

No. 14058

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**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, 30 April 1974**

*Authentic texts: French and English.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on 27 May 1975.*

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

**Échange de notes constituant un accord concernant la participation du Royaume-Uni au Fonds des opérations de change pour le Laos. Vientiane, 30 avril 1974**

*Textes authentiques : français et anglais.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 27 mai 1975.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE PROVISIONAL GOVERNMENT OF THE NATIONAL UNION OF LAOS CONCERNING THE PARTICIPATION OF THE UNITED KINGDOM IN THE FOREIGN EXCHANGE OPERATIONS FUND FOR LAOS

ÉCHANGE DE NOTES CONSTITUANT UN ACCORD<sup>1</sup> ENTRE LE GOUVERNEMENT DU ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD ET LE GOUVERNEMENT PROVISOIRE D'UNION NATIONALE DU LAOS CONCERNANT LA PARTICIPATION DU ROYAUME-UNI AU FONDS DES OPÉRATIONS DE CHANGE POUR LE LAOS

## I

*The Vice-President of the Council of Ministers and Minister of Foreign Affairs of Laos to Her Majesty's Ambassador at Vientiane*

*Le Vice-Président du Conseil des ministres et Ministre des affaires étrangères du Laos à l'Ambassadeur de Sa Majesté à Vientiane*

Vientiane, le 30 Avril, 1974

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'Australie<sup>2</sup>, du Royaume-Uni<sup>3</sup>, des Etats-Unis d'Amérique et de la France, programme auquel le Gouvernement du Japon a accédé par échange de lettres en date du 7 Avril 1965<sup>4</sup>.

Afin de poursuivre le programme de stabilisation pendant l'année calendaire 1974, le Gouvernement Royal du Laos s'engage à prendre les mesures spécifiques suivantes:

I.A. Le Gouvernement Royal du Laos limitera le découvert net de trésorerie (*net inflationary borrowing*), en tenant compte des recettes provenant de la redevance de change s'il y en a, pendant l'année calendaire 1974 à un plafond de 16,2 milliards de Kip en prenant d'urgence les mesures fiscales nécessaires pour atteindre cet objectif. Dans ce but, le Gouvernement Royal du Laos limitera le déficit budgétaire à 13,2 milliards de Kip pendant l'exercice

<sup>1</sup> Came into force on 30 April 1974, the date of the note in reply, in accordance with the provisions of the said notes.

<sup>1</sup> Entré en vigueur le 30 avril 1974, date de la note de réponse, conformément aux dispositions desdites notes.

<sup>2</sup> Nations Unies, *Recueil des Traités*, vol. 503, p. 315.

<sup>3</sup> *Ibid.*, vol. 502, p. 189.

<sup>4</sup> *Ibid.*, vol. 538, p. 340, et vol. 551, p. 336.

## [TRANSLATION — TRADUCTION]

Vientiane, 30 April 1974

Your Excellency,

[See note II]

I avail myself of this opportunity, etc.

PHAGNA PHOUMI VONGVICHIT

## II

*Her Majesty's Ambassador at Vientiane to the Vice-President of the Council of Ministers and Minister of Foreign Affairs of Laos*

*L'Ambassadeur de Sa Majesté à Vientiane au Vice-Président du Conseil des Ministres et Ministre des affaires étrangères du Laos*

BRITISH EMBASSY  
VIENTIANE

30 April 1974

Your Excellency,

I have the honour to acknowledge the receipt of Your Excellency'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,<sup>1</sup> France, the United Kingdom<sup>2</sup> and the United States, and to which the Government of Japan acceded by exchange of letters dated 7 April 1965.<sup>3</sup>

"To extend the Stabilization Programme through the calendar year 1974, the Royal Lao Government undertakes to introduce the following specific measures:

"I.A. The royal Lao Government shall limit its net inflationary borrowing inclusive of foreign exchange surcharge proceeds, if any, during calendar year 1974 to a maximum of 16.2 billion kip, taking necessary fiscal measures on an urgent basis to achieve this. To this end, the Royal Lao Government shall limit its budgetary deficit during fiscal year 1973-74 to 13.2 billion kip and proposes to limit its budgetary deficit during fiscal year 1974-75 to 17.4 billion kip. Should the foreign exchange surcharge proceeds for the fiscal year 1973-74 exceed the present estimate of 8.4 billion kip, the Royal Lao Government agrees to reduce the budget deficit by a corresponding amount.

