

No. 8758

**AUSTRIA
and
HUNGARY**

Treaty concerning the settlement of outstanding financial questions (with Final Protocol and exchange of notes). Signed at Budapest, on 31 October 1964

Official texts: German and Hungarian.

Registered by Austria on 18 September 1967.

**AUTRICHE
et
HONGRIE**

Accord concernant le règlement de questions financières en suspens (avec Protocole final et échange de notes). Signé à Budapest, le 31 octobre 1964

Textes officiels allemand et hongrois.

Enregistré par l'Autriche le 18 septembre 1967.

[TRANSLATION — TRADUCTION]

No. 8758. TREATY¹ BETWEEN THE REPUBLIC OF AUSTRIA AND THE HUNGARIAN PEOPLE'S REPUBLIC CONCERNING THE SETTLEMENT OF OUTSTANDING FINANCIAL QUESTIONS. SIGNED AT BUDAPEST, ON 31 OCTOBER 1964

The Republic of Austria and the Hungarian People's Republic,

Desiring to reach an understanding on the financial and property questions remaining to be settled between the two States and specified in this Treaty, have agreed on the following provisions :

Article 1

(1) The Hungarian People's Republic shall pay to the Republic of Austria a lump sum of 87.5 million Austrian schillings :

(a) As compensation for losses of property, rights or interests in Hungary sustained, as a result of Hungarian nationalization, expropriation or other measures connected with the structural changes in the Hungarian national economy, by the Republic of Austria or by natural or juridical persons which possessed Austrian nationality at the time such measures were taken and possess Austrian nationality at the time of signature of this Treaty, in so far as the said property, rights or interests have by virtue of such measures come within the disposal of the Hungarian People's Republic ; the Hungarian People's Republic shall not, however, compensate an owner in respect of agricultural or forest property in excess of 100 cadastral yokes ;

(b) For the redemption of bonds held by Austrian natural or juridical persons on 27 April 1945 and at the time of signature of the Treaty against external loans issued by the Hungarian State, Hungarian public-law corporations and Hungarian enterprises and financial institutions and for the redemption of mortgage bonds issued by Hungarian financial institutions, payable outside Hungary and in foreign currency, which were held by Austrian natural or juridical persons on 27 April 1945 and are held by them at the time of signature of the Treaty.

(2) The above provisions shall similarly apply to the heirs of the persons therein referred to, where such heirs possess Austrian nationality at the time of signature of this Treaty.

¹ Came into force on 18 August 1967, the thirtieth day after the exchange of the instruments of ratification which took place at Vienna on 19 July 1967, in accordance with article 8.

Article 2

The payment in full of the lump sum referred to in article 1 shall extinguish the liability of the Hungarian People's Republic or of Hungarian natural or juridical persons vis-à-vis the Republic of Austria or the Austrian natural or juridical persons for whose compensation the lump sum referred to in article 1 is intended. Upon the extinction of that liability, the Republic of Austria shall consider that all claims in respect of which compensation is provided for in article 1 have been finally settled, whether or not they were put forward during the negotiations.

After the entry into force of this Treaty, the Republic of Austria shall not make or in any way support any claims against the Hungarian People's Republic in respect of which compensation is provided for in article 1 of this Treaty.

Article 3

The distribution of the lump sum specified in article 1 shall be the exclusive responsibility of the Republic of Austria.

Article 4

This Treaty shall not affect claims arising from trade and payments agreements in force between the Republic of Austria and the Hungarian People's Republic.

Article 5

After payment in full of the lump sum, the Republic of Austria shall deliver to the Hungarian People's Republic such securities and evidences of debt or title as are covered by the settlement under article 1 and are within the disposal of the Austrian Federal Government.

To facilitate the distribution of the lump sum, the Hungarian People's Republic shall so far as possible make available to the Republic of Austria such information, and in particular such documents relating to utilization and valuation, as may be necessary for verifying the applications made by Austrian claimants.

