

No. 6891

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
LAOS**

**Exchange of notes (with annexes) constituting an agreement
regarding economic aid to Laos. Vientiane, 17 May
1963**

Official texts: English and French.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
27 August 1963.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
LAOS**

**Échange de notes (avec annexes) constituant un accord
d'assistance économique au Laos. Vientiane, 17 mai 1963**

Textes officiels anglais et français.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
27 août 1963.*

No. 6891. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF LAOS REGARDING ECONOMIC AID TO LAOS. VIENTIANE, 17 MAY 1963

Nº 6891. ÉCHANGE DE NOTES CONSTITUANT UN ACCORD¹ D'ASSISTANCE ÉCONOMIQUE AU LAOS ENTRE LE GOUVERNEMENT DU ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD ET LE GOUVERNEMENT DU LAOS. VIENTIANE, 17 MAI 1963

I

Her Majesty's Ambassador at Vientiane to the Laotian Minister for Foreign Affairs

L'Ambassadeur de Sa Majesté britannique à Vientiane au Ministre des affaires étrangères du Laos

BRITISH EMBASSY

Your Excellency,

Vientiane, 17 May, 1963

I have the honour to refer to the intention of the Government of the United Kingdom of Great Britain and Northern Ireland to extend aid to the Government of the Kingdom of Laos in order to help restore the national economy after the recent war. Part of this aid is to be devoted to providing sterling for the purchase of necessary imports. I now have the honour, in accordance with instructions received from Her Majesty's Principal Secretary of State for Foreign Affairs, to make the following proposals concerning this programme of imports :

1. In respect of contracts made after the date of the formal exchange of letters, the Government of the United Kingdom confirm their offer to provide sterling for the purchase of essential goods from the United Kingdom, within the framework of the import programme of the Royal Government of Laos, to the value of £1 million a year for three years, these sums to include the transportation and insurance costs of the goods up to the point of their entry into Laos.
2. A list of the goods which may be imported under this programme is contained in Annex A of this Note. This list may be amended from time to time by mutual agreement at the request of either Government.

¹ Came into force on 17 May 1963 by the exchange of the said notes.

¹ Entré en vigueur le 17 mai 1963 par l'échange desdites notes.

3. Imports of goods under this programme will be effected through normal commercial channels in accordance with a procedure agreed with the National Bank of Laos, and set out in Annex B to this Note. The Government of the United Kingdom undertake to make arrangements to pay at presentation all drawings which are made in accordance with terms of documentary credits established under the present scheme, in respect of goods whose arrival in Laos will in due course be certified in accordance with a procedure agreed between the two Governments.
4. A special account to be known as the Laotian/United Kingdom Counterpart Account will be set up in the National Bank of Laos for the counterpart kip which will accrue by virtue of this programme. Pending a final agreement on the use of these funds, it is understood that the Prime Minister of the Kingdom of Laos or a representative appointed by him will sign every request addressed to the British Embassy in Vientiane for the use of the Laotian/United Kingdom Counterpart Account. This Account will be administered in accordance with the principle set out in Annex C to this Note.
5. The system set out in this Note and the Annexes thereto is subject to review in the light of experience, and may be amended by mutual agreement on the request of either Government.

If the Royal Government of Laos agree to these proposals I have the honour to suggest that the present Note, together with the Annexes which form an integral part thereof, and your reply in that sense, shall be regarded as constituting an Agreement between our two Governments.

I avail, etc.

D. C. HOPSON

ANNEX A

The following goods of a value of one million pounds sterling c.i.f. Laotian frontier, will be financed by the British-aided Import Programme into Laos for a period of twelve months starting from a date to be agreed. This list may be extended or adjusted by mutual agreement.

<i>Lao Tariff</i>	<i>Description</i>	<i>£</i>	<i>Approximate Equivalent in Kip</i>
27.10.24	Lubricants	76,000	17,000,000
32.09	Paints, varnishes, dyes	4,500	1,000,000
34.02	Detergents and tensio-active organic products	3,000	800,000
38.11	Insecticides	9,000	2,000,000
40.11.22, 23	Tyres, inner tubes	30,000	7,000,000