"I.B. The Royal Lao Government shall exercise effective control over its obligations and expenditures to ensure that authorized expenditure ceilings are not exceeded.

"I.C. The Royal Lao Government shall take the necessary measures to prepare an integrated kip budget and a thereto related foreign exchange budget for fiscal year

<sup>1</sup> United Nations, Treaty Series, vol. 503, p. 315.

<sup>2</sup> *Ibid.*, vol. 502, p. 189.

<sup>3</sup> *Ibid.*, vol. 538, p. 340, and vol. 551, p. 336

1974–75 before 30 June 1974. The Royal Lao Government shall inform the other Contributing Governments of the measures taken in this respect and of the progress achieved.

“I.D. The Royal Lao Government shall make more strenuous efforts to broaden the basis of tax collection, to assure full collection of existing taxes and duties, and to ensure the prompt deposit into the Treasury of all revenues. If actual collections in any quarter of the calendar year fall short of the estimates the Royal Lao Government will take the necessary measures to increase such collections. If actual collections exceed budget revenues, the excess shall be used to reduce the budgetary deficit or be programmed for developmental expenditures.

“I.E. The Royal Lao Government agrees that the other 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 has advised the other Contributing Governments of the specific controls instituted on public and private credit in order to restrict the expansion of money supply and will advise them of further such measures taken in harmony with its policy of reform for the national economy.

“III.A. The Royal Lao Government, in order to control its receipts and expenditures of foreign exchange, shall establish and maintain accounts related to the Foreign Exchange Budget for all its foreign exchange transactions. The Foreign Exchange Regulations shall be administered by the National Exchange Office which shall be responsible for control and accountability of all official foreign exchange transactions.

“III.B. The Royal Lao Government and the National Bank of Laos shall acquire and disburse foreign exchange only by the means and for the purposes prescribed in the Foreign Exchange Budget and the Foreign Exchange Regulations. The same applies to the Sociétés d’Etat and the Sociétés d’Economie Mixte with respect to the repayment of their medium and long-term external debts.

“III.C. The Royal Lao Government shall maintain a legal market in foreign exchange. To assist in maintaining orderly conditions in the legal market, I have the honour to request that your Government shall join the Royal Lao Government in contributing to a Foreign Exchange Operations Fund for Laos and to make the following further proposals:

“IV.A. A Stabilization Consultative Committee shall be established which will include representatives of the Royal Lao Government, 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 other Contributing Governments.

“IV.B. The Stabilization Consultative Committee shall be responsible for examining monthly the progress of the Stabilization Programme and shall receive no later than twenty days after the close of each month and at least two working days before its monthly meeting, reports in writing covering the previous month’s operations, from the Budget Office, the National Exchange Office, the Exchange Authorizing Commission, 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 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 per cent of the counterpart funds generated by their 1969 contribution after one year of operations and up to ten per cent of the counter-

part funds generated by any instalment of their 1970 to 1974 contributions 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 between 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 Excellency 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 Excellency'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 1974.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

A. E. DAVIDSON  
Her Britannic Majesty's Ambassador

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<sup>1</sup> See “Exchange of letters constituting an agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Laos regarding the creation of a Foreign Exchange Operations Fund for Laos, Vientiane, 24 December 1963” in United Nations, *Treaty Series*, vol. 502, p. 189; as modified in volumes 551, p. 336; vol. 565, p. 320; vol. 605, p. 364; vol. 649, p. 360; vol. 713, p. 79; vol. 749, p. 229; vol. 805, p. 27; vol. 864, p. 159; and vol. 886, No. I-12709.