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EUROPEAN PAYMENTS
UNION



Treaty Series No. 55 (1954)

Agreement

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Swiss Government

for the Repayment of Credits granted
to the Government of the United Kingdom by the
European Payments Union and by the Swiss Government
to the Union in accordance with the provisions of the
Agreement of the 19th of September, 1950 for the
Establishment of the European Payments Union

[with Exchanges of Letters]

London, July 16, 1954

*Presented by the Secretary of State for Foreign Affairs to Parliament
by Command of Her Majesty
September 1954*

LONDON
HER MAJESTY'S STATIONERY OFFICE
FOURPENCE NET

Cmd. 9254

AGREEMENT FOR REPAYMENT AND CONSOLIDATION BETWEEN THE UNITED KINGDOM AND SWITZERLAND

London, July 16, 1954

The Government of the United Kingdom of Great Britain and Northern Ireland and the Swiss Government,

Desiring to make arrangements to provide for the repayment of part of the credits granted to the United Kingdom by the European Payments Union (hereinafter referred to as the Union) and by Switzerland to the Union under the Agreement for the Establishment of the Union, signed in Paris on September 19, 1950 (hereinafter referred to as the European Payments Agreement)⁽¹⁾, and within the framework of the decisions of the Council of the Organisation for European Economic Co-operation concerning the prolongation of the Union after June 30, 1954,

Have agreed as follows:—

ARTICLE I

The Government of the United Kingdom shall repay a total amount of twenty-five million units of account, as defined in Article 26 of the European Payments Agreement (hereinafter referred to as units of account), owed by the United Kingdom to the Union as follows:—

- (a) by a payment of the equivalent of six and one quarter million units of account to the Swiss Government on the value date of the Union for the month of June 1954, and
- (b) by payment of the balance of the above-mentioned total amount in equal monthly instalments of the equivalent of 260,416.66 units of account to be paid to the Swiss Government on the value date of the Union for each month. The payment of the first instalment shall be made on the value date of the Union for the month of July 1954.

On the liquidation of the Union, the provisions of sub-paragraph (b) of this Article shall cease to have effect.

ARTICLE II

Any payment made under Article I of the present Agreement may, at the option of the Government of the United Kingdom, be made (i) in gold or (ii) in United States dollars calculated at the official price for gold of the United States Treasury at the date of payment or (iii) in any other currency acceptable to the Swiss Government. The amount of any payment made otherwise than in gold or United States dollars shall be calculated at a rate of exchange, between the unit of account and the currency of payment, agreed between the two Contracting Governments.

ARTICLE III

Each payment made under Article I of the present Agreement shall be reported to the Agent for the Organisation for European Economic Co-operation (hereinafter referred to as the Agent) in order that adjustments may be made in the credits granted by the Union to the United Kingdom and the credits granted by Switzerland to the Union. These adjustments

⁽¹⁾ "Miscellaneous No. 14 (1950)," Cmd. 8064.

will be made in accordance with the provisions of the European Payments Agreement and the decisions of the Organisation for European Economic Co-operation relating thereto.

ARTICLE IV

If, at any date before the liquidation of the Union, the United Kingdom ceases to be a debtor of the Union or Switzerland ceases to be a creditor of the Union, payments under Article I (b) of the present Agreement shall be suspended pending consultations between the two Contracting Governments. If the two Contracting Governments are unable to agree that the present Agreement shall continue in force, the Agreement shall be deemed to have terminated with effect from the above-mentioned date.

ARTICLE V

(a) If, on the liquidation of the Union, the United Kingdom's debt to Switzerland, established in accordance with the provisions of the European Payments Agreement, is greater than or equal to the balance outstanding of the total amount referred to in Article I of the present Agreement--

- (i) That balance shall be converted into Swiss francs at the rate of exchange between the unit of account and that currency communicated by Switzerland to the Agent for the purposes of the final operations under the European Payments Agreement and shall be repaid by the Government of the United Kingdom to the Swiss Government in that currency in equal semi-annual instalments, the first of which shall be made six calendar months after the date of liquidation of the Union and the last of which shall be made on June 30, 1960, unless the whole of the balance shall have been repaid before that date. If, however, the last instalment relates to a period of less than six calendar months, the amount of that instalment shall be calculated on the basis of the proportion which the period covered by that instalment bears to a period of six calendar months.
- (ii) The terms of settlement of the excess, if any, shall be determined in accordance with the provisions of Annex B of the European Payments Agreement.

(b) If, on the liquidation of the Union, the United Kingdom's debt to Switzerland, established in accordance with the provisions of the European Payments Agreement, is less than the balance outstanding of the total amount referred to in Article I of the present Agreement, the amount repayable by the Government of the United Kingdom to the Swiss Government in accordance with the provisions of paragraph (a) (i) of this Article shall be the amount of the United Kingdom's debt to Switzerland established in accordance with the provisions of the European Payments Agreement; but the two Contracting Governments shall consult together to decide the extent to which the instalments or the period shall be reduced.

ARTICLE VI

With effect from the date of liquidation of the Union, interest, at the rate of 3 per cent. per annum, shall be paid semi-annually, on the same dates as the instalments referred to in Article V of the present Agreement, by the Government of the United Kingdom to the Swiss Government in Swiss francs on any balance from time to time outstanding of the amount repayable by the Government of the United Kingdom to the Swiss Government under Article V (a) (i) or Article V (b) of the present Agreement.

ARTICLE VII

The Government of the United Kingdom shall have the right at any time to repay all or any of the instalments referred to in the present Agreement on a date or dates earlier than those provided for in the Agreement.

