

No. 22833

FRANCE
and
CZECHOSLOVAKIA

Trade and Payments Arrangement (with trade regulations, lists with annexed exchanges of letters and monetary regulations with annexed exchanges of letters). Signed at Prague on 29 July 1946

Authentic text: French.

Registered by France on 1 April 1984.

FRANCE
et
TCHÉCOSLOVAQUIE

Arrangement concernant les échanges de marchandises et le règlement des paiements (avec règlement concernant les échanges de marchandises, listes avec échanges de lettres y annexées et règlement monétaire avec échanges de lettres y annexées). Signé à Prague le 29 juillet 1946

Texte authentique : français.

Enregistré par la France le 1^{er} avril 1984.

[TRANSLATION — TRADUCTION]

TRADE AND PAYMENTS ARRANGEMENT¹ BETWEEN CZECHOSLOVAKIA AND FRANCE

The Czechoslovak Government and the French Government,

Referring to the Trade Treaty concluded between the two countries, dated 2 July 1928,² and its supplementary agreements and protocols,

And desiring to develop the trade between the two countries re-established by the Trade and Payments Arrangement between Czechoslovakia and France, which was signed at Paris on 24 October 1945 and expired on 31 July 1946,

Have agreed as follows:

Article 1. This Arrangement shall include:

1. The Trade Regulations, goods schedules A and B and annexed letters thereto;
2. The Monetary Regulations and letters annexed thereto.

Article 2. This Arrangement replaces the Trade and Payments Arrangement between Czechoslovakia and France signed at Paris on 24 October 1945, which entered into force on 1 November 1945 and expired on 31 July 1946.

It shall enter into force provisionally on 1 August 1946 for the duration indicated in each of the texts referred to in article 1. It shall be submitted, where necessary, for the subsequent approval of the two Governments and shall become final only after such approval.

DONE at Prague in duplicate on 29 July 1946.

For the Czechoslovak Government:

[ZD. AUGENTHALER]

For the French Government:

[R. DROUIN]

TRADE REGULATIONS BETWEEN CZECHOSLOVAKIA AND FRANCE

Article 1. Import and export licences shall be issued by each Contracting Party for the goods listed in schedules A and B annexed hereto up to the quantities or values specified therein, in so far as such goods are subject to the régime of entry or exit prohibitions.

Article 2. A Joint Commission shall be established, composed of two delegations, one of official Czechoslovak representatives and the other of official French representatives, with the task of monitoring the implementation of these Regulations and of proposing any measures to improve economic relations between Czechoslovakia and France. It shall meet at the request of the Chairman of either delegation.

¹ Came into force provisionally on 1 August 1946, in accordance with article 2.

² League of Nations, *Treaty Series*, vol. XCIX, p. 105.

Article 3. The members of the Joint Commission shall keep each other informed, in particular by monthly communications, of the issuance of licences pertaining to the products in schedules A and B annexed hereto.

Article 4. The schedules referred to in article 1 may be amended by the Joint Commission.

The quota "Miscellaneous Goods" shall be apportioned in the same conditions.

Article 5. It is understood that the special régime which currently benefits, or will subsequently benefit, shipments sent under the auspices of the United Nations Relief and Rehabilitation Administration (UNRRA) and goods imported by Czechoslovakia as reparations shall not be claimed by France in implementation of the provisions of the conventions and agreements in force and of the above-mentioned Regulations.

Article 6. These Regulations shall enter into force provisionally on 1 August 1946 for a period of one year.

LIST A¹

FRENCH EXPORTS TO CZECHOSLOVAKIA

LIST B¹

CZECHOSLOVAK EXPORTS TO FRANCE AND TO FRENCH TERRITORIES

EXCHANGES OF LETTERS

Ia

Prague, 29 July 1946

Letter — Annex No. 1

Sir,

Certain products listed in schedule A annexed to the Arrangement may be exported without a licence.

We have agreed that, if the French Government re-imposes export licences for these products, the Joint Commission established under article 2 of the Trade Regulations will meet as soon as possible to determine the quotas to be substituted for those listed in schedule A.

¹ Not published herein in accordance with article 12(2) of the General Assembly regulations to give effect to Article 102 of the Charter of the United Nations as amended in the last instance by General Assembly resolution 33/141 A of 19 December 1978.

I should be grateful if you would confirm the agreement of the Czechoslovak Government with this procedure.

Accept, Sir, etc.

[R. DROUIN]

Mr. Zd. Augenthaler
Director of Economic Affairs
Ministry of Foreign Affairs
Prague

IIa

Prague, 29 July 1946

Letter — Annex No. 1

Sir,

In your letter of today's date you kindly informed me of the following:

[See letter Ia]

I have the honour to signify the agreement of the Czechoslovak Government with the foregoing.

Accept, Sir, etc.

