

No. 10241

---

**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 1 September 1969**

*Authentic texts: English and German.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on  
29 January 1970.*

---

**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  
faites au titre des Forces britanniques en République fédé-  
rale d'Allemagne (avec annexe). Signé à Bonn le 1<sup>er</sup> sep-  
tembre 1969**

*Textes authentiques : anglais et allemand.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le  
29 janvier 1970.*

AGREEMENT<sup>1</sup> 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

---

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 years 1969/70 and 1970/71, that is from 1st April, 1969, to 31st March, 1971, and thereby to relieve the balance of payments of the United Kingdom.

*Article 2*

The Federal Republic of Germany shall in the British financial years 1969/70 and 1970/71 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 DM450 million.

---

<sup>1</sup> Came into force on 1 September 1969 by signature, and is deemed also to cover the period between 1 April 1969 and the date of signature, in accordance with article 8.

*Article 3*

The Contracting Governments expect that substantial purchases as envisaged in the Annex to this Agreement will be effected by the bodies listed in that Annex in the British financial years 1969/70 and 1970/71. Of these purchases, payments of a total of DM350 million will be accountable. The Contracting Governments expect that the target of DM350 million will be substantially exceeded. In order to achieve this target the Government of the Federal Republic of Germany has agreed to make arrangements, within the framework of its competence, to provide the British Embassy and Consulates-General in Germany with information on plans for the procurement of equipment and on the construction programmes of public authorities and to communicate information on British supply capabilities to German public procurement agencies.

*Article 4*

The Contracting Governments shall use their best endeavours to ensure that, by continuing 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 11th April, 1968,<sup>1</sup> they will achieve in the British financial years 1969/70 and 1970/71 accountable payments of DM220 million.

*Article 5*

The Government of the Federal Republic of Germany shall make a loan of 125 million U.S. dollars to the Government of the United Kingdom. The loan shall be repayable in U.S. dollars after ten years and shall bear interest at the rate of three and a half per cent per annum.

*Article 6*

In accordance with their common desire to promote European unity, the

---

<sup>1</sup> United Nations, *Treaty Series*, vol. 649, p. 89.

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 July, 1964,<sup>1</sup> 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,<sup>2</sup> and the Agreements for Offsetting the Foreign Exchange Expenditure on British Forces in the Federal Republic of Germany, signed at Bonn on 5th May, 1967,<sup>3</sup> and 11th April, 1968, but also with all questions in connection with the implementation of this Agreement other than questions arising from Articles 5 and 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.

<sup>1</sup> United Nations, *Treaty Series*, vol. 539, p. 243.

<sup>2</sup> *Ibid.*, vol. 548, p. 374.

<sup>3</sup> *Ibid.*, vol. 613, p. 313.

*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, 1969, and the date of signature.

DONE at Bonn this first day of September, 1969, 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 :  
R. W. JACKLING

For the Government  
of the Federal Republic of Germany :  
DUCKWITZ

## 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 per cent.
- (iii) Public corporations.
- (iv) Such institutions, foundations and other bodies 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 supranational 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.