ARTICLE VIII

If, at any date before the liquidation of the Union, the United Kingdom or Switzerland or both withdraw from the Union, the provisions of the present Agreement shall apply as though the Union had been liquidated on that date.

ARTICLE IX

The present Agreement shall enter into force on signature, and shall have effect as though it had entered into force on July 10, 1954. Without prejudice to the foregoing provisions of this Article, the Agreement will be submitted to the Swiss Parliament for ratification.

In witness whereof the undersigned, being duly authorised by their respective Governments, have signed the present Agreement and have affixed thereto their seals.

Done in duplicate at London this 16th day of July, 1954, in the English language.

For the Government of the United
Kingdom of Great Britain and
Northern Ireland:

(L.S.) HUGH ELLIS-REES.

For the Swiss Government.

(L.S.) SCHAFFNER.

EXCHANGES OF LETTERS

No. 1 (a)

*The Swiss Delegate for Commercial Agreements to the United Kingdom
Delegate to the Organisation for European Economic Co-operation*

Monsieur l'Ambassadeur,

London, July 16, 1954.

I have the honour to refer to the Agreement signed to-day by the Government of the United Kingdom of Great Britain and Northern Ireland and the Swiss Government (hereinafter referred to as the Agreement) concerning the repayment of part of the credits granted by the European Payments Union (hereinafter referred to as the Union) to the United Kingdom and by Switzerland to the Union under the Agreement for the Establishment of the Union, signed in Paris on September 19, 1950 (hereinafter referred to as the European Payments Agreement), and to discussions which have taken place in Paris between representatives of the two Governments concerning the implementation of certain Articles of the Agreement.

Since sub-paragraph (b) of paragraph 2 of the Directives for the Application of the Agreement for the Establishment of the Union provides that the amounts of the repayment instalments shall be reported to the Agent in thousands of units of account, the Swiss Government propose that the actual amounts of the monthly instalments paid each month by the Government of the United Kingdom to the Swiss Government under Article I (b) and Article VII of the Agreement shall be the equivalent of 260,000 units of account; the residual balances of the equivalent of 416.66 units of account being carried forward each month until their sum exceeds the equivalent of 1,000 units of account, when the amount of the instalment in that month shall be increased to the equivalent of 261,000 units of account and any remaining balance carried forward.

With regard to the manner of any gold payments made by the Government of the United Kingdom in accordance with the provisions of Article II of the Agreement, the Swiss Government propose that any payments made to them in gold by the Government of the United Kingdom under this Article shall be made, at the option of the Government of the United Kingdom, in any of the following centres :—

- Bank of England, London.
- Bank of France, Paris.
- Federal Reserve Bank of New York, New York.

The bars used for making these payments shall be of a fineness of 995 per mille or over, and shall otherwise conform to the specifications necessary to be of good delivery in London. Such gold payments shall be made to the nearest bar and any balance shall be paid in United States dollars.

If the Government of the United Kingdom agree with the proposals made in this letter, I have the honour to suggest that this letter, together with your reply to that effect, shall be regarded as constituting an agreement between the two Governments.

I avail, &c.
SCHAFFNER.

No. 1 (b)

The United Kingdom Delegate to the Organisation for European Economic Co-operation to the Swiss Delegate for Commercial Agreements

H.M. Treasury,

Monsieur le Ministre,

London, S.W. 1, July 16, 1954.

I have the honour to acknowledge the receipt of your letter of July 16, 1954, reading as follows :—

[As in No. 1 (a).]

In reply, I have the honour to inform you, Monsieur le Ministre, that the Government of the United Kingdom agree with the proposals made in your letter, and will regard that letter and this reply as constituting an agreement between the two Governments.

I avail, &c.
HUGH ELLIS-REES.

No. 2 (a)

*The Swiss Delegate for Commercial Agreements to the United Kingdom
Delegate to the Organisation for European Economic Co-operation*

Monsieur l'Ambassadeur,

London, July 16, 1954.

I have the honour to refer to the Agreement signed to-day by the Government of the United Kingdom of Great Britain and Northern Ireland and the Swiss Government (hereinafter referred to as the Agreement) concerning the repayment of part of the credits granted by the European Payments Union (hereinafter referred to as the Union) to the United Kingdom and by Switzerland to the Union under the Agreement for the Establishment of the Union, signed in Paris on September 19, 1950, and to discussions which have taken place in Paris between representatives of the two Governments concerning the implementation of certain Articles of the Agreement.

The Swiss Government propose that the payments in Swiss francs referred to in Article V (a) (i), Article VI and Article VII of the Agreement shall be made outside any payments agreements, which may exist between the two Contracting Governments or in which the two Contracting Governments might take part, requiring payments between the United Kingdom and Switzerland to pass through specified channels.

If the Government of the United Kingdom agree with this proposal, I have the honour to suggest that this letter, together with your reply to that effect, shall be regarded as constituting an agreement between the two Governments.

I avail, &c.

SCHAFFNER.

No. 2 (b)

*The United Kingdom Delegate to the Organisation for European Economic
Co-operation to the Swiss Delegate for Commercial Agreements*

H.M. Treasury,

Monsieur le Ministre,

London, S.W.1, July 16, 1954.

I have the honour to acknowledge the receipt of your letter of July 16, 1954, reading as follows:—

[As in No. 2 (a).]

In reply, I have the honour to inform you, Monsieur le Ministre, that the Government of the United Kingdom agree with this proposal and will regard your letter and this reply as constituting an agreement between the two Governments.

I avail, &c.

HUGH ELLIS-REES.