

No. 6612

**UNITED STATES OF AMERICA
and
AUSTRIA**

**Agreement relating to the European Recovery Program
Counterpart Settlement (with annexes). Signed at
Vienna, on 29 March 1961**

**Exchange of notes relating to the above-mentioned Agree-
ment. Vienna, 10 and 28 March 1961**

Official texts: English and German.

Registered by the United States of America on 15 April 1963.

**ÉTATS-UNIS D'AMÉRIQUE
et
AUTRICHE**

**Accord relatif aux règlements de contrepartie au titre du
programme de relèvement européen (avec annexes).
Signé à Vienne, le 29 mars 1961**

**Échange de notes relatif à l'Accord susmentionné. Vienne,
10 et 28 mars 1961**

Textes officiels anglais et allemand.

Enregistrés par les États-Unis d'Amérique le 15 avril 1963.

No. 6612. AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND AUSTRIA RELATING TO THE EUROPEAN RECOVERY PROGRAM COUNTERPART SETTLEMENT. SIGNED AT VIENNA, ON 29 MARCH 1961

The Government of the United States of America and the Austrian Federal Government have agreed on the following

ERP² COUNTERPART SETTLEMENT AGREEMENT

Article I

STATUS OF FUNDS

It is agreed that the status as of April 30, 1960, of the Special Counterpart Account and related counterpart accounts is as outlined in Annex A,³ and that Annex B⁴ is an accurate reflection, as of April 30, 1960, of the Special Account for Productivity Promotion.

Annex A shows total withdrawals of counterpart funds for Austrian purposes in the amount of AS 19,520,167,000 and a cash balance of AS 2,694,656,711 as of April 30, 1960. It is understood that an amount of about AS 8.24 billions in counterpart funds, including productivity counterpart funds, were outstanding in the form of loans as of April 30, 1960.

Article II

COUNTERPART ARRANGEMENTS

This agreement covers all counterpart funds, both accumulated and accumulating through reflows of principal and interest in the Special Counterpart Account and related accounts, and including those derived out of reflows on credits made before June 20, 1952 and subject to the Memorandum of Understanding of February 2, 1953.⁵ It is agreed that these funds shall continue to be used for sound economic development of Austria in accordance with the spirit and objectives of the Economic Cooperation Agreement of July 2, 1948,⁶ and with the provisions of the present agreement. It is further agreed that these counter-

¹ Came into force on 12 July 1962, the date of the communication by which the Austrian Federal Government gave notice of its ratification to the Government of the United States of America, in accordance with article VII.

² European Recovery Program.

³ See p. 56 of this volume.

⁴ See p. 59 of this volume.

⁵ Not printed by the Department of State of the United States of America.

⁶ United Nations, *Treaty Series*, Vol. 21, p. 29; Vol. 79, p. 288; Vol. 141, p. 372; Vol. 181, p. 326; Vol. 185, p. 322, and Vol. 336, p. 336.

part funds will be treated as one unified Fund available and used, except as otherwise agreed, only for economic activities carried out under annual Austrian Counterpart Investment Programs whose totals and sector breakdowns will be approved in advance by the Austrian Federal Government as in the past.

It is understood that the Annual Counterpart Investment Programs will continue to be developed and approved in a manner consistent with the maintenance of internal financial and monetary stability and so as to further sound economic growth, particularly by supporting and stimulating productive activity and trade.

In order to insure the effective and efficient use of the Fund, it is understood that the subdivisions and projects contained in these annual programs will be developed and approved on their economic merits, and will, as in the past, be subject to criteria and procedures which will be uniformly applied to all investments of the same kind and which will be unilaterally determined in advance by the Austrian Federal Government without prior arrangement with or approval by the Government of the United States. It is further understood that the annual programs will be developed and approved in a manner consistent with the desirability of preserving the counterpart assets and of strengthening the capital market in Austria and mobilizing private capital in the economy's further development.

Counterpart loans will be made available on the basis of the economic merits of projects and through established banks in accordance with accepted banking practice in the extension and repayment of loans. It is also understood that as a rule interest rates on counterpart loans will approximate capital market rates, except in special sub-sectors and areas where the rate of return on an investment, which is clearly desirable in the interest of sound economic development, is inadequate to permit a capital market rate. Reflows of interest and principal on counterpart loans shall revert to the Fund to be used again in subsequent annual programs.

