

No. 9288

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
FEDERAL REPUBLIC OF GERMANY**

**Agreement for offsetting the foreign exchange expenditure
on British Forces in the Federal Republic of Germany
(with annex). Signed at Bonn, on 11 April 1968**

Official texts: English and German.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
23 October 1968.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE**

**Accord visant à assurer la péréquation des dépenses en devises
faite au titre des forces britanniques en République fédé-
rale d'Allemagne (avec annexe). Signé à Bonn, le 11 avril
1968**

Textes officiels anglais et allemand.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
23 octobre 1968.*

No. 9288. AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY FOR OFFSETTING THE FOREIGN EXCHANGE EXPENDITURE ON BRITISH FORCES IN THE FEDERAL REPUBLIC OF GERMANY. SIGNED AT BONN, ON 11 APRIL 1968

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Federal Republic of Germany;

Have agreed as follows :

Article 1

The maintenance of British Forces in the Federal Republic of Germany in the interests of the Atlantic Alliance results in foreign exchange expenditure in the Federal Republic of Germany which continues to impose a burden on the balance of payments of the United Kingdom. It is the intention of the Government of the Federal Republic of Germany to offset these foreign exchange costs as provided in this Agreement in the British financial year 1968/69, that is from 1st April, 1968 to 31st March, 1969, and thereby to relieve the balance of payments of the United Kingdom.

Article 2

The Government of the Federal Republic of Germany shall in the British financial year 1968/69 make payments to the United Kingdom in respect of existing orders, and of new orders which the Government of the Federal Republic of Germany shall endeavour to place, for research, development, testing, procurement and services in the military field amounting to DM 210 million.

Article 3

The Government of the Federal Republic of Germany shall also endeavour, as far as possible, to bring about accountable payments, as provided in the Annex to this Agreement, for purchases in the United Kingdom by the bodies

¹ Came into force on 11 April 1968 by signature, and deemed also to cover the period between 1 April and 11 April 1968, in accordance with article 8.

listed in that Annex. The Contracting Governments expect that these payments will amount to at least DM 200 million in the British financial year 1968/69.

Article 4

The Contracting Governments expect that, by continuing to use their best endeavours to promote additional purchases in the United Kingdom, as provided in Article 4 of the Agreement for Offsetting the Foreign Exchange Expenditure on British Forces in the Federal Republic of Germany, signed at Bonn on 5th May, 1967,¹ they will achieve in the British financial year 1968/69 accountable payments of up to DM 100 million.

Article 5

The Contracting Governments have taken note of the intention of the Deutsche Bundesbank, in the context of this Agreement, to invest DM 200 million in medium term United Kingdom Government bonds.

Article 6

In accordance with their common desire to promote European unity, the Contracting Governments intend to broaden and intensify technological co-operation, both bilateral and multilateral. Recognising the benefit that would result to European defence, they intend to promote collaboration on a continuing basis in the field of military research, development and production, wherever such collaboration represents the best way of providing the equipment needed for the Forces of the two countries. They also intend to foster collaboration in the civil technological field. The Contracting Governments consider that co-operation on the lines foreseen is desirable for its own sake; that it will serve the broader purpose of promoting technological collaboration on a European basis; and that, in the longer term, it can be expected to bring benefit to the balance of payments of the United Kingdom. The Contracting Governments shall consult together in order to identify specific projects for co-operation.

Article 7

(1) The Joint Committee appointed by the Contracting Governments under Article 6 of the Agreement for Offsetting the Foreign Exchange Expenditure on British Forces in the Federal Republic of Germany, signed at Bonn on 27th

¹ United Nations, *Treaty Series*, Vol. 613, p. 316.

July, 1964,¹ shall continue in existence. It shall deal not only with questions which have arisen or may arise out of the implementation of that Agreement, the Protocol for the Extension and Modification of the Agreement of 27th July, 1964, signed at Bonn on 20th July, 1965,² and the Agreement for Offsetting the Foreign Exchange Expenditure on British Forces in the Federal Republic of Germany, signed at Bonn on 5th May, 1967,³ but also with all questions in connection with the implementation of this Agreement other than questions arising from Article 6 of this Agreement.

2. The Joint Committee shall make periodic reports to the Contracting Governments. If at any time during the currency of this Agreement it appears to either Contracting Government that the implementation of this Agreement is developing in an unsatisfactory manner, there shall be joint consultation between the Contracting Governments with a view to remedial action.

Article 8

This Agreement shall enter into force on the date of signature and shall be deemed also to cover the period between 1st April, 1968 and the date of signature.

IN WITNESS WHEREOF the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

DONE at Bonn this eleventh day of April, 1968, in four originals, two in each of the English and German languages, all four texts being equally authoritative.

For the Government
of the United Kingdom of Great
Britain and Northern Ireland :

D. S. LASKEY

For the Government
of the Federal Republic
of Germany :

LAHR

ANNEX

1. (a) Purchases of goods by the following bodies shall count for the purposes of Article 3 of this Agreement :

- (i) Government authorities (Federal, Land and Local)—including the Federal Railways and the Federal Post Office.
- (ii) Companies in which the above-mentioned authorities have either directly or indirectly a minimum holding of 50 percent.
- (iii) Public corporations.

¹ United Nations, *Treaty Series*, Vol. 539, p. 243.

² United Nations, *Treaty Series*, Vol. 548, p. 374.

³ United Nations, *Treaty Series* Vol. 613, p. 314.

(iv) Such institutions and foundations as are accepted by the Joint Committee referred to in Article 7 of this Agreement.

(b) Orders placed in the United Kingdom from third countries or by supra-national or international organisations shall count as orders by the Government of the Federal Republic of Germany in so far as they arise from action taken by or financed by the Government of the Federal Republic of Germany. This shall apply particularly to German development aid projects in third countries in so far as they shall be carried out through the Government of the United Kingdom, their subordinate authorities, departments or organisations or through private undertakings in the United Kingdom. Orders sub-contracted by United Kingdom suppliers and carried out within the framework of German development aid projects financed from public funds shall also count as orders within the meaning of the above definition. The same shall apply to German defence aid projects in third countries.

2. (a) Purchases of services by the above-mentioned bodies shall count, provided that it is agreed by the Joint Committee that they result from action taken by the Government of the Federal Republic of Germany and bring benefit to the United Kingdom balance of payments.

(b) Purchases of oil and materials not of United Kingdom origin by the above-mentioned bodies shall count to the extent agreed by the Joint Committee.

3. Orders and purchases sub-contracted in the United Kingdom by suppliers of the above-mentioned bodies shall count as orders and purchases within the meaning of Articles 2 and 3 of this Agreement.

4. Purchases shall count for the purposes of Article 4 of this Agreement provided that it is agreed by the Joint Committee that these purchases result from action taken by the Government of the Federal Republic of Germany and bring benefit to the United Kingdom balance of payments.

5. It is understood that the rules of international competition shall not be disturbed by the principles enumerated in this Agreement. It therefore follows that orders under this Agreement will be placed in accordance with normal commercial prices and conditions.
