



Treaty Series No. 61 (1954)

# Agreement

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

for the Repayment of Credits granted to the  
Government of the United Kingdom by the European  
Payments Union and by the Netherlands 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 Exchange of Letters ]

Paris, July 9, 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

**AGREEMENT FOR REPAYMENT AND OFFSET BETWEEN THE  
KINGDOM OF THE NETHERLANDS AND THE  
UNITED KINGDOM**

*Paris, July 9, 1954*

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of the Netherlands (hereinafter referred to as the Government of the Netherlands),

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 the Netherlands 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)<sup>(1)</sup>,

Have agreed as follows:—

**ARTICLE I**

The Government of the United Kingdom shall repay a total amount of seventy 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 seventeen and one half million units of account to the Government of the Netherlands 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 six hundred and twenty-five thousand units of account to be paid to the Government of the Netherlands 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 Netherlands 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

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

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may be made in the credits granted by the Union to the United Kingdom and the credits granted by the Netherlands to the Union. These adjustments shall 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 the Netherlands ceases to be a creditor of the Union, the present Agreement shall terminate upon the expiration of a period of 28 days after that date, unless before the expiration of that period the two Contracting Governments agree that it shall continue in force.

#### ARTICLE V

On the liquidation of the Union—

- (a) the United Kingdom debt to the Netherlands, established in accordance with the provisions of the European Payments Agreement, shall be expressed in guilders at the rate of exchange between the unit of account and the guilder communicated by the Netherlands to the Agent for the purposes of the final operations under the European Payments Agreement, and
- (b) the present value, at the date of liquidation of the Union, of the debt remaining due from the Government of the Netherlands to the Government of the United Kingdom under the Agreement constituted by letters exchanged at London on March 11, 1948, for the Settlement of War-time Debts (hereinafter referred to as the London Agreement)<sup>(2)</sup>, shall be calculated at a rate of discount of three per cent. per annum, and the amount so calculated shall be expressed in guilders at the rate of exchange between sterling and the guilder communicated by the United Kingdom and by the Netherlands to the Agent for the purposes of the final operations under the European Payments Agreement.

#### ARTICLE VI

If, on the liquidation of the Union, the United Kingdom's debt to the Netherlands, expressed in guilders in accordance with the provisions of Article V (a) of the present Agreement, is greater than or equal to the amount due from the Government of the Netherlands to the Government of the United Kingdom, calculated and expressed in guilders in accordance with the provisions of Article V (b) of the present Agreement—

- (a) that amount shall be payable immediately in guilders by the Government of the Netherlands to the Government of the United Kingdom and shall be offset against an equal amount of the United Kingdom's debt to the Netherlands expressed in guilders in accordance with the provisions of Article V (a) of the present Agreement,
- (b) 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.

#### ARTICLE VII

(a) If, on the liquidation of the Union, the United Kingdom's debt to the Netherlands, expressed in guilders in accordance with the provisions of Article V (a) of the present Agreement, is less than the amount due from the Government of the Netherlands to the Government of the United

<sup>(2)</sup> "Treaty Series No. 17 (1948)," Cmd. 7358.

Kingdom, calculated and expressed in guilders in accordance with the provisions of Article V (b) of the present Agreement, that debt shall be offset against part of the payments due from the Government of the Netherlands to the Government of the United Kingdom under the London Agreement:

(b) For the purpose of the offset referred to in paragraph (a) of this Article, the amount payable by the Government of the Netherlands to be subject to that offset shall be determined as follows. The two Contracting Governments shall agree on which payments or parts of payments under the London Agreement shall, subject to a discount of three per cent. per annum, be payable immediately in guilders so as to be equal to the amount to be offset. For the purpose of this calculation, the rate of exchange between sterling and the guilder shall be the rate mentioned in Article V (b) of the present Agreement.

(c) The balance remaining due from the Government of the Netherlands to the Government of the United Kingdom under the London Agreement shall be paid in accordance with the provisions of that Agreement.

#### ARTICLE VIII

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 IX

If, at any date before the liquidation of the Union, the United Kingdom or the Netherlands 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 X

The present Agreement shall enter into force on the date of signature.

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 Paris this 9th 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 Government of the Kingdom of the Netherlands:

(L.S.) J. C. KRUISHEER.

EXCHANGE OF LETTERS

No. 1

*The Head of the Netherlands Delegation to the Organisation for European Economic Co-operation to the Head of the United Kingdom Delegation to that Organisation*

Your Excellency,

*Paris, July 9, 1954.*

I have the honour to refer to Article II of the Agreement signed to-day by the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of the Netherlands (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 the Netherlands 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 manner of payment in gold under that Article.

2. The Government of the Netherlands propose that any payments made to them in gold by the Government of the United Kingdom 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.

3. It is the understanding of the Government of the Netherlands that references in the Agreement to the liquidation of the Union or to the date of liquidation of the Union shall be interpreted as references to the date of the final operations under the European Payments Agreement.

4. If the Government of the United Kingdom agrees 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 have, &c.  
J. C. KRUISHEER.

*The Head of the United Kingdom Delegation to the Organisation for European  
Economic Co-operation to the Head of the Netherlands Delegation to  
that Organisation*

Your Excellency,

Paris, July 9, 1954.

I have the honour to acknowledge the receipt of your letter of July 9, 1954, reading as follows:—

[As in No. 1.]

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

I have, &c.

HUGH ELLIS-REES.

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