

1946 No. 1

(b) The International Monetary Fund certifies that the income of the United Kingdom from home-produced exports plus its net income from invisible current transactions in its balance of payments was on the average over the period 1938-1945 less than the average income of the United Kingdom from home-produced exports plus its net income from invisible current transactions in its balance of payments. It further states that the average income of the United Kingdom from home-produced exports plus its net income from invisible current transactions in its balance of payments was on the average over the period 1938-1945 less than the average income of the United Kingdom from home-produced exports plus its net income from invisible current transactions in its balance of payments.

## FINANCIAL AGREEMENT BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE UNITED KINGDOM

Signed at Ottawa, March 6, 1946

The Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland agree as follows:

### ARTICLE 1

#### *Credit*

The Government of Canada will extend to the Government of the United Kingdom a credit of \$1,250,000,000 which may be drawn upon at any time prior to December 31, 1951.

### ARTICLE 2

#### *Purpose of the Credit*

The purpose of the credit is to facilitate purchases by the United Kingdom of goods and services in Canada and to assist in making it possible for the United Kingdom to meet transitional post-war deficits in its current balance of payments, to maintain adequate reserves of gold and dollars and to assume the obligations of multilateral trade.

### ARTICLE 3

#### *Amortization and Interest*

(i) The amount of the credit drawn by December 31, 1951, shall be repaid in 50 annual instalments beginning on December 31, 1951, with interest at the rate of 2 per cent per annum. Interest for the year 1951 shall be computed on the amount outstanding on December 31, 1951, and for each year thereafter interest shall be computed on the amount outstanding on January 1 of each such year.

Forty-nine annual instalments of principal repayments and interest shall be equal, calculated at the rate of \$3,182,300 for each \$100,000,000 of the credit drawn by December 31, 1951, and the fiftieth annual instalment shall be at the rate of \$3,184,073.665 for each such \$100,000,000. Each instalment shall consist of the full amount of the interest due and the remainder of the instalment shall be the principal to be repaid in that year. Payments required by this Article are subject to the provisions of Article 4.

(ii) The Government of the United Kingdom may accelerate repayment of the amount drawn under this credit.

### ARTICLE 4

#### *Waiver of Interest Payments*

In any year in which the Government of the United Kingdom requests the Government of Canada to waive the amount of the interest due in the instalment of that year, the Government of Canada will grant the waiver if:—

(a) The Government of the United Kingdom finds that a waiver is necessary in view of the present and prospective conditions of international exchange and the level of its gold and foreign exchange reserves; and