

NETHERLANDS



Treaty Series No. 17 (1948)

Exchange of Letters  
between the Government of the United Kingdom  
and the Netherlands Government  
for the Settlement of War-time Debts

London, 11th March, 1948

*Presented by the Secretary of State for Foreign Affairs  
to Parliament by Command of His Majesty*

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**EXCHANGE OF LETTERS BETWEEN THE GOVERNMENT OF THE  
UNITED KINGDOM AND THE NETHERLANDS GOVERNMENT  
FOR THE SETTLEMENT OF WAR-TIME DEBTS**

*London, 11th, March, 1948*

No. 1

*Sir Stafford Cripps to Professor P. Lieftinck*

*Treasury Chambers,  
11th March, 1948*

My dear Minister,

IN pursuance of the arrangements discussed by the representatives of our two Governments during negotiations in London and The Hague during December 1947 and February 1948, I have the honour to confirm that the Government of the United Kingdom, desirous of reaching a final settlement of the various financial claims in regard to military expenditure and other debts which have arisen between our two Governments out of the war-time period, have approved the following proposals:—

1. The settlement shall cover claims in the following four main categories:—

- (a) Sums due by the Netherlands Government and the Government of the Netherlands Indies to the Government of the United Kingdom and by the Government of the United Kingdom to the Netherlands Government and the Government of the Netherlands Indies in respect of certain supplies and services to the armed forces up to 28th February, 1947, or to be delivered after that date.
- (b) The sum due by the Netherlands Government to the Government of the United Kingdom in respect of a credit for the purchase of British Army surpluses by the Netherlands Government.
- (c) The sum due by the Netherlands Government to the Government of the United Kingdom in respect of war-time advances to the Netherlands Government in London.
- (d) The sum due by the Netherlands Government to the Government of the United Kingdom in connection with supplies furnished for the civil population of Metropolitan Holland by the Allied Armed Forces.

2. The amount of the debt in final settlement of the claims referred to in paragraph 1 shall be determined at £45 million with interest payable at the rate of one-half of one per cent. per annum.

3. The redemption of the debt, as well as payment of the interest, shall be effected by twenty annual payments of £2,369,990 5s.0d. each over the period 1st March, 1948, to 29th February, 1968; the first payment will fall due on 28th February, 1949.

4. If, however, during the period ending on 28th February, 1953, the situation in regard to the external finances of the Netherlands were to deteriorate, the Netherlands Government would have the right to claim an amendment of the scheme for payments set out in paragraph 3 so that the

payment of the full annuities, or part thereof, falling due during the period in question, could be postponed until after 1st March, 1953. In the event of such a postponement, however, interest on the principal amount then outstanding would remain payable during the period of suspension of the principal repayments. Thereafter the principal outstanding would be repaid, together with interest, by equal annual payments so that the first payment under the new scheme would be made on a date not later than 28th February, 1954, and the final payment would fall due on 29th February, 1968.

5. On the other hand, if the situation were to improve, the Netherlands Government would have the right at any time to make prepayments and subsequent annuity payments would be recalculated accordingly.

6. The Government of the United Kingdom will endeavour to complete the deliveries envisaged under the programme for military supplies covered by this settlement; but if they cannot be delivered, they will be replaced by other goods of the same value, or an appropriate reduction of the figure of £45 million will be made.

7. While any part of the debt of £45 million remains outstanding, the Government of the United Kingdom shall not be called upon to sell gold to obtain guilders.

If the Government of the Kingdom of the Netherlands agree to these proposals, I have the honour to suggest that this letter and your reply in that sense shall be regarded as constituting an agreement between the two Governments.

Yours very sincerely,  
(Signed) R. STAFFORD CRIPPS.

No. 2

*Professor P. Lieftinck to Sir Stafford Cripps*

My dear Chancellor,

*London, 11th March, 1948*

I HAVE the honour to acknowledge receipt of your letter of to-day's date as follows:—

[As in No. 1]

In reply, I have much pleasure in informing you that your letter correctly sets out the agreement reached between the representatives of our two Governments in regard to the foregoing matters. I have the honour to inform you that the Government of the Kingdom of the Netherlands accept these proposals and will regard your letter and this reply as constituting an agreement between the two Governments.

On behalf of the Kingdom of the  
Netherlands,

Yours sincerely,

(Signed) P. LIEFTINCK.

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