

No. 11712

**FRANCE
and
MADAGASCAR**

Agreement on co-operation in monetary, economic and financial matters (with exchanges of letters). Signed at Tananarive on 27 June 1960

Authentic text : French.

Registered by France on 19 April 1972.

**FRANCE
et
MADAGASCAR**

Accord de coopération en matière monétaire, économique et financière (avec échanges de lettres). Signé à Tananarive le 27 juin 1960

Texte authentique : français.

Enregistré par la France le 19 avril 1972.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ ON CO-OPERATION IN MONETARY, ECONOMIC AND FINANCIAL MATTERS BETWEEN THE FRENCH REPUBLIC AND THE MALAGASY REPUBLIC

The Government of the French Republic and the Government of the Malagasy Republic,

Considering that, under the terms of the joint declaration of 26 June 1960, the Malagasy Republic attained independence and that the French Republic has recognized it as an independent and sovereign State,

Considering that the Malagasy Republic has expressed its intention to co-operate with the French Republic within the Community, in which it shall henceforth participate on the terms set forth in the Franco-Malagasy agreements of today's date,²

Considering that such co-operation is of particular importance in the monetary, economic and financial fields, where privileged relationships must contribute to harmonious and balanced development of economies and of trade,

Considering that the Malagasy Republic has expressed its intention to continue its development in co-operation with the other countries of the franc zone, while at the same time taking advantage of opportunities for trade offered to it in other parts of the world,

Considering that the French Republic has expressed its intention to continue to provide the Malagasy Republic, as far as possible, with the financial, technical and cultural assistance it requires to attain the economic and social objectives it has set for itself,

Considering that the Malagasy Republic is willing to co-operate with the other States members of the franc zone on the basis of a contractual association founded on the following two fundamental principles :

- Each independent State shall retain all the monetary, economic and financial powers recognized as belonging to sovereign States,
- The member States shall agree to co-ordinate their external trade and financial policies within joint bodies so as to promote the most rapid possible economic development of each of them,

Have agreed as follows :

¹ Came into force on 18 July 1960, the date of the last of the communications by which each Contracting Party notified the other that the procedures required by its Constitution had been completed, in accordance with article 39.

² See pp. 241, 273, 291, 299, 335, 343, 349, 357 and 363 of this volume.

TITLE I

CURRENCY

Article 1

The French Republic recognizes that the status of sovereign State acquired by the Malagasy Republic confers on it the right to introduce a national currency and to establish a national Institute of Issue.

Article 2

The Malagasy Republic declares its intention to entrust the function of issuing currency to a public agency, called the Malagasy Institute of Issue, and to introduce a national currency linked to the French franc at a fixed parity.

Article 3

The French Republic declares its willingness to guarantee the Malagasy currency. The Malagasy Republic and the French Republic undertake to maintain the free transfer of funds between Madagascar and France.

To this end, the French Treasury shall open in the name of the Malagasy Institute of Issue an operations account, which shall be maintained on the same terms as the operations account currently open in the name of the Banque de Madagascar et des Comores.

The working procedures relating to the operations account shall be laid down in an agreement between the French Treasury and the Malagasy Institute of Issue.

Article 4

So long as the agreement relative to the operations account provided for in article 3 above remains in force :

- (a) The Board of Directors of the Malagasy Institute of Issue shall comprise an equal number of representatives from each of the two States, including the Chairman, who shall not have a casting-vote;
- (b) One half of the initial outlay for the Malagasy Institute of Issue shall be provided by the Malagasy Republic and the other half by the French Republic;
- (c) The statutes of the Malagasy Institute of Issue shall be determined in the agreement relative to the operations account.

Article 5

The Malagasy Republic and the French Republic shall determine by agreement the terms on which the function of issuing currency shall be trans-

ferred by the Banque de Madagascar et des Comores to the Malagasy Institute of Issue.

The transfer shall be effected as soon as possible.

Article 6

For a transitional period of three years, which will be necessary for the physical installation of the Malagasy Institute of Issue and which may be extended, the Malagasy Institute of Issue shall be managed by the Banque de Madagascar et des Comores. During the said period, the management shall be conducted in accordance with the instructions and under the supervision of the Board of Directors of the Malagasy Institute of Issue.