Article 6

This Treaty shall not apply to claims of Austrian natural or juridical persons arising from Hungarian legislative or administrative measures after its signature.

Article 7

The Hungarian People's Republic shall pay the lump sum referred to in article 1 to the Republic of Austria in the following manner :

The sum of 65 million Austrian schillings on the thirtieth day after the entry into force of the Treaty ;

The remaining sum of 22.5 million Austrian schillings within two years after the entry into force of the Treaty, in four equal instalments due on the last day of each half year.

The payment shall be credited to an account of the Republic of Austria at the Austrian National Bank and debited to the Hungarian dollar clearing account maintained at the Austrian National Bank in accordance with article 2 of the payments agreement of 11 March 1947 between the Republic of Austria and the Hungarian People's Republic.

Article 8

This Treaty shall be ratified. The exchange of the instruments of ratification shall take place at Vienna. The Treaty shall enter into force on the thirtieth day after the exchange of the instruments of ratification.

IN WITNESS WHEREOF the duly identified plenipotentiaries have signed this Treaty and have thereto affixed their seals.

DONE at Budapest on 31 October 1964, in duplicate in the German and Hungarian languages, both texts being equally authentic.

For the Republic of Austria :

KREISKY

For the Hungarian People's Republic :

PÉTER

FINAL PROTOCOL

At the time of signature of the Treaty between the Republic of Austria and the Hungarian People's Republic concerning the Settlement of Outstanding Financial Questions, concluded this day, agreement exists on the following points :

1. *Ad* article 5 :

The Government of the Hungarian People's Republic shall so far as possible make available upon the signing of the Treaty such information, and in particular such documents relating to utilization and valuation, as may, in accordance with article 5 of the Treaty concerning the Settlement of Outstanding Financial Questions, be necessary for verifying the applications made by Austrian claimants.

2. The Austrian Federal Government shall, upon specific request, inform the Government of the Hungarian People's Republic whether and to what extent a particular person has been granted compensation in the course of the lump sum referred to in article 1 of the Treaty.

3. The ten exchanges of letters annexed to the Treaty concerning the Settlement of Outstanding Financial Questions shall constitute an integral part of the Treaty.

DONE at Budapest on 31 October 1964 in two original copies.

For the Republic of Austria :

KREISKY

For the Hungarian People's Republic :

PÉTER

EXCHANGE OF NOTES

I

Budapest, 31 October 1964

Sir,

I have the honour to confirm the understanding reached in the course of the negotiations relating to article 1, paragraph (1) (b), of the Treaty between the Republic of Austria and the Hungarian People's Republic concerning the Settlement of Outstanding Financial Questions, signed this day, to the effect that upon the completion of the distribution of the lump sum referred to in article 1 the Austrian Party will deliver through the diplomatic channel such bonds and mortgage bonds as may in the course of the distribution come within the disposal of the competent Austrian authorities. The Austrian Party will proceed on the basis that the nominal values involved will be approximately

\$ 128,000,
£ 18,000,
29,000 Netherlands guilders, and
37,000 Swiss francs.

I should be grateful if you would signify your agreement to the above.

Accept, Sir, etc.

KREISKY

His Excellency Mr. János Péter
Minister for Foreign Affairs of the Hungarian People's Republic

Ia

Budapest, 31 October 1964

Sir,

I have the honour to acknowledge receipt of your letter of 31 October 1964, which reads as follows :

[See note I]

I hereby confirm my agreement to the contents of the above letter and state at the same time that the Hungarian Party will not redeem the following securities :

1. Those previously nostrificated in Hungary pursuant to decree No. 300/1936 ME of 22 January 1936 ;
2. Those issued by the Hungarian-Italian Bank, Inc., Budapest, subsequently liquidated with a deficit, which have become worthless.

In the computation of the lump sum, the Hungarian Party used 7 per cent of the nominal value of the bonds and mortgage bonds as the redemption value.