[ZD. AUGENTHALER]

Mr. R. Drouin
Minister Plenipotentiary
Director of Economic and Financial Affairs
Ministry of Foreign Affairs
Prague

*Ib and IIb**Letter — Annex No. 2¹**Ic and IIc**Letter — Annex No. 3¹**Id and IID**Letter — Annex No. 4¹**Ie and IIE**Letter — Annex No. 5¹*

MONETARY REGULATIONS BETWEEN CZECHOSLOVAKIA AND FRANCE

Article I. 1. To provide the funds necessary for payments in Czechoslovakia to persons residing in the franc zone and for payments in the franc zone to persons residing in Czechoslovakia, the National Bank of Czechoslovakia, acting on behalf of the Czechoslovak Government, and the Bank of France, acting on behalf of the French Government, shall sell each other crowns for francs and vice versa.

2. In implementation of the preceding paragraph, the National Bank of Czechoslovakia shall open an account in crowns in favour of the Bank of France; the Bank of France shall open an account in francs in favour of the National Bank of Czechoslovakia.

Article II. The Bank of France shall supply to the National Bank of Czechoslovakia, against payments in francs, the local currency necessary to make any payment in the territories of the franc zone where these local currencies are legal tender.

Article III. 1. So long as the balance resulting from the adjustment of the accounts referred to in article I above does not exceed 600 million francs or 250 million crowns, the Contracting Parties shall request neither the establishment of a guarantee nor the conversion of this balance into gold or foreign currencies.

2. If at a given time the balance exceeds 600 million francs or 250 million crowns, the creditor bank of issue may request that the surplus be converted into gold at the price agreed between the two issuing banks, or into any third currency mutually accepted by the two issuing banks. An agreement may also be reached to increase, with or without special guarantees, the aforementioned amounts.

3. If the official rate of exchange is changed in accordance with article IV below, the amount referred to in the preceding paragraphs, expressed in the currency whose value has declined in terms of gold, shall be adjusted in proportion to the change.

¹ Not published herein in accordance with article 12(2) of the General Assembly regulations to give effect to Article 102 of the Charter of the United Nations as amended in the last instance by General Assembly resolution 33/141 A of 19 December 1978.

Article IV. 1. Operations arising from the implementation of these Regulations shall be carried out on the basis of the official exchange rate. The official rate may not be changed by one of the Contracting Parties until it has given prior notification to the other Party.

2. The National Bank of Czechoslovakia and the Bank of France shall establish by agreement the maximum and minimum fluctuations that will be authorized in their dependent markets.

Article V. 1. If the official exchange rate is changed, the accounts existing between the National Bank of Czechoslovakia and the Bank of France, in application of article I, paragraph 2, shall be settled and the balances adjusted at the official rate previously in force.

2. The resulting balance, if expressed in the currency whose value has declined in terms of gold, shall be adjusted by the debtor Government in proportion to the change.

Article VI. The debtor bank of issue shall be entitled at any time to make reimbursements in the currency of the creditor bank of issue, in third currencies agreed between the two issuing banks, or in gold at the price agreed between the said banks.

Article VII. 1. Assets in francs (and the assets in local currencies referred to in article II) held by persons residing in Czechoslovakia may be freely used for transfers between persons residing in Czechoslovakia, for payments to persons residing in the franc zone or for payments made in accordance with article IX, paragraph 2.

2. Assets in crowns held by persons residing in the franc zone may be freely used for transfers between persons residing in that zone, for payments to persons residing in Czechoslovakia or for payments made in accordance with article IX, paragraph 2.

Article VIII. The Contracting Parties shall each take, on their own behalf, the necessary measures to authorize current payments between the franc zone and Czechoslovakia.

Moreover, they shall assist each other in containing capital transfers between Czechoslovakia and the franc zone within the limits set by their respective policies and, in particular, in preventing any transfers that do not serve direct, useful economic or commercial purposes.

Article IX. 1. So long as these Regulations remain in force, the two Governments shall assist each other in applying them as flexibly as possible. The National Bank of Czechoslovakia and the Bank of France, acting on behalf of their respective Governments, shall keep each other informed about any technical questions raised by the Regulations, and shall co-operate closely on questions of exchange control affecting Czechoslovakia and the franc zone.

2. The Czechoslovak Government and the French Government shall make every effort, where appropriate and with the consent of the other parties concerned:

(a) To ensure that francs held by residents of Czechoslovakia and crowns held by residents of the franc zone are usable for payments to residents of countries other than Czechoslovakia and the countries included in the franc zone;

(b) To allow residents of countries other than Czechoslovakia and the countries included in the franc zone to use the francs in their possession to make payments

to residents of Czechoslovakia, and the crowns in their possession to make payments to residents of the franc zone.

Article X. On the expiry of these Regulations, the balance in francs held by the National Bank of Czechoslovakia and the balance in crowns held by the Bank of France shall be adjusted at the official rate. The final balance, in so far as it is not subject to reimbursement under the conditions stipulated in article VI, may be freely used by the creditor bank of issue for all payments to be made in the monetary zone of the debtor bank of issue.

The provisions of article V shall remain applicable to this balance until it has been fully spent.

Article XI. These Regulations, which shall be subject to revision and amendment after mutual consultation, shall take effect on 1 August 1946. They shall terminate three years after the date of their entry into force and shall be tacitly renewable from year to year, subject to three months' notice. They may be terminated at any time subject to the same notice.