Article 7

Until such time as the transfer provided for in article 5 becomes effective, the Government of the Malagasy Republic shall be empowered to request the Banque de Madagascar et des Comores :

- To record separately operations pertaining to the function of issuing currency ;
- To itemize its balance-sheet accordingly ;
- To establish a Committee of Issue comprising the President and Managing Director as chairman and the three representatives of the Government of the Malagasy Republic and two other representatives of the Government of the French Republic on the Board of Directors.

Article 8

The existing parity between the unit of currency in use in Madagascar and the French franc shall be maintained. Changes in the parity between the Malagasy unit of currency and the French franc may be made only by agreement between the two Governments.

The French Government shall consult the Malagasy Government in connexion with such studies as may be carried out before any change is made in the rate of exchange between the French franc and foreign currencies and shall negotiate with it measures calculated to safeguard the legitimate interests of the Malagasy Republic.

TITLE II

TRADE

Article 9

The Malagasy Republic shall negotiate and sign trade agreements or commercial treaties, customs conventions and financial agreements with any countries or international organizations.

The Malagasy Republic and the French Republic agree to consult together, within the framework of the Franco-Malagasy Mixed Commission established under article 20 below or of any other body grouping some or all of the States of the franc zone, whenever one of the Parties is preparing to negotiate economic or financial agreements, conventions or treaties the subject-matter of which is of substantial interest to the other participants.

Article 10

The Malagasy Republic shall freely determine its quota and tariff policy, subject to the commitments it assumes within or without the franc zone and any limitations which may be agreed upon pursuant to articles 12, 13 and 14 below.

Article 11

The French Republic and the Malagasy Republic agree to maintain their economic relations within the framework of a reciprocal preferential system, the procedures for the application of which may, where necessary, be determined by special agreements.

The purpose of the said preferential system shall be to provide each of the Parties with privileged outlets; it shall consist of a balanced series of mutual advantages in such matters as trade and tariffs as well as marketing organizations.

Article 12

Subject to the requirements of health, security, public policy and respect for State monopolies, goods originating in and exported from the territories of the French Republic or the Malagasy Republic shall have freedom of movement between those territories.

The said goods shall be exempt from customs duty in both States.

Exceptions to these two principles for reasons of the initiation of marketing organizations or of development requirements may be agreed upon in the Mixed Commission.

Article 13

The Mixed Commission shall examine at regular intervals general information relating to the external trade of each of the two States.

An import plan, established by the Malagasy Government on the basis of the requirements stated in its development plan and with due regard to judicious use of the resources of the franc zone, shall be drawn up each year in the Mixed

Commission. The said plan shall set an over-all ceiling in foreign exchange, which may be accompanied by partial ceilings applicable either to certain categories of goods or to certain origins. Imports under trade agreements concluded by the Malagasy Republic shall be included in those ceilings.

Article 14

The Malagasy Republic shall enjoy the advantages of the marketing organizations and financial aid existing within the franc zone in connexion with primary commodities.

In return, it agrees to respect the rules and general guidelines regarding such organizations and such aid drawn up for the whole franc zone, subject to any adjustments deemed necessary and agreed upon in the Mixed Commission.

Article 15

All receipts and expenditure of Madagascar involving countries outside the franc zone shall be effected through the sale or purchase of foreign currency in the Paris foreign exchange market.

The foreign exchange transactions referred to in the preceding paragraph shall be particularized and entered in a "drawing rights" account showing the status of such transactions at any time.

Article 16

The Malagasy Republic shall apply in its territory the exchange regulations of the franc zone, subject to any adjustments agreed upon in the Mixed Commission. The competent French and Malagasy authorities shall co-operate in seeking out and taking action against violations of the exchange regulations.

Article 17

Within a period of two years from the entry into force of this Agreement, the two Governments shall consult together with a view to the establishment in Madagascar of a foreign exchange office placed under the authority of the Malagasy Government; they shall determine in the Mixed Commission the working procedures of the office in question and the conditions for its co-ordination with the central authorities of the franc zone.