It is understood that counterpart funds made available under the annual programs will be expended within a reasonable and pre-determined period, following approval by the Austrian Federal Government of the Annual Program; this period, which at present is two years, will be determined in advance by the Austrian Federal Government, and balances unexpended at the end of such

period will not remain available to the economic sector for which they were approved but may instead be utilized for subsequent annual programs.

It is agreed that counterpart funds will be kept separate and distinct from the Austrian budget.

Article III

AID TO LESSER DEVELOPED COUNTRIES

In order to facilitate a greater Austrian participation in aid to developing countries and at the same time promote export trade with such countries, it is agreed that counterpart funds may also be made available through the annual investment programs for such aid, including for example, technical assistance, long term export financing, and investment and export credit guarantee programs. In developing appropriate programs of assistance, the Austrian Federal Government expects to utilize the Counterpart Fund in order to make a significant contribution to the effort to help such countries develop their resources and improve the living standards of their people.

Article IV

SPECIAL ACCOUNT FOR PRODUCTIVITY PROMOTION

It is agreed that the funds available, or which may accumulate through reflows of principal and interest on productivity counterpart loans, in the Special Account for Productivity Promotion may be used as unilaterally determined by the Austrian Federal Government either for further productivity uses in accordance with agreed objectives as provided by the letter from the U.S. Government of June 24, 1953,¹ or to augment the Counterpart Fund for use in the annual Austrian Counterpart Investment Programs.

It is understood that the Austrian Federal Government will, however, carry out a program of grant productivity actions involving the amount of about AS 85 million. The general details of this program shall be agreed upon by the two governments, taking due regard to the desirability of promoting productivity through support of training, research and productivity studies and support of actions in special Austrian development areas or in industries where such actions will be helpful in raising the level of economic activity or in dealing with structural problems of production and employment arising out of economic integration.

¹ Not printed by the Department of State of the United States of America.

Article V

TRANSFER OF RESPONSIBILITY

In order to effect the transfer of responsibility to the Austrian Federal Government for the management of counterpart funds it is agreed :

- a) that all funds held in the Special Counterpart Account, and all funds due therein, shall be released and withdrawn and transferred to a new account to be established by the Austrian Federal Government for use as provided above;
- b) that the prior agreement of the U.S. Government to the use of the counterpart funds covered by the Memorandum of Understanding for the annual Austrian Counterpart Investment Programs is no longer required, it being understood that these funds will be programmed and used under these annual programs as provided above;
- c) that the prior agreement of the U.S. Government to the disposition of the funds contained in or due to the Special Account for Productivity Promotion is no longer required; it being understood that these funds will be used as provided above.
- d) the U.S. Government relinquishes its right, essentially as provided in the letter of August 3, 1953 (CON-2172),¹ to review and approve individual counterpart projects, including productivity counterpart projects, and changes in the procedures, conditions and criteria governing the programming and use of counterpart funds.

Article VI

SPECIAL PROVISIONS

It is further agreed that :

1. The counterpart funds covered by this agreement will not be used for debt retirement; that is, none of these funds shall be used to make payments on account of the principal or interest on any debt of the Republic of Austria or on any loan made to the Republic of Austria, nor shall any of these funds be expended for any purpose for which other funds have been withdrawn by the Austrian Federal Government to make payment of such debts.

2. In administering the counterpart funds covered by this agreement, the Austrian Federal Government will arrange that, as in the past, adequate end-use

¹ Not printed by the Department of State of the United States of America.

checks are conducted and other reasonable controls are executed to insure that counterpart financial activities are carried out, and objectives reached, in a manner consistent with this agreement. The Government of the U.S. retains its rights of observation and review, as set forth in Article VIII point 3 of the Economic Cooperation Agreement of July 2, 1948, which article is attached as Annex C.¹

3. The Austrian Federal Government will arrange to furnish the American Embassy, Vienna, with statements of the annual counterpart investment and productivity counterpart programs and with semi-annual reports showing half-year and cumulative disbursements for each sector together with semi-annual bank statements of the counterpart fund accounts. The reports will be furnished within 45 days after the end of the half-year.

Article VII

ENTRY INTO FORCE

This Agreement shall enter into force on the date of the communication by which the Austrian Federal Government gives notice of its ratification to the Government of the United States of America.

IN WITNESS WHEREOF the respective representatives of the Government of the United States and the Austrian Federal Government, duly authorized for the purpose, have signed this Agreement.

DONE at Vienna, in duplicate, in the English and German languages, both of which texts are authentic, this 29 day of March, 1961.

