

APPENDIX II

FINANCIAL AGREEMENT BETWEEN THE UNITED KINGDOM AND THE UNITED STATES

SIGNED AT WASHINGTON, DECEMBER 6, 1945

It is hereby agreed between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland as follows:—

1. *Effective Date of the Agreement*

The effective date of this Agreement shall be the date on which the Government of the United States notifies the Government of the United Kingdom that the Congress of the United States has made available the funds necessary to extend to the Government of the United Kingdom the line of credit in accordance with the provisions of this Agreement.

2. *Line of Credit*

The Government of the United States will extend to the Government of the United Kingdom a line of credit of \$3,750,000,000 which may be drawn upon any time between the effective date of this Agreement and December 31, 1951, inclusive.

3. *Purpose of the Line of Credit*

The purpose of the line of credit is to facilitate purchases by the United Kingdom of goods and services in the United States, to assist the United Kingdom to meet transitional post-war deficits in its current balance of payments, to help the United Kingdom to maintain adequate reserves of gold and dollars and to assist the Government of the United Kingdom to assume the obligations of multilateral trade, as defined in this and other Agreements.

4. *Amortization and Interest*

(i) The amount of the line of 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 \$31,823,000 for each \$1,000,000,000 of the line of credit drawn by December 31, 1951, and the fiftieth annual instalment shall be at the rate of \$31,840,736.65 for each such \$1,000,000,000. 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 section are subject to the provisions of Section 5.

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

5. *Waiver of Interest Payments*

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