

APPENDIX

**EXCHANGE OF NOTES (OCTOBER 9 AND 18, 1945) BETWEEN CANADA
AND THE NETHERLANDS INDIES RELATING TO THE FINANCIAL
AGREEMENT SIGNED FOR THEM ON OCTOBER 9, 1945**

I

*The Canadian Minister of Finance to the Vice-Chairman of the Board for the
Netherlands Indies, Surinam and Curacao*

OTTAWA, October 9, 1945.

Dear SIR,—In signing the agreement with you dated today's date for the provision of a credit of fifteen million, under the Export Credits Insurance Act, to the Bank for the Netherlands Indies, being an agency of the Government of the Netherlands Indies, I desire to place on record our understanding regarding our intention to proceed subsequently with a further agreement to provide credits of a similar character, and also our understanding regarding the purchases which the Netherlands Indies will make in Canada to be financed in other ways.

In requesting a credit, which has been furnished under the above-mentioned agreement, you asked originally for a total amount of \$65 million, to be provided over a period of 5 years. Unfortunately our legislation does not permit us to enter into an agreement for as long a period as this, nor permit the Government at present to provide a credit of this magnitude. I wish to assure you, however, that it is the intention of the Canadian Government that a second agreement should be entered into with the Bank for the Netherlands Indies to provide an additional credit of fifty million to be available to the Bank over a total period of 5 years from the date of the first agreement, with the same rate of interest and dates of repayment as are stipulated in the agreement now signed. It is our intention that this second agreement be made as soon as the necessary amendments in the legislation are enacted by the Canadian Parliament. I understand it is also the intention of your Government and the Bank for the Netherlands Indies that such a further agreement will be entered into as soon as our legislation is amended to make this possible.

I wish also to record that it is our understanding that if, owing to unforeseen difficulties, it should unhappily prove to be impossible to conclude a second agreement along the lines indicated in the preceding paragraph, your Government and the Bank for the Netherlands Indies will be prepared to amend the agreement bearing today's date, to provide that the rate of interest payable on the credits obtained under that agreement will be $2\frac{1}{2}\%$ rather than $2\frac{1}{4}\%$, as is now provided.

I wish also to record that I am prepared to agree to the redemption under paragraph 10 of the agreement of the bonds to be given in accordance with the agreement, out of any Canadian dollars accruing to the Government of the Netherlands Indies from current account transactions between the Netherlands Indies and Canada and from the sale of Canadian securities held by residents of the Netherlands Indies, as authorized, during the period in question, by the Foreign Exchange Control Board (or successor agency).