Accept, Sir, etc.

PÉTER

His Excellency Dr. Bruno Kreisky
Minister for Foreign Affairs of the Republic of Austria

II

Budapest, 31 October 1964

Sir,

1. I have the honour to confirm the understanding reached in the course of the negotiations relating to article 1, paragraph (1) (a), of the Treaty between the Republic of Austria and the Hungarian People's Republic concerning the Settlement of Outstanding Financial Questions, signed this day, to the effect that property, rights and interests will be deemed to include financial claims against banks. Moreover, property, rights and interests will be deemed to include those claims secured by mortgage bonds whose security was affected by the measures referred to in article 1, paragraph (1) (a), and those rights based on shares in Hungarian financial institutions which were affected by Hungarian Act No. 1947: XXX.

2. In addition, an understanding was reached to the effect that property, rights and interests which have come within the disposal of the Hungarian People's Republic will be deemed to include those which, as a result of any of the measures referred to in article 1, paragraph (1) (a), came within the disposal of any Hungarian natural or juridical person.

3. Claims made against those enterprises which were affected by the measures referred to in article 1 and which, as a result of such measures, came within the

disposal of the Hungarian People's Republic will be regarded as property, rights or interests within the meaning of article 1, paragraph (1) (a), provided that the claims arose before the said measures were taken in respect of the enterprises.

I should be grateful if you would signify your agreement to the above.

Accept, Sir, etc.

PÉTER

His Excellency Dr. Bruno Kreisky
Minister for Foreign Affairs of the Republic of Austria

IIa

Budapest, 31 October 1964

Sir,

I have the honour to acknowledge receipt of your letter of 31 October 1964, which reads as follows:

[See note II]

I hereby confirm my agreement to the contents of your letter.

Accept, Sir, the assurances of my highest consideration.

KREISKY

His Excellency Mr. János Péter
Minister for Foreign Affairs of the Hungarian People's Republic

III

Budapest, 31 October 1964

Sir,

I have the honour to confirm the understanding reached in the course of the negotiations relating to article 1, paragraph (1), and article 2 of the Treaty between the Republic of Austria and the Hungarian People's Republic concerning the Settlement of Outstanding Financial Questions, signed this day, to the effect that the said Treaty will not affect such claims and demands as are not affirmatively settled in the Treaty, in particular the claims asserted by insurance enterprises on both sides and the demands made in respect of restitution on the Hungarian side.

I should be grateful if you would signify your agreement to the above.

Accept, Sir, etc.

KREISKY

His Excellency Mr. János Péter
Minister for Foreign Affairs of the Hungarian People's Republic

IIIa

Budapest, 31 October 1964

Sir,

I have the honour to acknowledge receipt of your letter of 31 October 1964, which reads as follows :

[See note III]

I hereby confirm my agreement to the contents of your letter.

Accept, Sir, etc.

PÉTER

His Excellency Dr. Bruno Kreisky
Minister for Foreign Affairs of the Republic of Austria

IV

Budapest, 31 October 1964

Sir,

I have the honour to confirm the understanding reached in the course of the negotiations relating to the Treaty signed this day to the effect that the Republic of Austria will deliver to Hungarian entitled persons or their authorized representatives, not later than eight days after the entry into force of the Treaty, Hungarian property at the direct disposal of the Republic of Austria in respect of which recognition of entitlement to restitution has been agreed upon or the proceeds of the sale of such property.

The Republic of Austria will likewise raise no objection to the delivery of such property, or of the proceeds of its sale, by Austrian natural or juridical persons to the Hungarian entitled persons concerned or to their authorized representatives.

The Austrian Federal Government will furnish relevant information to the Government of the Hungarian People's Republic in individual cases in which the requirements for the provision of such information have been met.

I should be grateful if you would signify your agreement to the above.

Accept, Sir, etc.

