

APPENDIX

EXCHANGE OF NOTES (MAY 1 AND JUNE 2, 1945) BETWEEN
CANADA AND THE NETHERLANDS RELATING TO THE FINANCIAL
AGREEMENT SIGNED FOR THEM AT OTTAWA, MAY 1, 1945.

I

*The Canadian Minister of Finance
to the Minister for the Netherlands*

OTTAWA, 1st May, 1945.

DEAR SIR,

In signing the agreement with you, dated to-day's date, for the provision of credit of \$25 million to the Government of the Netherlands under the Export Credits Insurance Act, 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 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 credit of \$85 million to be provided over a period of five 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 your Government to provide an additional credit of \$60 million to be available to your Government over a total period of five 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 to enter into such a further agreement 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 credit agreement along the lines indicated in the paragraph above, your Government will be prepared to amend the agreement bearing to-day'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 from current account transactions between the Netherlands and Canada and from the sale of Canadian securities held by residents of the Netherlands, as authorized, during the period in question, by the Foreign Exchange Control Board (or successor agency).

I wish also to note that it is the intention of the two Governments that a certain proportion of the Canadian dollar requirements of the Netherlands shall be covered by the purchase from Canada of Canadian dollars against gold or foreign exchange convertible into gold. To implement this intention, the following procedure is to be followed: