

No. 10758

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

Exchange of notes constituting an agreement concerning the participation of the United Kingdom in the Foreign Exchange Operations Fund for Laos. Vientiane, 24 March 1970

Authentic texts: French and English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 17 September 1970.

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

Échange de notes constituant un accord relatif à la participation du Royaume-Uni au Fonds des opérations de change pour le Laos. Vientiane, 24 mars 1970

Textes authentiques: français et anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 17 septembre 1970.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE KINGDOM OF LAOS CONCERNING THE PARTICIPATION OF THE UNITED KINGDOM IN THE FOREIGN EXCHANGE OPERATIONS FUND FOR LAOS

ÉCHANGE DE NOTES CONSTITUANT UN ACCORD¹ ENTRE LE GOUVERNEMENT DU ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD ET LE GOUVERNEMENT DU ROYAUME DU LAOS RELATIF À LA PARTICIPATION DU ROYAUME-UNI AU FONDS DES OPÉRATIONS DE CHANGE POUR LE LAOS

I

Le Premier Ministre du Laos à l'Ambassadeur de sa Majesté britannique à Vientiane

Vientiane, le 24 mars 1970

Excellence,

J'ai l'honneur de me référer au programme de stabilisation sur lequel le Gouvernement royal du Laos, en consultation avec le Fonds monétaire international, s'est engagé le 24 décembre 1963, par échange de lettres à cette date, avec les Gouvernements d'Australie², du Royaume-Uni³, des États-Unis d'Amérique et de la France, programme auquel le Gouvernement du Japon a accédé par échange de lettres en date du 7 avril 1965⁴.

Afin de poursuivre le programme de stabilisation pendant l'année calendaire 1970, le Gouvernement royal du Laos s'engage à prendre les mesures spécifiques suivantes :

I. A. Le Gouvernement royal du Laos limitera le déficit budgétaire pendant l'exercice 1969-1970 à un plafond de 8.800 millions de kip et se propose de limiter le déficit budgétaire de l'exercice 1970-1971 à 8.800 millions de kip. Pour atteindre ce but, le Gouvernement royal du Laos limitera son déficit de caisses pendant chaque semestre de l'année calendaire 1970 à un maximum de 4.400 millions de kip, en prenant au besoin les mesures d'urgence nécessaires.

¹ Came into force on 24 March 1970, the date of the note in reply, in accordance with the provisions of the said notes.

¹ Entré en vigueur le 24 mars 1970, date de la note de réponse, conformément aux dispositions desdites notes

² Nations Unies, *Recueil des Traités*, vol. 503, p. 315.

³ *Ibid.*, vol. 502, p. 189.

⁴ *Ibid.*, vol. 538, p. 340.

[TRANSLATION — TRADUCTION]

The Prime Minister of Laos to Her Majesty's Ambassador at Vientiane

Vientiane, 24 March 1970

Excellency,

[See note II]

Accept, Excellency, etc.

Prince SOUVANNA PHOUMA
(Chao Krommana)

II

Her Majesty's Ambassador at Vientiane to the Prime Minister of Laos

BRITISH EMBASSY
VIENTIANE

24 March, 1970

Your Highness,

I have the honour to acknowledge the receipt of Your Highness's letter of this date which reads in English as follows :

I have the honour to refer to the Stabilization Programme into which the Royal Lao Government, in consultation with the International Monetary Fund, entered on 24 December 1963 by letters exchanged on that date with the Governments of Australia,¹ France, the United Kingdom,² and the United States and to which the Government of Japan acceded by exchange of letters dated 7 April, 1965.³ To extend the Stabilization Programme through the calendar year 1970 the Royal Lao Government undertakes to introduce the following specific measures :

I. A. The Royal Lao Government shall limit the budgetary deficit during fiscal year 1969/70 to a maximum of 8,800 million kip and proposes to limit the deficit for fiscal year 1970/71 to 8,800 million kip. To this end, the Royal Lao Government shall limit its cash deficit during each half of calendar year 1970 to a maximum of 4,400 million kip, if necessary taking emergency measures to achieve this.

B. The Royal Lao Government shall exercise effective control over its expenditures to ensure that authorised expenditure ceilings are not exceeded.

¹ United Nations, *Treaty Series*, vol. 503, p. 315.

² *Ibid.*, vol. 502, p. 190.

³ *Ibid.*, vol. 538, p. 340.

C. The Royal Lao Government shall take the necessary measures to prepare an integrated budget for fiscal year 1970/71 before 30 June 1970. The Royal Lao Government shall inform the contributing Governments of the measures taken in this respect and of the progress achieved.

D. The Royal Lao Government shall make more strenuous efforts to broaden the basis of tax collection, to ensure full collection of existing taxes and duties, and to ensure the prompt deposit into the Treasury of all revenues. If actual collections exceed budgeted revenues the excess shall be used to reduce the budgetary deficit or be programmed for developmental expenditures.

E. The Royal Lao Government agrees that the contributing Governments should continue to furnish budget experts to the Royal Lao Government to assist in the formulation and to advise on the implementation of the national budget.

II. The Royal Lao Government shall restrict expansion of the money supply through appropriate controls on public and private credit in harmony with its policy of reform for the national economy.