KREISKY

His Excellency Mr. János Péter
Minister for Foreign Affairs of the Hungarian People's Republic

IVa

Budapest, 31 October 1964

Sir,

I have the honour to acknowledge receipt of your letter of 31 October 1964, which reads as follows :

[See note IV]

I hereby confirm my agreement to the contents of your letter.
Accept, Sir, the assurances of my highest consideration.

PÉTER

His Excellency Dr. Bruno Kreisky
Minister for Foreign Affairs of the Republic of Austria

V

Budapest, 31 October 1964

Sir,

I have the honour to confirm that, in the course of the negotiations relating to the Treaty signed this day, agreement was reached on the following provisions :

1. In consideration of the payment by the Hungarian People's Republic to the Republic of Austria of a lump sum of 87.5 million Austrian schillings in accordance with articles 1 and 7 of the Treaty, a total of 22.5 million Austrian schillings held in blocked schilling accounts of Hungarian persons at Austrian financial institutions may be transferred to a non-interest-bearing special schilling account to be opened at the Austrian National Bank in the name of the Hungarian National Bank.

2. The balance of the special schilling account will be transferred to the Hungarian dollar clearing account on the last day of each month

3. The Hungarian Party explicitly states that the use of the Hungarian dollar clearing account for payments to be made under this Treaty will not affect payments connected with ordinary traffic in goods and services between the two countries.

4. If the payments agreement expires before the lump sum specified in article 7 has been remitted in full, the balance will be paid in accordance with the general procedure then applicable to payments between the Republic of Austria and the Hungarian People's Republic.

5. This agreement will be without prejudice to further capital compensation operations between the Austrian National Bank and the Hungarian National Bank.

6. The technical execution of the transfer procedures will be determined by agreement between the Austrian National Bank and the Hungarian National Bank.

I should be grateful if you would signify your agreement to the above.

Accept, Sir, etc.

KREISKY

His Excellency Mr. János Péter
Minister for Foreign Affairs of the Hungarian People's Republic

Va

Budapest, 31 October 1964

Sir,

I have the honour to acknowledge receipt of your letter of 31 October 1964, which reads as follows :

[See note V]

I hereby confirm my agreement to the contents of your letter.

Accept, Sir, etc.

PÉTER

His Excellency Dr. Bruno Kreisky
Minister for Foreign Affairs of the Republic of Austria

VI

Budapest, 31 October 1964

Sir,

I have the honour to confirm that in the course of the negotiations we reached agreement on the following provisions :

1. The Austrian Federal Government will take the necessary measures :
 - (a) To terminate, on application by the owners and not later than thirty days after the signing of the Treaty, the public custodianship established over items of urban immovable property, or parts thereof, belonging to Hungarian natural persons ;
 - (b) To terminate, not later than thirty days after the signing of the Treaty, the public custodianship established over the building at Seilerstätte 5, recorded as entry *KG Innere Stadt 1162* in the land register and belonging to the Városi Ingatlanforgalmi Rt., Budapest (Urban Real Estate Corporation, Budapest).

2. In respect of the application of the 1952 Custodianship Act, BGBl. No. 100/1953, in the form in which it exists at any given time, the treatment hereafter accorded by the Austrian Federal Government to the property of Hungarian persons will not be different from that accorded to the property of nationals of other States with which the Austrian Federal Government has concluded agreements concerning outstanding property questions.

I should be grateful if you would signify your agreement to the above.

Accept, Sir, etc.

KREISKY

His Excellency Mr. János Péter
Minister for Foreign Affairs of the Hungarian People's Republic

VIa

Budapest, 31 October 1964

Sir,

I have the honour to acknowledge receipt of your letter of 31 October 1964, which reads as follows :

[See note VI]

I hereby confirm my agreement to the contents of your letter.

Accept, Sir, the assurances of my highest consideration.

