

No. 8220

**NETHERLANDS
and
HUNGARY**

**Agreement concerning the settlement of outstanding
financial questions (with exchange of letters). Signed
at Budapest, on 2 July 1965**

Official text : French.

Registered by the Netherlands on 8 June 1966.

**PAYS-BAS
et
HONGRIE**

**Accord concernant le règlement de questions financières
en suspens (avec échange de lettres). Signé à
Budapest, le 2 juillet 1965**

Texte officiel français.

Enregistré par les Pays-Bas le 8 juin 1966.

[TRANSLATION — TRADUCTION]

No. 8220. AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS AND THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC CONCERNING THE SETTLEMENT OF OUTSTANDING FINANCIAL QUESTIONS. SIGNED AT BUDAPEST, ON 2 JULY 1965

The Government of the Kingdom of the Netherlands, hereinafter referred to as "the Netherlands Government", and the Government of the Hungarian People's Republic, hereinafter referred to as "the Hungarian Government", have concluded the following Agreement :

Article 1

(1) The Hungarian Government shall pay to the Netherlands Government, as a global, lump-sum settlement of all the claims defined in paragraphs (a) and (b) below—in so far as they have not already been settled—an amount of 925,000 (nine hundred and twenty-five thousand) Netherlands guilders, in accordance with the following schedule :

—Within sixty days following the entry into force of this Agreement	300,000 Netherlands guilders
—Within one year following the entry into force of this Agreement	625,000 Netherlands guilders

(a) Claims arising from losses sustained by the Kingdom of the Netherlands and by Netherlands individuals or bodies corporate whose property, rights, interests and debts owed to them in Hungary were affected by Hungarian measures of nationalization, expropriation, public control, liquidation or other measures resulting from structural changes in the Hungarian economy;

(b) Claims of the Netherlands Government and of Netherlands individuals or bodies corporate against Hungary under the terms of article 26 of the Treaty of Peace, signed at Paris on 10 February 1947.²

(2) The Netherlands Government and the Hungarian Government note with satisfaction the agreement concluded between the Hungarian Ministry of Finance and Vereeniging voor den Effectenhandel on 18 December 1964 concerning the amortization of bonds and mortgage bonds issued in

¹ Came into force on 28 February 1966, the date of an exchange of letters signifying the approval of the Agreement by the competent authorities of the two countries, in accordance with article 7.

² United Nations, *Treaty Series*, Vol. 41, p. 135.

Hungary and held by Netherlands persons, under which the Hungarian Party will pay to the Vereeniging voor den Effectenhandel for purposes of amortization the global lump sum of 325,000 (three hundred and twenty-five thousand) Netherlands guilders.

Article 2

(1) For the purposes of this Agreement, Netherlands persons shall be deemed to be :

- (a) Individuals who, at the time of signature of this Agreement and at the time of one of the measures defined in article 1, paragraph (1) (a), possessed Netherlands nationality ;
- (b) Bodies corporate which, at the times referred to in sub-paragraphs (a) above, existed under Netherlands law and were already registered in the territory of the Kingdom of the Netherlands ;
- (c) Individuals and bodies corporate having claims as Netherlands individuals or bodies corporate under the terms of article 26 of the Treaty of Peace, signed at Paris on 10 February 1947, provided that they are Netherlands individuals or bodies corporate at the time of signature of this Agreement.

(2) Where the rights in question have passed to a successor, the predecessor must also satisfy the terms stated above.

Article 3

(1) The Netherlands Government declares that payment in full of the sum mentioned in article 1, paragraph (1), shall release the Hungarian State and any Hungarian individual or body corporate from their liabilities deriving from article 1, paragraph (1), towards the Kingdom of the Netherlands and towards any Netherlands person and that such obligations are to be deemed finally settled.

(2) After the entry into force of this Agreement :

- (a) Netherlands persons shall be unable to assert, in any way, claims concerning the property, rights, interests and debts referred to in article 1, paragraph (1). This provision shall apply equally to Netherlands individuals who also possess Hungarian nationality or who lost such nationality after 20 January 1945 ;
- (b) The Netherlands Government shall, after payment in full of the sum indicated in article 1, paragraph (1), deliver to the Hungarian Government the supporting documents, securities, contracts and receipts for the deposit of shares of nationalized Hungarian companies relating to the Netherlands property, rights, interests and debts referred to in article 1, paragraph (1).

(3) Where, with respect to a Netherlands claim or debt, no supporting document can be obtained or none has been issued, or if the claim relates to property, rights, interests or debts referred to in article 1, paragraph (1), which have not been affected by Hungarian measures, the Netherlands Government shall obtain from the Netherlands claimant—who shall receive a payment on the basis of this Agreement—a receipt signed by him stating that the claim or debt which he asserted is finally settled and that no further demand will be made in the future. The document drawn up in this form shall be made available to the Hungarian Government by the Netherlands Government.