III. A. Transactions in foreign exchange at the official rate shall be limited to the National Bank of Laos, the National Exchange Office, and to the authorized dealers. The Royal Lao Government, in order to control its receipts and expenditures of foreign exchange, shall continue to maintain a Foreign Exchange Budget for all transactions at the official exchange rate. The Foreign Exchange Regulations shall be administered by the National Exchange Office which shall be responsible for control and accountability of all foreign exchange transactions at the official exchange rate. All authorized dealers shall report to the National Bank of Laos all receipts and expenditures in foreign exchange at the official rate daily.

B. Foreign exchange expenditures of the Royal Lao Government shall be limited to exchange acquired at the official rate and, as to uses, to expenditures for its Embassies and for other specified essential purposes as prescribed in the Foreign Exchange Budget and the Foreign Exchange Regulations.

C. The Royal Lao Government shall maintain a legal open market in foreign exchange.

To assist in maintaining orderly conditions in the open market, I have the honour to request that your Government will contribute to a Foreign Exchange Operations Fund for Laos and to make the following further proposals :

IV. A. A Stabilization Consultative Committee shall be established consisting of the representatives of the Presidency of the Council of Ministers, the Ministries of Finance and of National Economy, the National Bank of Laos, the manager of the Foreign Exchange Operations Fund for Laos, the Resident Representative of the International Monetary Fund, and a representative of each of the contributing Governments.

B. The Stabilization Consultative Committee shall be responsible for examining monthly the progress of the Stabilization Programme and shall receive monthly reports in writing, not later than twenty days after the close of each month, such reports to cover the previous month's operations, from the Budget Office, the National Exchange Office, the National Bank of Laos, and the manager of the Foreign

Exchange Operations Fund for Laos with a view to assuring the proper implementation of the Stabilization Programme. The Stabilization Consultative Committee shall make recommendations to the Royal Lao Government, to the contributing Governments, and to the manager of the Foreign Exchange Operations Fund for Laos on the progress of the Stabilization Programme and ways to improve its implementation.

V. The Government of the United Kingdom of Great Britain and Northern Ireland agree that the kip generated by the sale through the Foreign Exchange Operations Fund of dollars contributed to the Fund by the Government of the United Kingdom, shall at the request of the Royal Lao Government, be paid to the National Bank of Laos for retirement of the Royal Lao Government debt owed to the Bank, with the provision despite the foregoing that the Government of the United Kingdom of Great Britain and Northern Ireland reserve the right to use up to ten percent of the counterpart funds generated by their 1969 contribution after one year of operations and up to ten percent of the counterpart funds generated by any instalment of their 1970 contribution after the elapse of one year from the date of payment of the instalment into the fund to defray local costs and other expenses of economic development projects in Laos to which the Government of the United Kingdom contribute.

VI. Being aware that the Government of the United Kingdom of Great Britain and Northern Ireland would welcome contributions to the Foreign Exchange Operations Fund by other Governments in addition to the existing contributing Governments, the Royal Lao Government agrees actively to seek contributions to the Fund from such other Governments.

VII. Should either party to this Agreement come to believe it will be unable to fulfil any of its obligations under the Agreement, it shall consult the other party immediately.

VIII. This Agreement may be amended by mutual agreement.

IX. This Agreement may be terminated by either Government after consultation by our two Governments.

X. This Agreement shall, to the extent that it is inconsistent with the provisions of previous Agreements between our two Governments regarding the Foreign Exchange Operations Fund, supersede those previous Agreements.

On receipt of your letter indicating that the foregoing undertakings and proposals are acceptable to the Government of the United Kingdom of Great Britain and Northern Ireland the Royal Lao Government shall consider that this letter and your reply constitute an agreement between our two Governments to enter into force on the date of your reply.

The Royal Lao Government thanks your Government for bringing its assistance to the realization of this programme and I am particularly happy to express to you on this occasion our sentiments of gratitude.

I have the honour to inform Your Highness that the foregoing undertakings and proposals are acceptable to the Government of the United Kingdom of

Great Britain and Northern Ireland who therefore agree that Your Highness's letter together with the present reply shall constitute an Agreement between the two Governments which shall enter into force as of this date. Specifically, my Government hereby accede to the request of the Royal Lao Government to participate in the Foreign Exchange Operations Fund for Laos during calendar year 1970.

I avail myself of this opportunity to renew to your Highness the assurances of my highest consideration.

H. SMEDLEY

[TRADUCTION — TRANSLATION]

*L'Ambassadeur de sa Majesté britannique à Vientiane au Premier Ministre
du Laos*

AMBASSADE DE GRANDE-BRETAGNE
VIENTIANE

Le 24 mars 1970

Monsieur le Premier Ministre,

J'ai l'honneur d'accuser réception de la lettre de Votre Excellence, en date de ce jour, dont le texte en anglais se lit comme suit :

[Voir note I]

Je tiens à porter à la connaissance de Votre Excellence que les engagements et propositions ci-dessus rencontrent l'agrément du Gouvernement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord, lequel accepte en conséquence que votre lettre et la présente réponse constituent entre nos deux Gouvernements un accord qui entrera en vigueur à compter de ce jour. En particulier, mon Gouvernement accède par la présente réponse à la demande du Gouvernement royal du Laos le priant de participer au fonds des opérations de change pour le Laos pour l'année civile 1970.

Veuillez agréer, etc.

H. SMEDLEY