<i>Lao Tariff</i>	<i>Description</i>	<i>£</i>	<i>Approximate Equivalent in Kip</i>
24.25 and 32-35			
39.03	Cellophane		
48.01	Paper on bobbins		
48.09	Fibre board for building	58,000	13,000,000
48.12	Paper-backed lino		
48.15-18, 21	Other paper		
48.13	Stencils, carbon papers	2,000	500,000
49.07	Security (banknote) paper	18,000	4,000,000
55.07-09	Cotton textiles		
Chap.		50,000	11,000,000
61.01-05	Other textiles and clothing		
59.05	Nets (including synthetic fibre net 51.01 for fishing nets)	10,000	2,000,000
73.10	Iron and steel bars	40,000	9,000,000
73.11	Iron and steel sections		
73.18	Iron and steel tubes and pipes	81,000	18,000,000
73.13	Iron and steel corrugated sheets		
73.21.10	Prefabricated iron and steel building units	9,000	2,000,000
82.01-2	Hand tools, agricultural	22,000	5,000,000
82.02-3			
82.04.20	Saws, craftsmen's tools	18,000	4,000,000
82.05			
84.10-11	Pumps and irrigation pumps (liquid lifting pumps)	18,000	4,000,000
84.22	Lifting and loading machinery (cranes and hoists)	14,000	3,000,000
84.15.10	Refrigerators, electric and non-electric	22,000	5,000,000
84.41	Sewing machines	11,000	3,000,000
84.36-40	Textile machinery	4,500	1,000,000
84.45-49	Machine tools and spare parts	18,000	4,000,000
84.51-55	Typewriters, calculating machines, statistical machines for offices, etc.	30,000	7,000,000
87.01	Road tractors and others	45,000	10,000,000
87.02.11	"Jeep" type vehicles	75,000	17,000,000
87.02.12, 14, 16	Private cars (including station wagons)	90,000	20,000,000
87.01.17	Vehicles for communal transport		
87.02.20	Lorries	35,000	8,000,000
87.03	Vehicles for special uses		
87.06.10	Accessories and spare parts for tractors, cars (and garage equipment)	55,000	11,000,000
87.06.20			
87.10	Bicycles, taxi-tricycles		
87.09	Motorcycles	143,000	33,000,000
87.12, 13 and 14	Accessories and spares for motorcycles, bicycles and trailers		
		<u>991,000</u>	<u>222,300,000</u>

In addition, the freight charges for Shell products imported under American aid, in British ships, will be financed.

ANNEX B

In each of the three years of the programme of British Aid for imports into Laos the Government of the United Kingdom undertake to make available to the Royal Government of Laos up to £1 million sterling to cover imports of goods made in the United Kingdom and listed at Annex A.¹ The goods will be paid for in the United

¹ See p. 157 of this volume.

Kingdom by Her Majesty's Government, and their arrival in Laos will be duly certified and verified according to procedures agreed between the two Governments. The sum of £1 million sterling per annum to be made available by the Government of the United Kingdom will include the costs of transporting and insuring the goods to the point of their entry into Laos. The Government of the United Kingdom will make sterling available to the Royal Government of Laos by arrangements with a British bank in London which will pay exporters presenting documents drawn up in conformity with Bankers' Documentary Credits, established by virtue of valid import licences into Laos given under the British Commodity Import Programme.

2. Importers authorised by Laotian law who wish to participate in the programme should make themselves known to the National Bank of Laos. They should stipulate the quantities and qualities of goods which they wish to import under the Programme. These preliminary requests will be considered by the National Bank of Laos in consultation with the British Embassy. Importers whose requests are approved should complete the forms "Undertaking to Import" to which will be attached proforma invoices (manufacturers certified net invoices, or invoices certified net by the supplier) c.i.f. point of entry Laos. The National Bank of Laos will at this time state the rate of exchange which will operate throughout the transaction.

3. The importer will send the undertakings to import with the proforma invoices, c.i.f. Laotian frontier attached, to his bank, which will debit his account with the equivalent value in kip at the stated rate (plus a guarantee deposit of 50%). The Bank will send the documents to the National Bank of Laos after having certified on the forms by duly authorised signatures that the deposit and the guarantee deposit have been made. The guarantee deposit will in all cases be lodged with the National Bank by the importer or his Commercial Bank.

4. The National Bank of Laos will verify that all the data correspond to the preliminary request, and that the deposit and the guarantee deposit are correctly certified. At its discretion, the National Bank of Laos will authorise the undertaking, and will confirm the rate of exchange for the transaction, and, in agreement with the British Embassy, will fix the dates within which importation is valid. The first ten copies will be distributed according to the system in force for the forms "Request for Foreign Currency" and copies 11 and 12 will be sent to the British Embassy.

5. The Commercial Bank in Laos will then pass the documentary credits through its London correspondents, asking them to have the credits advised or confirmed by a British Bank nominated by Her Majesty's Government. This Bank will pay all documents presented in conformity with the terms of the credit. The documentary credit will require the following documents :

- A. Commercial invoices conforming with the *proforma* invoices already deposited, namely, manufacturers certified "net" invoices, or invoices certified "net" by the supplier in quadruplicate c.i.f. Vientiane (Thanaleng), Pakse or Savannakhet, and stating the date of the supplier's contract;
- B. A sterling All Risks Insurance Policy;
- C. A complete set of Through Bills of Lading showing freight and transport costs paid to Vientiane (Thanaleng), Pakse, or Savannakhet, issued by the Anglo-Overseas Transport Company Limited or any other agent approved by the

- British Embassy and a complete set of shipping documents. The Through Bill of Lading will be drawn up in the name of the Commercial Bank appointed in Laos which established the documentary credit together with the name of the Importer (Notify.....);
- D. The Certificate of the Exporter (or any Certificates acceptable to the British Embassy) that the goods are of United Kingdom manufacture;
- E. Any other documentation requested by the importer (viz. certificate of weight, certificate of technical specification).

