

No. 14934

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

**Exchange of letters constituting an agreement concerning
the participation of the United Kingdom in the Foreign
Exchange Operations Fund for Laos. Vientiane, 15 July
1975**

Authentic texts: French and English.

*Registered by the United Kingdom of Great Britain and Northern Ireland
on 27 July 1976.*

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

**Échange de lettres constituant un accord concernant la
participation du Royaume-Uni au Fonds des opérations
de change pour le Laos. Vientiane, 15 juillet 1975**

Textes authentiques : français et anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord
le 27 juillet 1976.*

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

ÉCHANGE DE LETTRES CONSTITUANT UN ACCORD¹ 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

Le Délégué de Son Altesse le Premier Ministre en sa qualité de Vice-Président du Conseil et Ministre des affaires étrangères du Laos à l'Ambassadeur de Sa Majesté à Vientiane

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 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.

Afin de poursuivre le programme de stabilisation pendant l'année calendaire 1975, le Gouvernement Provisoire d'Union Nationale du Laos s'engage à prendre les mesures spécifiques suivantes :

I. A. Le Gouvernement Provisoire d'Union Nationale 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 1975 à un plafond de 20,9 milliards de Kip en prenant d'urgence les mesures fiscales nécessaires pour atteindre cet objectif. Dans ce but, le Gouvernement Provisoire d'Union Nationale du Laos limitera le déficit budgétaire à 23,9 milliards de Kip pendant l'exercice budgétaire 1974/1975 et se propose de limiter à 18,0 milliards de Kip le déficit budgétaire pendant l'exercice budgétaire 1975/1976.

Si les recettes provenant de la redevance de change pour l'exercice budgétaire 1974/1975 dépassent les estimations actuelles de 6,6 milliards de Kip, le Gouvernement Provisoire d'Union Nationale du Laos accepte de réduire le déficit d'un montant correspondant à l'excédent de ces recettes.

¹ Came into force on 15 July 1975, the date of the note in reply, in accordance with the provisions of the said notes.

¹ Entré en vigueur le 15 juillet 1975, 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.

[TRANSLATION¹ — TRADUCTION²]

The Delegate of His Highness the Prime Minister as Vice-President of the Council and Minister of Foreign Affairs of Laos to Her Majesty's Ambassador at Vientiane

Excellency,

I have the honour to refer to the Stabilization Programme into which the Provisional Government of National Union of Laos, in consultation with the International Monetary Fund, entered on 24 December 1963 by letters exchanged on that date with the Government of Australia,³ France, the United Kingdom⁴ and the United States, and to which the Government of Japan acceded by exchange of letters dated 7 April 1965.

To extend the Stabilization Programme through the calendar year 1975, the Provisional Government of National Union of Laos undertakes to introduce the following specific measures:

I. A. The Provisional Government of National Union of Laos shall limit its net inflationary borrowing inclusive of foreign exchange surcharge proceeds, if any, during calendar year 1975 to a maximum of 20.9 billion kip, taking necessary fiscal measures on an urgent basis to achieve this. To this end, the Provisional Government of National Union of Laos shall limit its budgetary deficit during fiscal year 1974/75 to 23.9 billion kip and proposes to limit its budgetary deficit during fiscal year 1975/76 to 18.0 billion kip. Should the foreign exchange surcharge proceeds for the fiscal year 1974/75 exceed the present estimate of 6.6 billion kip, the Provisional Government of National Union of Laos agrees to reduce the budget deficit by a corresponding amount.

I. B. The Provisional Government of National Union of Laos shall exercise effective control over its obligations and expenditures to ensure that authorized expenditure ceilings are not exceeded.

I. C. The Provisional Government of National Union of Laos shall take the necessary measures to prepare an integrated kip budget and a thereto related foreign exchange budget for fiscal year 1975/76 before 30 June 1975. The Provisional Government of National Union of Laos shall inform the other Contributing Governments of the measures taken in this respect and of the progress achieved.

I. D. The Provisional Government of National Union of Laos 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 Provisional Government of National Union of Laos 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.

II. The Provisional Government of National Union of Laos 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 Provisional Government of National Union of Laos, 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

¹ Translation supplied by the Government of the United Kingdom.

² Traduction fournie par le Gouvernement du Royaume-Uni.

³ United Nations, *Treaty Series*, vol. 503, p. 315.

⁴ *Ibid.*, vol. 502, p. 189.

which shall be responsible for control and accountability of all official foreign exchange transactions.

III. B. The Provisional Government of National Union of Laos 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 Provisional Government of National Union of Laos 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 Provisional Government of National Union of Laos 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 Provisional Government of National Union 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 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 Provisional Government of National Union of Laos, be paid to the National Bank of Laos for retirement of the Provisional Government of National Union of Laos 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 any instalment of their 1974 and 1975 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 Provisional Government of National Union of Laos agrees actively to seek contributions to the Fund from such other Governments.

VII. Should either party of 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.¹

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 Provisional Government of National Union of Laos 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 Provisional Government of National Union of Laos 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.

Please accept, Your Excellency, the assurances of my highest consideration.

Vientiane, 15 July 1975

PHOUNE SIPASEUTH

II

Her Majesty's Ambassador at Vientiane to the Delegate of His Highness the Prime Minister as Vice-President of the Council and Minister of Foreign Affairs of Laos

BRITISH EMBASSY
VIENTIANE

15 July, 1975

Your Excellency,

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

[*See letter I*]

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 Provisional Government of National Union of Laos to participate in the Foreign Exchange Operations Fund for Laos during calendar year 1975.

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

A. E. DAVIDSON
HBM Ambassador

¹ 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; vol. 886, p. 247, and vol. 971, p. 141.