Article 4

The sum paid by the Hungarian Government in accordance with article 1, paragraph (1), shall be distributed among and paid to the Netherlands claimants by the Netherlands Government, which shall have sole competence and liability in the matter. Neither the Hungarian Government nor Hungarian persons shall be in any way liable towards the Netherlands claimants in respect of the modalities of the distribution.

Article 5

For the purpose of the implementation of this Agreement, the Netherlands Government and the Hungarian Government shall co-operate as follows :

- (a) In order to facilitate evaluation of the claims of and the debts owed to Netherlands persons, the Hungarian Government shall, at the request of the Netherlands Government, make available to the latter such information as is in the possession of Hungarian agencies concerning any claim mentioned in article 1, paragraph (1), of the Agreement ;
- (b) The Netherlands Government shall, at the request of the Hungarian Government, provide such information as it possesses with respect to the claims covered by article 1, paragraph (1), of the Agreement, in the event that a settled claim covered by the Agreement, or a debt, is submitted to the Hungarian Government or to Hungarian persons.

In addition, the Netherlands Government, after payment in full of the sum indicated in article 1, paragraph (1), shall transmit to the Hungarian Government information concerning the distribution.

Article 6

Payment of the sum specified in article 1, paragraph (1), shall be effected by means of deposits in Netherlands guilders to the credit of a Netherlands

guilder account entitled " Hungary Compensation ", which shall be opened in the books of Nederlandsche Bank N.V. in the name of the Netherlands Government.

Article 7

This Agreement shall be subject to the approval of the competent authorities of the two countries. It shall enter into force on the date of the exchange of notes stating that this requirement has been met.

IN WITNESS WHEREOF the undersigned, duly authorized for this purpose have signed this Agreement.

DONE at Budapest, on 2 July 1965, in duplicate in the French language.

For the Government of the Hungarian People's Republic :
SULYOK Béla

For the Government of the Kingdom of the Netherlands :
ZEEMAN

EXCHANGE OF LETTERS

I

Budapest, 2 July 1965

Sir,

I have the honour to inform you that, during the discussions on article 1, paragraph (1) (a), of the Agreement between the Government of the Netherlands and the Government of the Hungarian People's Republic concerning the settlement of outstanding financial questions, signed today, the two delegations agreed as follows :

The claims defined in article 1, paragraph (1) (a), shall include all debts owed by enterprises and firms affected by nationalization or by other measures defined in article 1 of the Agreement, in so far as such debts already existed at the time of nationalization or of the measure in question, including also debts owed by Hungarian financial institutions (banks) covered by Hungarian Act XXX of 1947 concerning the nationalization of shares in Hungarian banks held by Hungarian nationals, in so far as such debts already existed at the time of the entry into force of that Act.

The claims defined above also include mortgage debts on Hungarian immovable property affected by nationalization or by another measure

defined in article 1 of the Agreement, if such mortgage debts were recorded in the real estate register in behalf of Netherlands individuals or bodies corporate prior to nationalization or to the measure defined above.

I should be grateful if you would confirm the foregoing.

Accept, Sir, the assurances of my highest consideration.

SULYOK Béla

His Excellency Dr. Johan Huibert Zeeman
Envoy Extraordinary and Minister Plenipotentiary
Budapest

II

Budapest, 2 July 1965

Sir,

In your letter of today's date, you were good enough to inform me as follows :

[See letter I]

I have the honour to confirm the foregoing.

Accept, Sir, the assurances of my highest consideration.

ZEEMAN

His Excellency Mr. Béla Sulyok
First Vice-Minister of Finance of Hungary
Budapest

III

Budapest, 2 July 1965

Sir,

I have the honour to inform you that, during the negotiations which led to the conclusion of the Agreement between the Kingdom of the Netherlands and the Hungarian People's Republic concerning the settlement of financial questions, signed today, it was agreed that, in establishing the global lump sum to be paid by the Hungarian Government, the debts listed below have been taken into account and are therefore deemed to be settled. Consequently, the Hungarian Government will not assert these debts in the future.

- (a) Debt owed to Messrs. Richter Gyógyszer és Vegyészeti Gyár, Budapest, by Messrs. Richter Medischpharmazeutische Präparaten, Tilburg 3,813.77 Reichsmarks
- (b) Debt owed to Ungarische Allgemeine Bank und Warenverkehrs A.G., Budapest, by the Headquarters of the Netherlands Red Cross . . . 131,700.00 Netherlands guilders
- (c) Debt owed to Messrs. Elektromos Készülékek és Anyagok Gyára, Budapest, by Incassobank, Amsterdam 585.32 Netherlands guilders
- (d) Debt owed to Messrs. Gyógyviztermelő és Értékesítő Vállalat, Budapest, by Nederlands Bronnenbelang N.V. i.L., Rotterdam . . . 683.01 Netherlands guilders

I should be grateful if you would confirm the foregoing.