Note

6. The British Programme only covers imports of British manufacture. There is no objection in principle to imports coming from a stock of British goods, which already exists, for example, in Singapore or Bangkok. In this case, it is still necessary for a Certificate of British Manufacture satisfactory to the British Embassy to be obtained, and for the prices not to exceed the prices of similar goods shipped from the United Kingdom direct c.i.f. point of entry Laos.

7. After the presentation of the valid documents to the correspondent bank in the United Kingdom (or Singapore, etc.) which will pay the amount due to the exporter according to the terms of the documentary credit, the correspondent bank will send the complete set of documents to the Commercial Bank in Laos, which established the credit. The latter Bank will present one set of documents to the National Bank as proof of shipment. The National Bank of Laos will send the British Embassy a periodical list of documents received.

8. On receiving advice of the arrival of goods the Commercial Bank in Laos will endorse, at its discretion, one set of relative documents to the Importer for customs clearance. However, it is clearly understood that the guarantee deposit remains blocked until after presentation by the Importer of proof of actual import by :

- (i) A Certificate of Customs Clearance and its corresponding receipt;
- (ii) The counter-signature of the British Embassy on the Certificate of Customs Clearance.

9. The Commercial Bank will present the original Certificate of Customs Clearance to the National Bank in order to obtain release of the guarantee deposit. At the same time, the National Bank will transfer a corresponding amount in blocked kips equal to the amount of the sterling payment made by the United Kingdom Bank (at the rate of exchange fixed by the National Bank for the Importer on the day his letter of credit was opened) to the account "Laotian/United Kingdom Counterpart Account". This Account will be administered in accordance with Conventions agreed separately.

ANNEX C

On certification of arrival of goods in Laos, the National Bank of Laos shall transfer from the 100% deposit taken, amounts in kip equivalent to the value of goods arrived at the stated rate of exchange into a special account to be known as The Laotian/United Kingdom Counterpart Account.

2. The National Bank of Laos shall send the British Embassy after each operation an extract of account justifying the exact balance in kip of the Counterpart Account.

3. When sufficient kip have accumulated the Royal Government of Laos may address a request to the Government of the United Kingdom by means of a Note to the British Ambassador, for the transfer of kip from the Counterpart Account to the Laotian National Budget, for the purposes agreed or to be agreed between the two Governments. The kip will be transferred on the signature of the British Ambassador or Chargé d'Affaires.

[TRADUCTION — TRANSLATION]

AMBASSADE DE GRANDE-BRETAGNE

Vientiane, le 17 mai 1963

Monsieur le Ministre,

[Voir note II]

Veillez agréer, etc.

D. C. HOPSON

II

The Laotian Prime Minister to Her Majesty's Ambassador at Vientiane *Le Premier Ministre du Laos à l'Ambassadeur de Sa Majesté britannique à Vientiane*

Excellence,

Vientiane, le 17 mai 1963

J'ai l'honneur d'accuser réception de votre lettre dont citation :

« J'ai l'honneur de me référer à l'intention du Gouvernement du Royaume-Uni et de l'Irlande du Nord de fournir au Gouvernement du Royaume du Laos une aide économique destinée à aider à la restauration de l'économie nationale après la guerre récente. Une partie de cette

Kip par le débit du Compte « Fonds de Contrepartie » au profit du Budget National du Laos pour les buts convenus ou à convenir entre les deux Gouvernements. Le transfert des Kip sera autorisé par la signature de l'Ambassadeur de Grande-Bretagne ou de son Chargé d'Affaire.

[TRANSLATION¹ — TRADUCTION²]

Excellency,

Vientiane, May 17, 1963

I have the honour to acknowledge receipt of your letter which reads as follows :

[*See note I*]

I have the honour to inform Your Excellency that the Royal Government agree to the proposals contained in the above-mentioned letter and in consequence, they consider it together with this letter and its annexed documents as constituting an Agreement between the United Kingdom of Great Britain and Northern Ireland and the Royal Government of Laos.

Prince Souvanna PHOUMA
(Tiao Krommana)

¹ Translation by the Government of the United Kingdom.

² Traduction du Gouvernement du Royaume-Uni.