For the United States of America :

H. Freeman MATTHEWS

[SEAL]

For the Republic of Austria :

Julius RAAB

[SEAL]

¹ See p. 60 of this volume.

Annex A — Anhang A

Status of Counterpart Funds as of April 30, 1960 — Stand der Counterpart-Mittel zum 30. April 1960

I. Sources of Funds — Herkunft der Mittel:

A. Dollar Aid and Counterpart deposited — Dollarhilfe und erlegte Counterpart-Mittel:

Interim-Aid (PL 84, PL 389 and PL 470) — Interimhilfe (US-Gesetz 84, 389 und 470)	\$ 154,228,147.44	AS - 6S 1,194,279,729.—
Allied-Aid — Alliierten-Hilfe	\$ 60,000,000.—	AS - 6S 600,000,000.—
ERP-Aid (PL 472/665) — ERP-Hilfe (US-Gesetz 472/665)	\$ 955,219,111.64	AS - 6S 15,845,452,173.—
Total Dollar-Aid and Counterpart deposited — Summe der Dollarhilfe und der erlegten Counterpart-Mittel ...	\$ 1,169,447,259.08	AS - 6S 17,639,731,902.—

B. Reflows on Counterpart-Loans — Rückflüsse von Counterpart-Krediten:

1. Principal Repayments from — Kapitalrückzahlungen von:

a) Loans out of funds released prior to June 20, 1952 (Pre-Zablocki-Loans) — Krediten aus vor dem 20. Juni 1952

freigegebenen Counterpart-Mitteln (Vor-Zablocki-Kredite):		
Industry (ANB) — Industrie (OeNB)	AS - 6S 2,464,661,658.—	
Non-Industry (FMF) — Nicht-Industrie (BMiF)	AS - 6S 511,651,949.—	

b) Loans out of funds released after June 20, 1952 (Post-Zablocki-Loans) — Krediten aus nach dem 20. Juni 1952

freigegebenen Counterpart-Mitteln (Nach-Zablocki-Kredite):		
Industry and Non-Industry — Industrie und Nicht-Industrie	AS - 6S 959,861,235.—	
c) Loans out of the Special Account of Productivity Promotion — Krediten von dem Produktivitätsförderungs-Sonderkonto	AS - 6S 48,915,024.—	

Total Principal Repayments — Summe der Kapital-Rückzahlungen ... AS - 6S 3,985,089,866.—

2. Interest from — Zinsenzahlungen für:

a) Loans out of funds released prior to June 20, 1952 (Pre-Zablocki-Loans) — Kredite aus vor dem 20. Juni 1952

freigegebenen Counterpart-Mitteln (Vor-Zablocki-Kredite):		
Industry (ANB) — Industrie (OeNB)	AS - 6S 841,706,837.—	
Non-Industry (FMF) — Nicht-Industrie (BMiF)	AS - 6S 122,756,744.—	

b) Loans out of funds released after June 20, 1952 (Post-Zablocki-Loans) — Kredite aus nach dem 20. Juni 1952

freigegebenen Counterpart-Mitteln (Nach-Zablocki-Kredite):		
Industry and Non-Industry — Industrie und Nicht-Industrie	AS - 6S 497,801,051.—	

c) Loans out of the Special Account of Productivity Promotion — Kredite von dem Produktivitätsförderungs-Sonderkonto

Total Interest — Summe der Zinsenzahlungen ...	AS - 6S 1,475,192,715.—
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TOTAL COUNTERPART — SUMME DER COUNTERPART-MITTEL ... AS - 6S 23,100,014,483.—

