

APPENDIX

**EXCHANGE OF NOTES (OCTOBER 25 AND 27, 1945) BETWEEN
CANADA AND BELGIUM RELATING TO THE FINANCIAL
AGREEMENT SIGNED FOR THEM AT OTTAWA, OCTOBER 25,
1945.**

I

*The Canadian Minister of Finance
to the Ambassador of Belgium*

OTTAWA, October 25, 1945.

DEAR SIR,

In signing to-day with you the agreement for the provision of a credit of \$25,000,000 to the Government of Belgium under The Export Credits Insurance Act, I desire to place on record our understanding regarding our intention to proceed subsequently to increase the amount of this credit, our understanding regarding certain collateral points, and our understanding about the purchases which Belgium will make in Canada to be financed in Canadian dollars acquired from the sale of gold or foreign exchange convertible into gold.

In requesting the credit which has been furnished under the above-mentioned Agreement, you have asked that the amount be increased in the future in order to provide Belgium with enough Canadian funds to meet the cost of the program of purchases which your Government is contemplating in Canada. The amount you will require for this purpose will not be known until the amounts to be paid by Canada to Belgium in respect of currency, goods and services provided to the Canadian Army by Belgium have been determined, and furthermore our legislation does not permit us to provide you at this time with a credit of more than \$25,000,000.

I wish to assure you, however, that the Canadian Government will be prepared to amend the Agreement signed to-day in order to increase the amount of the credit being furnished to Belgium, provided that the Canadian Parliament increases the amount which the Government may lend under The Export Credits Insurance Act. I understand it is also the intention of your Government to increase the amount of credit specified in this Agreement after our legislation has been amended to make this possible and the total amount required by Belgium, which can be furnished by Canada, has been determined.

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 Belgium from current account transactions between Canada and Belgium (including Luxembourg and the Congo) and from the sale of Canadian securities held by residents of Belgium (including Luxembourg and the Congo), as authorized during the period in question by the Foreign Exchange Control Board (or successor agency). For this purpose, I shall be prepared to regard as current account transactions payments to Belgium in respect of currency, goods and services for the use of the Canadian Army. I am also prepared to agree to the use in the repayment of the credits advanced under the Agreement, of Canadian dollars acquired by Belgium from the International Monetary Fund or the International Bank for Reconstruction and Development. I also wish to confirm our understanding that the Foreign Exchange Control Board (or its successor agency) will sell to Belgium Canadian dollars in exchange for U.S. dollars, at the official rate in force on the day of the transaction, for the purpose of making repayments of the credit provided under the Agreement signed to-day.