During the transitional period referred to in the preceding paragraph, the foreign exchange office of Madagascar shall retain its powers, under the supervision of the Malagasy Government, and shall be managed in accordance with its present statute.

Article 18

Intended foreign investments in Madagascar shall be subject to the provisions of articles 15 and 16 above and shall be reviewed by the Malagasy foreign exchange office. However, if they exceed a ceiling to be established by the Mixed Commission, they shall be reviewed in the Commission, or, in the case of urgency, in accordance with a procedure laid down by the Commission.

Article 19

The Malagasy Government and the French Government shall consult together in the Mixed Commission concerning changes in the balance of payments and in currency holdings. Such consultation shall take place, in particular, in connexion with payments agreements which the French Government proposes to negotiate on behalf of the whole franc zone or agreements which the Malagasy Government proposes to conclude with third countries, especially where such agreements provide for loans which would involve an outflow of foreign currency.

TITLE III

THE FRANCO-MALAGASY MIXED COMMISSION

Article 20

A Franco-Malagasy Mixed Commission, of equal membership, shall be established.

It shall meet at least once a quarter and, in the intervals between such meetings, at the request of either Party.

Article 21

The mixed Commission shall take cognizance, where necessary, of questions concerning co-operation between the French Republic and Malagasy Republic in monetary, economic and financial matters, without prejudice to the possible competence of other specialized bodies.

Article 22

The powers of the Mixed Commission shall be advisory, except in the cases specified in this Agreement.

Article 23

The Mixed Commission shall establish its own working procedures.

TITLE IV

AID

Article 24

The French Republic shall assist the Malagasy Republic to attain its economic and social objectives.

Article 25

Aid shall be provided by the French Republic within the framework of the development plan of Madagascar and may consist, *inter alia*, in the carrying out of studies, the supply of equipment and the granting of financial support.

Article 26

The French Republic may also assist the Malagasy Republic by the secondment of experts and technicians and the training of Malagasy professional staff.

Article 27

The arrangements for, and the volume of, the aid thus granted shall be the subject of special agreements.

TITLE V

PARTICIPATION IN JOINT BODIES

Article 28

At the highest level, the French Republic and the Malagasy Republic shall hold discussions with the other States of the Community on general questions relating to monetary, economic and financial policy and on development problems.

Article 29

The Malagasy Government shall be represented in :

- The Monetary Committee of the franc zone;
- The Committee for Economic and Financial Affairs;
- The Commission on Trade Agreements;

— and, where necessary, in any other multilateral grouping with competence in economic and financial matters in the franc zone.

The procedures for applying this article shall be determined by the Mixed Commission.

Article 30

The conditions under which the Malagasy Republic may participate in the Central Credit Council with a view to harmonizing the general principles of credit regulation and banking organization shall be established by a subsequent agreement.

The conditions under which the Malagasy Republic may be associated with the Bank Control Commission shall be established by a further agreement.

TITLE VI

STATE PROPERTY

Article 31

The Contracting Parties agree to replace the State property régime based on the nature of property by a contractual régime based on equity and suited to their respective needs.

Article 32

In compensation for its rights in the private domain, the French Republic shall retain or receive the ownership of such property in the private domain as it requires for the operation of any services and armed forces which it will establish or maintain after the entry into force of the co-operation agreements.

The ownership of all other State property, especially property in the public domain, as defined by the Decree of 28 September 1926, shall be vested in the Malagasy Republic.

Article 33

A Mixed Commission, of equal membership, shall be established to prepare a draft liquidation statement, which it shall submit to the two Governments within a period of six months from the entry into force of this Agreement; the said period may be extended, as necessary.

Article 34

The Mixed Commission shall conduct an inventory and appraisal of State property, in both the public and private domains.

It shall receive notification from the French Government of the requirement for premises of the services referred to in article 32.

It shall determine an aggregate of State property of a value equal to the aggregate of the premises required for the operation of the said services. This aggregate shall be known as “the French Republic services aggregate”.