II. Withdrawals and Transfers — Abhebungen und Überweisungen:

A. Releases and withdrawals for Austrian purposes — Freigaben und Abhebungen für österreichische Vorhaben:

1. Allied-Aid — Alliierten-Hilfe	AS - 6S	600,000,000—
2. Interim-Aid (PL 84 and PL 389) — Interimhilfe (US-Gesetz 84 und 389)	AS - 6S	1,103,100,000—
3. Releases and withdrawals from Special Counterpart Account — Freigaben und Abhebungen vom Counterpart-Sonderkonto:		
Prior to June 20, 1952 (Pre-Zablocki) — Vor dem 20. Juni 1952 (Vor-Zablocki)	Releases — Freigaben	Withdrawals — Abhebungen
After June 20, 1952 (Post-Zablocki) — Nach dem 20. Juni 1952 (Nach-Zablocki):	AS - 6S (10.357,119.852—)	AS - 6S 10.357,119.852—
in 1952 — im Jahre 1952	AS - 6S (1.200,000,000—)	AS - 6S 1.200,000,000—
in 1953 — im Jahre 1953	AS - 6S (1.595,000,000—)	AS - 6S 1.594,831,000—
in 1954 — im Jahre 1954	AS - 6S (530,000,000—)	AS - 6S 527,645,108—
in 1955 — im Jahre 1955	AS - 6S (237,000,000—)	AS - 6S 235,153,547—
in 1956 — im Jahre 1956	AS - 6S (260,000,000—)	AS - 6S 260,000,000—
in 1957 — im Jahre 1957	AS - 6S (490,000,000—)	AS - 6S 495,909,000—
in 1958 — im Jahre 1958	AS - 6S (342,500,000—)	AS - 6S 282,681,938—
Total — Summe ...	AS - 6S 15.011,619.852—	AS - 6S 14.953,340.465—

4. Releases and withdrawals of reflows from Loans prior to June 20, 1952 (Pre-Zablocki-Loans) — Freigaben und Abhebungen der Rückflüsse von Krediten vor dem 20. Juni 1952 (Vor-Zablocki-Kredite):

in 1952 — im Jahre 1952	AS - 6S (300,000,000—)	AS - 6S 300,000,000—
in 1953 — im Jahre 1953	AS - 6S (405,000,000—)	AS - 6S 405,000,000—
in 1954 — im Jahre 1954	AS - 6S (270,000,000—)	AS - 6S 270,000,000—
in 1955 — im Jahre 1955	AS - 6S (503,000,000—)	AS - 6S 503,000,000—
in 1956 — im Jahre 1956	AS - 6S (440,000,000—)	AS - 6S 439,850,000—
in 1957 — im Jahre 1957	AS - 6S (553,668.901—)	AS - 6S 557,082.901—
in 1958 — im Jahre 1958	AS - 6S (187,500,000—)	AS - 6S 24,655.973—
Total — Summe ...	AS - 6S 2.659,168.901—	AS - 6S 2.499,588.874—

5. Withdrawals from the Special Account for Productivity Promotion — Abhebungen vom Produktivitätsförderungs-Sonderkonto:

Grants — Subventionen	AS - 6S	46,429,000—
Loans — Kredite	AS - 6S	175,768,400—
Total — Summe ...	AS - 6S	222,197,400—

6. Temporary Borrowing — Vorübergehende Finanzierung

Total withdrawals for Austrian purposes — Summe der Abhebungen für österreichische Vorhaben ...	AS - 6S	222,197,400—
Total — Summe ...	AS - 6S	141,940,261—

B. Transfer to US-Account — Überweisungen auf US-Konto:

Interim-Aid (PL 84 and PL 389) — Interimhilfe (US-Gesetz 84 und 389)	AS - 6S	20,557,637—
ERP-Aid (PL 472/665) — ERP-Hilfe (US-Gesetz 472,665)	AS - 6S	864,633,135—
Total — Summe ...	AS - 6S	885,190,772—

GRAND TOTAL OF WITHDRAWALS AND TRANSFERS — GESAMTSUMME DER ABHEBUNGEN UND ÜBERWEISUNGEN ...

AS - 6S	20,405,357,772—
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III. Recapitulation — Zusammenfassung:

Counterpart deposited and reflows on Counterpart Loans — Erlegte Counterpart-Mittel und Rückflüsse von Counterpart-Krediten.....	AS - 6S 23.100,014.483--
Withdrawals and transfers — Abhebungen und Überweisungen	<u>AS - 6S 20.405,357.772--</u>
CASH BALANCE — BARBESTAND ...	<u>AS - 6S 2.694,656.711'--</u>

This cash balance was deposited at the end of April 1960 in the following accounts — Dieser Barbestand befand sich zu Ende April 1960 auf folgenden Konten:

CP-Special Account (with the ANB.) — CP-Sonderkonto (bei der OeNB.).....	AS - 6S 945,538.727-92
CP-Working Fund (with the ANB.) — CP-Working Fonds (bei der OeNB.).....	AS - 6S 234,283.960-83
Special Account for Productivity Promotion (with the ANB.) — Produktivitätsförderungs-Sonderkonto (bei der OeNB.).....	AS - 6S 2,571.000—
Productivity Loan Fund (with the ANB.) — Produktivitätsförderungs-Kreditkonto (bei der OeNB.).....	AS - 6S 71,074.707-07
Reutilization Account (with the ANB.) — Wiederverwendungskonto (bei der OeNB.)	AS - 6S 1.161,207.521-08
Postal Savings Account Nr. 200 (with the Austrian Postal Savings Institute) — Postsparkassenkonto Nr. 200 (beim Österreichischen Postsparkassenamt)	<u>AS - 6S 279,980.792-13</u>

Total — Summe ... AS - 6S 2.694,656.709'03 *

*) Including about 32 millions of AS which as of April 30, 1960 were in process of being expended from various sub-accounts.

