deutscher Länder up to the amount specified in article 2.

10. The Italian Exchange Office and the Bank deutscher Länder shall determine by common agreement the procedure for giving effect to this Agreement.

I should be glad if you would confirm the agreement of your Government to the foregoing arrangements.

I have the honour to be, etc.

K. WERKMEISTER

His Excellency Mr. Giuseppe Cosmelli  
Ambassador  
Head of the Permanent Mission of Italy to OEEC  
Paris

## II

PERMANENT MISSION OF ITALY TO OEEC  
PARIS

Paris, 27 June 1956

Your Excellency,

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 Dr. Karl Werkmeister  
Ambassador  
Head of the Permanent Mission  
of the Federal Republic of Germany to OEEC  
Paris

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