PÉTER

His Excellency Dr. Bruno Kreisky
Minister for Foreign Affairs of the Republic of Austria

VII

Budapest, 31 October 1964

Sir,

Since February 1964, public custodianship has been maintained over a large number of items of immovable property belonging to Hungarian persons and situated in Austrian territory near the Hungarian frontier. In the course of the negotiations relating to the Treaty signed this day, agreement was reached to the effect that such public custodianship will be automatically terminated within sixty days after the signing of the Treaty.

I should be grateful if you would signify your agreement to the above.

Accept, Sir, etc.

KREISKY

His Excellency Mr. János Péter
Minister for Foreign Affairs of the Hungarian People's Republic

VIIa

Budapest, 31 October 1964

Sir,

I have the honour to acknowledge receipt of your letter of 31 October 1964, which reads as follows :

[See note VII]

I hereby confirm my agreement to the contents of the above letter and state at the same time that any administrative orders transmitted to the Hungarian Ministry of Foreign Affairs through the diplomatic channel will not be delivered to the property owners in question but will be returned through the same channel.

Accept, Sir, etc.

PÉTER

His Excellency Dr. Bruno Kreisky
Minister for Foreign Affairs of the Republic of Austria

VIII

Budapest, 31 October 1964

Sir,

I have the honour to confirm that, in the course of the negotiations relating to the Treaty signed this day, agreement was reached on the following provisions :

Rent received from the leasing, under a trust arrangement, of items of immovable property situated in Burgenland which are of Hungarian ownership is on deposit at various Austrian offices.

The Austrian Federal Government will, not later than eight days after the entry into force of the Treaty, transmit to the Government of the Hungarian People's Republic a statement showing the sums held on deposit, the offices maintaining the accounts and the persons to whose credit the deposits were made. The transmittal of the said statement will be without prejudice to the recognition of the property rights of the persons to whose credit the sums were deposited.

I should be grateful if you would signify your agreement to the above.

Accept, Sir, etc.

KREISKY

His Excellency Mr. János Péter
Minister for Foreign Affairs of the Hungarian People's Republic

VIIIa

Budapest, 31 October 1964

Sir,

I have the honour to acknowledge receipt of your letter of 31 October 1964, which reads as follows :

[See note VIII]

I hereby confirm my agreement to the contents of your letter.

Accept, Sir, etc.

PÉTER

His Excellency Dr. Bruno Kreisky
Minister for Foreign Affairs of the Republic of Austria

IX

Budapest, 31 October 1964

Sir,

With reference to the Treaty signed this day, I have the honour to notify you that the Austrian Federal Government and the Austrian administrative authorities will raise no objection to measures whereby securities belonging to Hungarian persons which are held in trust at Austrian financial institutions are disposed of by such persons through authorization conferred on an agent in conformity with the deposit agreement, provided that the said securities are disposed of in accordance with Austrian law.

This notification applies also to securities belonging to clients where the clients themselves as legal owners dispose of such securities.

I should be grateful if you would signify your agreement to the above.

Accept, Sir, etc.

KREISKY

His Excellency Mr. János Péter
Minister for Foreign Affairs of the Hungarian People's Republic

IXa

Budapest, 31 October 1964

Sir,

I have the honour to acknowledge receipt of your letter of 31 October 1964, which reads as follows :

[See note IX]

I hereby confirm my agreement to the contents of your letter.

Accept, Sir, etc.

PÉTER

His Excellency Dr. Bruno Kreisky
Minister for Foreign Affairs of the Republic of Austria

X

Budapest, 31 October 1964

Sir,

I have the honour to confirm that, in the course of the negotiations, agreement was reached on the following provisions :

1. At the *Landhaus* at Linz there is a deposit consisting of the items listed in the annex.¹ The Government of the Hungarian People's Republic declares

¹ See p. 58 of this volume.

that the said deposit forms part of the valuables in the charge of the Hungarian National Bank. In view of that declaration, the Austrian Federal Government will deliver the said deposit to the Government of the Hungarian People's Republic within sixty days after the entry into force of the Treaty.