*) Einschließlich von ca. 32 Mio 6S, die sich zum 30. April 1960 über verschiedene Subkonten in Auszahlung befanden.

Abbreviations: ANB. = Austrian National Bank
FMF. = Austrian Federal Ministry of Finance

Abkürzungen: OeNB. = Oesterreichische Nationalbank
BMF. = Bundesministerium für Finanzen

Origin and Status of the Special Account for Productivity Promotion as of April 30, 1960 — Entstehung und Stand des Produktivitätsförderungs-Sonderkontos zum 30. April 1960

I. Origin of Funds — Entstehung der Mittel:

1. 90 % of the Schillings deposits made against a 10 million dollar allotment to Austria — 90 % des Schillingerlages einer 10-Mio-Dollar-Zuteilung an Österreich	AS - 8S 234,000.000—
2. Reflows on Productivity Loans — Rückflüsse von Produktivitätskrediten:	
a) Principal Repayments — Kapitalrückzahlungen	AS - 8S 48,915.024—
b) Interest payments — Zinszahlungen	AS - 8S 12,928.083—
Total of Funds for Productivity Purposes — Summe der Produktivitätsmittel ...	AS - 8S 295,843.107—

II. Uses of Funds — Verwendung der Mittel:

	Programmed — Programmierte Mittel	Expended — Verbrauchte Mittel
1. Grants — Subventionen:		
a) Austrian Contribution to the European Productivity Agency — Österreichischer Beitrag an die Europäische Produktivitäts-Zentrale	AS - 8S 20,800.000—	AS - 8S 20,800.000—
b) For Productivity Promotion in Austria — Zur Förderung der Produktivität in Österreich	AS - 8S 30,129.000—	AS - 8S 25,629.000—
Total — Summe ...	AS - 8S 50,929.000—	AS - 8S 46,429.000—
2. Loans — Kredite:		
a) Agriculture — Landwirtschaft	AS - 8S 59,195.690—	AS - 8S 59,195.690—
b) Forestry — Forstwirtschaft	AS - 8S 7,009.310—	AS - 8S 7,039.310—
c) Industry — Industrie	AS - 8S 120,162.600—	AS - 8S 109,533.400—
Total — Summe ...	AS - 8S 186,367.600—	AS - 8S 175,768.400—
Total 1 and 2 — Summe 1 und 2 ...	AS - 8S 237,296.600—	AS - 8S 222,197.400—

III. Recapitulation — Zusammenfassung:

Total of Funds used — Summe der verbrauchten Mittel		AS - 8S 222,197.400—
Funds programmed but not yet expended — Programmierte, aber noch nicht verbrauchte Mittel	AS - 8S 15,099.200—	
Balance available as of April 30, 1960 — Guthaben am 30. April 1960	AS - 8S 58,546.507—	
	AS - 8S 73,645.707—	AS - 8S 73,645.770—
Total — Summe ...	AS - 8S 295,843.107—	

ANNEX C

Article VIII, Point 3 of the Economic Cooperation Agreement of July 2, 1948¹

3. The Government of Austria, directly and through its representatives on the Organization for European Economic Cooperation, will extend full cooperation to the special mission, to the United States Special Representative in Europe and his staff, and to the members and staff of the Joint Committee. Such co-operation shall include the provision to the extent practicable of all information and facilities necessary to the observation and review of the carrying out of this Agreement, including the use of assistance furnished under it.

ANHANG C

Artikel VIII, Absatz 3 des Abkommens über wirtschaftliche Zusammenarbeit vom 2. Juli 1948

3. Die Österreichische Regierung wird direkt und durch ihre Vertreter in der Organisation für Europäische Wirtschaftliche Zusammenarbeit der Sondermission, dem Sonderbevollmächtigten der Vereinigten Staaten von Amerika in Europa und seinem Stab und den Mitgliedern und dem Stab des Gemeinsamen Komitees volle Unterstützung gewähren. Diese Zusammenarbeit soll, soweit tunlich, die Beistellung von allen Informationen und Erleichterungen einschließen, die notwendig sind zwecks Beobachtung und Gewinnen einer Übersicht über die Durchführung dieses Abkommens einschließlich der Verwendung der geleisteten Hilfe.