EXCHANGES OF LETTERS

Ia

Letter — Annex No. 1

Prague, 29 July 1946

Sir,

With reference to article IV of the Monetary Regulations between Czechoslovakia and France, I have the honour to confirm the agreement of my Government with the following:

“The Contracting Parties consider that the official exchange rate should be calculated on the basis of the official mean exchange rates of the United States dollar in Paris and in Prague, and hereby state that the said official exchange rate currently stands at: 1 crown = 2,382 francs.”

I should be grateful if you would confirm the agreement of the French Government with the foregoing.

Accept, Sir, etc.

[ZD. AUGENTHALER]

Mr. R. Drouin
Minister Plenipotentiary
Director of Economic and Financial Affairs
Ministry of Foreign Affairs
Prague

IIa

Letter — Annex No. 1

Prague, 29 July 1946

Sir,

In your letter of today's date you kindly informed me of the following:

[See letter Ia]

I have the honour to confirm the agreement of the French Government with the foregoing.

Accept, Sir, etc.

[R. DROUIN]

Mr. Zd. Augenthaler
Director of Economic Affairs
Ministry of Foreign Affairs

Ib

Letter — Annex No. 2

Prague, 29 July 1946

Sir,

With reference to article VII of the Monetary Regulations between Czechoslovakia and France, I have the honour to confirm the agreement of my Government with the following:

"I. The Contracting Parties consider as assets in francs and assets in local currencies pegged to the franc the accounts opened in these currencies with banks, exchange agents and securities brokers established in the franc zone on behalf of persons residing in Czechoslovakia, and reciprocally, as assets in crowns the accounts opened in that currency with banks, exchange agents and securities brokers established in Czechoslovakia on behalf of persons residing in the franc zone.

"II. French bank notes held by persons residing in Czechoslovakia and Czechoslovak bank notes held by persons residing in the franc zone shall not, save agreement between the Bank of France and the National Bank of Czechoslovakia on behalf of their respective Governments, be usable under the conditions stipulated in article VII of the Monetary Regulations.

"III. Following the promulgation of the Czechoslovak law terminating the freeze established by decree 95/45 of the President of the Czechoslovak Republic, the Contracting Parties shall make arrangements for applying the provisions of article VII of the Monetary Regulations to those assets in crowns or francs referred to in paragraph I which have been the subject of general freezing measures on the part of the Czechoslovak or French authorities.

“Individual measures of unfreezing may be taken in the interim, if agreed, in each case, between the authorities of the two countries.

“IV. The provisions of paragraph III above shall apply *mutatis mutandis* to securities in the portfolios of residents of either country in the banks of the other country.”

I should be grateful if you would confirm the agreement of the French Government with the foregoing.

Accept, Sir, etc.

[ZD. AUGENTHALER]

Mr. R. Drouin
Minister Plenipotentiary
Director of Economic and Financial Affairs
Ministry of Foreign Affairs
Prague

II b

Letter — Annex No. 2

Prague, 29 July 1946

Sir,

In your letter of today's date you kindly informed me of the following:

[*See letter Ib*]

I have the honour to confirm the agreement of the French Government with the foregoing.

Accept, Sir, etc.

[R. DROUIN]

Mr. Zd. Augenthaler
Director of Economic Affairs
Ministry of Foreign Affairs

Ic

Letter — Annex No. 3

Prague, 29 July 1946

Sir,

With reference to article VIII of the Monetary Regulations between Czechoslovakia and France, I have the honour to confirm the agreement of my Government with the following:

“The Contracting Parties shall consider as current payments:

- “— Commercial settlements, including incidental expenses;
- “— Wages, salaries and fees;
- “— Services (including chartering on French and Czechoslovak vessels, costs of rental of vessels, transit expenses, etc.);
- “— Assistance, maintenance, travel costs;
- “— Pensions, income, interest, income from investments, contractual payments;
- “— Fees and royalties due on patents, licences, trademarks, authors' copyrights, film leasing rights;
- “— Taxes, fines, legal costs;
- “— Insurance and re-insurance settlements (premiums and indemnities);
- “— Diplomatic and consular expenses;
- “— Capital assets of Czechoslovak nationals who, residing in France, return to Czechoslovakia permanently, and of French nationals who, residing in Czechoslovakia, return to France permanently, up to an individual maximum which shall be established by the two issuing banks;
- “— All credits under the categories listed above which have not been settled before the entry into force of these Regulations;
- “— Any other payments on which the competent authorities of the two countries may agree.”

I should be grateful if you would confirm the agreement of the French Government with the foregoing.

Accept, Sir, etc.

[ZD. AUGENTHALER]

Mr. R. Drouin
Minister Plenipotentiary
Director of Economic and Financial Affairs
Ministry of Foreign Affairs
Prague

IIc

Letter — Annex No. 3

Prague, 29 July 1946

Sir,

By your letter of today's date you kindly informed me of the following:

[See letter Ic]

I have the honour to confirm the agreement of the French Government with the foregoing.

Accept, Sir, etc.

[R. DROUIN]

Mr. Zd. Augenthaler
Director of Economic Affairs
Ministry of Foreign Affairs