2. At the Austrian National Bank there are two sealed deposits of the Linz office of the former Reichsbank, marked No. 10 and No. 11 ; Dr. Tibor Mészárovičs, acting as agent of the Hungarian Government, is shown as the depositor.

In order to make possible the delivery of the said two deposits to the Government of the Hungarian People's Republic, the Austrian Federal Government undertakes to issue to the Austrian National Bank an indemnity, which the Austrian National Bank will consider sufficient to enable it to deliver the deposits to the Government of the Hungarian People's Republic.

The Government of the Hungarian People's Republic, for its part, undertakes to indemnify the Austrian Federal Government in the event that the Austrian National Bank, in virtue of the above-mentioned indemnity, makes a claim against the Austrian Federal Government by reason of the appearance of the holder of a deposit receipt or of another entitled person verified as such in the course of amortization proceedings.

The Government of the Hungarian People's Republic declares, in this connexion, that the two deposits represent a value of 275,000 Austrian schillings.

The Austrian National Bank will accordingly deliver the above-mentioned two deposits to the Government of the Hungarian People's Republic within sixty days after the entry into force of the Treaty.

3. At the Austrian National Bank there is a deposit consisting of various coins and belonging to the Hungarian National Co-operative Centre, Budapest (MOSZK), formerly known as Hangya. The Austrian National Bank will deliver the said deposit to the Government of the Hungarian People's Republic within sixty days after the entry into force of the Treaty.

No deposit fee will be charged by the Austrian custodians in any of the above cases. The Government of the Hungarian People's Republic will remove the deposits at its own expense. The Austrian Federal Government will take steps to ensure the issue of any permits required for the removal of the deposits to the Hungarian People's Republic.

I should be grateful if you would signify your agreement to the above.

Accept, Sir, etc.

PÉTER

His Excellency Dr. Bruno Kreisky
Minister for Foreign Affairs of the Republic of Austria

ANNEX TO EXCHANGE OF NOTES NOS. X AND X_a

LIST OF THE HUNGARIAN NATIONAL BANK'S DEPOSITS HELD AT LINZ

1. At Linz, at the *Landhaus/Arkadenhof*, 108 wooden chests and one iron chest, bearing the numbers or marks indicated in the following tabulation, are being kept on deposit :

- (a) Chests Nos. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46, 47, 48, 49, 50, 52, 54, 55, 59, 60, 62, 63, 64, 65, 66, 67, 68, 69, 70, 72, 73, 75, 76, 77, 78, 79, 80, 81, 83, 84, 86, 87, 88, 89, 90, 91, 92, 93, 97, 100, 101, 103, 104, 106, 109, 110, 111, 114, 115, 117, 171, 202, 213, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 323, 471, 472, V (foreign currency) and 1 iron box ;
- (b) Seven chests containing securities, formerly kept at the Landeshypothekenanstalt, Linz, which at present are also situated at the place referred to in paragraph 1.

The contents of the chests listed in paragraph 1 are shown in inventories which have been initialled by employees of the Hungarian National Bank. The chests, accompanied by the inventories, will be delivered together with their present contents.

2. Chests No. 16 and No. 171 were opened in 1950 and 1951. On those occasions, according to notarial documents dated 9 March 1950 and 5 July 1951, various articles of values were removed from the chests and deposited at the Landeshypothekenanstalt, Linz.

Delivery of the said articles will be made on the basis of the notarial documents ; where any items have been sold, the amount of the proceeds in schillings will be delivered.

Xa

Budapest, 31 October 1964

Sir,

I have the honour to acknowledge receipt of your letter of 31 October 1964, which reads as follows :

[See note X]

I hereby confirm my agreement to the contents of your letter.

Accept, Sir, etc.

KREISKY

His Excellency Mr. János Péter
Minister for Foreign Affairs of the Hungarian People's Republic