¹United Nations, *Treaty Series*, Vol. 21, p. 29; Vol. 79, p. 288; Vol. 141, p. 372; Vol. 181, p. 326; Vol. 185, p. 322, and Vol. 336, p. 336.

EXCHANGE OF NOTES RELATING TO THE AGREEMENT
OF 29 MARCH 1961¹ BETWEEN THE UNITED STATES
OF AMERICA AND AUSTRIA CONCERNING THE
EUROPEAN RECOVERY PROGRAM COUNTERPART
SETTLEMENT. VIENNA, 10 AND 28 MARCH 1961

I

The American Ambassador to the Austrian Chancellor

Vienna, March 10, 1961

Excellency :

In connection with the ERP Counterpart Settlement Agreement¹ concerning the future management and use of counterpart funds which will shortly be entered into by our governments, I would like to record my government's views on certain understandings which were arrived at during the negotiations, and to request your government's confirmation of these understandings, which have been reached in accordance with the provisions of the afore-mentioned Agreement.

It is understood that the Counterpart Settlement Agreement does not prohibit or otherwise prevent your government from unilaterally making counterpart funds available, as deemed necessary and desirable by your government, to finance activities under the agreement between our two governments for the financing of certain educational exchange activities which was signed at Washington June 6, 1950, and extended in Vienna on June 6, 1955.²

This agreement, which established the Fulbright Program in Austria, has provided for the exchange of Austrian and American professors, teachers and students for study and research in both countries.

Financing until now has been provided by the United States Government. It is understood that up to 60 million Schillings will be set aside from counterpart funds for future Austro-American educational exchange activities, of which amount up to 7.5 million Schillings will be available for a five-year program aimed at facilitating studies relating to America at Austrian universities. The detailed arrangements for the continuation of the Fulbright exchange program will be worked out in the near future in connection with the further extension of the afore-mentioned agreement establishing the Fulbright Program in Austria. Furthermore, I have taken note of the considerations set forth by your government which indicate the necessity for further detailed study of the measures

¹ See p. 46 of this volume.

² United Nations, *Treaty Series*, Vol. 92, p. 201, and Vol. 262, p. 468. See also United Nations, *Treaty Series*, Vol. 435, p. 316.

aimed at facilitating the establishment of the American studies program, with particular regard to the provisions of the Austrian law relating to the organization of Austrian universities.

It is also the understanding of my government that the Counterpart Settlement Agreement will not prohibit or otherwise prevent your government from unilaterally making counterpart available to finance activities under the agreement between our two governments relating to duty-free entry of relief goods and packages and standard packs and for defrayment of transportation charges effected by an exchange of notes at Vienna February 3 and 11, 1949,¹ as amended by an agreement effected by an exchange of notes signed on July 1 and 31, 1952.²

I would also like to confirm the understanding that in the admittedly unlikely event that dollar refunds are requested and received by my government for commodities supplied to the Austrian Federal Government and which generated funds for the special counterpart account, receipt by my government of such refunds will, as of the effective date of agreement on the ERP Counterpart Settlement, create no obligation on the part of my government with respect to the return of an equivalent value in counterpart to the Austrian Federal Government, except that my government would agree to refund to your government funds so deposited which were transferred to my government for its use. In this connection, I take note of the opinion of your government, as stated during the negotiations, that, owing to the lapse of time since the last aid shipment to Austria, a case of a dollar refund will not arise.

Finally, it is the understanding of my government that the Memorandum of Understanding between our two governments dated at Vienna on February 2, 1953,³ shall be superseded upon the entry into force of the ERP Counterpart Settlement Agreement.

If the foregoing understandings are acceptable to Your Excellency's government, I have the honor to propose that this note and your note in reply shall constitute an understanding between our two governments, which takes effect simultaneously with the ERP Counterpart Settlement Agreement.

Accept, Excellency, the renewed assurances of my highest consideration.

H. Freeman MATTHEWS

His Excellency Ing. Julius Raab
Federal Chancellor
Vienna

¹ United Nations, *Treaty Series*, Vol. 79, p. 113.

² United Nations, *Treaty Series*, Vol. 181, p. 326.

³ Not printed by the Department of State of the United States of America.

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.

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