Article 35

If necessary, the Mixed Commission shall recommend the exchange of property included in the French Republic services aggregate for other premises offered by the Malagasy Republic.

Article 36

Each Contracting Party shall, subject to the terms of appendix 1 of annex III to the Defence Agreement, retain possession of the property which it is using on the date of entry into force of this Agreement until such time as the liquidation operations have been completed.

Article 37

The Mixed Commission shall draw up a list of the administratively and financially autonomous French public corporations whose property is private property.

Article 38

The Malagasy Republic declares that it confirms concessions granted prior to the date on which this Agreement takes effect, without prejudice to the internal provisions currently applicable.

As from the entry into force of this Agreement, the right of concession in respect of registered lands shall be exercised by the authorities of the Malagasy State.

Article 39

Each Contracting Party shall notify the other when the procedures required by its Constitution for the entry into force of this Agreement have been completed. The Agreement shall take effect on the date of the second notification.

DONE at Tananarive, on 27 June 1960.

For the Government
of the French Republic :
J. FOYER

For the Government
of the Malagasy Republic :
[P. TSIRANANA]

EXCHANGES OF LETTERS

I, *a*

*The President of the Malagasy Republic, Head of Government,
to the Prime Minister of the French Republic*

Tananarive, 27 June 1960

Sir,

I have the honour to inform you that, pending the establishment of the final conditions of association, the Malagasy Republic wishes to continue its association with the European Economic Community, within the framework of the provisions of Part Four of the Treaty of Rome and the Convention annexed thereto.¹

The Government of the Malagasy Republic would accordingly wish to receive a pledge that the representatives of the French Republic in the executive organs of the European Economic Community will endeavour to obtain as soon as possible formal confirmation of the Malagasy Republic's status as an associate State and of the advantages deriving therefrom.

Accept, Sir, etc.

[P. TSIRANANA]

II, *a*

*The Prime Minister of the French Republic
to the President of the Malagasy Republic, Head of Government*

Tananarive, 27 June 1960

Sir,

By letter of today's date you informed me as follows :

[See letter I, a]

I have the honour to confirm my agreement to the terms of this letter.

Accept, Sir, etc.

[MICHEL DEBRÉ]

¹ United Nations, *Treaty Series*, vol. 298, p. 3.

I, b

*The President of the Malagasy Republic, Head of Government,
to the Prime Minister of the French Republic*

Tananarive, 27 June 1960

Sir,

Article 10 of the Agreement on co-operation in monetary, economic and financial matters, signed on [27 June 1960] between the Government of the Malagasy Republic and the Government of the French Republic, gives the Malagasy Republic complete freedom to determine its quota and tariff policy, subject to the commitments it assumes within or without the franc zone and any limitations which may be agreed upon.

The Government of the Malagasy Republic wishes to inform the Government of the French Republic that it intends, in the coming months, to exercise the powers thus vested in it in respect of customs matters.

The Government of the Malagasy Republic considers that the establishment of an individual customs tariff is one of the fundamental attributes of international authority; moreover, such a tariff would be an essential weapon for the development of the Malagasy economy, while enabling Madagascar to participate more actively in the free expansion of international trade.

Naturally, as indeed is specified in the terms of the Agreement, the Malagasy Republic cannot, in establishing this tariff, violate commitments which it may have assumed in this connexion, including, in particular, the principles governing its trade with the countries of the Community and the commitments deriving from its status as a State associated with the signatories of the Treaty establishing the European Economic Community.

In view of the difficulties which will undoubtedly arise in implementing the aforementioned measures, the Malagasy Republic wishes in this connexion to obtain the services of French experts, who should be seconded to it as soon as possible in the context of aid and co-operation.

I should be pleased if you would confirm the agreement of the Government of the French Republic to the terms of this letter.

Accept, Sir, etc.

[P. TSIRANANA]

II, b

*The Prime Minister of the French Republic
to the President of the Malagasy Republic, Head of Government*

Tananarive, 27 June 1960

Sir,

By letter of today's date you informed me as follows :

[See letter I, b]

I have the honour to confirm my agreement to the terms of this letter.

Accept, Sir, etc.

[MICHEL DEBRÉ]