Accept, Sir, the assurances of my highest consideration.

SULYOK Béla

His Excellency Dr. Johan Huibert Zeeman
 Envoy Extraordinary and Minister Plenipotentiary
 Budapest

IV

Budapest, 2 July 1965

Sir,

In your letter of today's date, you were good enough to inform me as follows :

[See letter III]

I have the honour to confirm the foregoing.

Accept, Sir, the assurances of my highest consideration.

ZEEMAN

His Excellency Mr. Béla Sulyok
 First Vice-Minister of Finance of Hungary
 Budapest

V

Budapest, 2 July 1965

Sir,

On the occasion of the discussions with regard to article 1, paragraph (1) (a) and (b), of the Agreement between the Kingdom of the Netherlands and the Hungarian People's Republic concerning the settlement of financial questions, signed today, the Hungarian Delegation declared that the Hungarian Government, in establishing the lump sum to be paid by it, based itself on the following principles of valuation :

- (a) In fixing the compensation for nationalized enterprises which were formerly under Netherlands ownership, the opening balance-sheets as at 1 January 1947 were used as a basis ;
- (b) The valuation of nationalized buildings which were formerly under Netherlands ownership was effected by multiplying the rent of the premises (1951 gross annual rent) by 7.5.

I should be grateful if you would take note of the foregoing.

Accept, Sir, the assurances of my highest consideration.

SULYOK Béla

His Excellency Dr. Johan Huibert Zeeman
Envoy Extraordinary and Minister Plenipotentiary
Budapest

VI

Budapest, 2 July 1965

Sir,

In your letter of today's date, you were good enough to inform me as follows :

[See letter V]

I have the honour to inform you that I have taken note of the foregoing.

Accept, Sir, the assurances of my highest consideration.

ZEEMAN

His Excellency Mr. Béla Sulyok
First Vice-Minister of Finance of Hungary
Budapest

VII

Budapest, 2 July 1965

Sir,

On the occasion of the discussions with regard to article 1, paragraph (1) (b), of the Agreement between the Hungarian People's Republic and the Kingdom of the Netherlands concerning the settlement of outstanding financial questions, signed today, the Hungarian Delegation declared that Hungary did not in general take discriminatory measures (sequestration, control, freezing of assets) affecting Netherlands property or property belonging to nationals of a Member of the United Nations and that it cannot acknowledge the validity of claims for war damage. Consequently, the Hungarian Government cannot—except in cases where actual dispossession occurred—recognize the claims which have been submitted to it under the terms of article 26 of the Treaty of Peace.

The Hungarian Government has, however, no objection to the Netherlands Government's using a part of the lump sum specified in article 1, paragraph (1), not exceeding 10 per cent of that lump sum, in compensation for the claims referred to in article 1, paragraph (1) (b).

I should be grateful if you would take note of the foregoing.

Accept, Sir, the assurances of my highest consideration.

SULYOK Béla

His Excellency Dr. Johan Huibert Zeeman
Envoy Extraordinary and Minister Plenipotentiary
Budapest

VIII

Budapest, 2 July 1965

Sir,

In your letter of today's date, you were good enough to inform me as follows :

[See letter VII]

I have the honour to inform you that I have taken note of the foregoing.

Accept, Sir, the assurances of my highest consideration.

ZEEMAN

His Excellency Mr. Béla Sulyok
First Vice-Minister of Finance of Hungary
Budapest

IX

Budapest, 2 July 1965

Sir,

During the negotiations which led to the conclusion of the Agreement between the Kingdom of the Netherlands and the Hungarian People's Republic concerning the settlement of outstanding financial questions, initialled on 18 December 1964, the Netherlands Delegation explained that the Charter for the Kingdom of the Netherlands gives Surinam and the Netherlands West Indies the right freely to decide whether to accede to the Agreement.

Consequently, the text of the Agreement initialled on 18 December 1964 will be transmitted to the Governments of the above-mentioned Territories with an urgent request that they should take a decision in the near future.

The decision of each of the Governments of these Territories will be communicated to the Hungarian Government, if possible on the actual date of signature of the Agreement, and in any event not later than the date of its entry into force.

Accept, Sir, the assurances of my highest consideration.

ZEEMAN

His Excellency Mr. Béla Sulyok
First Vice-Minister of Finance of Hungary
Budapest

X

Budapest, 2 July 1965

Sir,

In your letter of today's date, you were good enough to inform me as follows :

[See letter IX]

I have the honour to confirm the foregoing.

Accept, Sir, the assurances of my highest consideration.

SULYOK Béla

His Excellency Dr. Johan Huibert Zeeman
Envoy Extraordinary and Minister Plenipotentiary
Budapest