

NOW THEREFORE this agreement witnesseth that the parties hereto covenant and agree with each other as follows:

1. In this agreement the terms "exporter", "Canadian-produced goods", "the cost of Canadian-produced goods", and "Canadian services" have the meaning assigned to them by the Export Credits Insurance Act of Canada, or any regulation made thereunder.

2. Notwithstanding anything contained in the Principal Agreement, it is mutually agreed that amounts lent by the Minister to the Czechoslovak Republic thereunder, as provided in clause three of the Principal Agreement, may be requisitioned by the Czechoslovak Republic to enable the Czechoslovak Republic or any person ordinarily resident in Czechoslovakia to pay the cost of Canadian-produced goods or the cost of Canadian services, and the Czechoslovak Republic agrees that the moneys received by it by way of loans under the Principal Agreement and this agreement and any such moneys made available by it to persons ordinarily resident in Czechoslovakia shall be used solely for the purpose of paying the cost of Canadian-produced goods exported or to be exported from Canada, or the cost of Canadian Services, in accordance with a program to be agreed upon from time to time by the Canadian Minister of Trade and Commerce and the Canadian Minister of Finance and by representatives of the Czechoslovak Republic designated by the Minister Plenipotentiary of the Czechoslovak Republic to Canada.

3. It is mutually agreed that any portion of the Nineteen Million Dollars (\$19,000,000), Canadian, referred to in the Principal Agreement, which has not been requisitioned by the Czechoslovak Republic under the Principal Agreement and this agreement on or before November 26, 1947, may be requisitioned by the Czechoslovak Republic on or before December 31, 1948, and the Minister will pay the amounts so requisitioned in the manner provided in the Principal Agreement in respect of amounts so requisitioned.

4. The Czechoslovak Republic agrees that on November 27, 1947, the total amount borrowed by it and paid by the Minister into the said special account pursuant to the Principal Agreement and this agreement during the period commencing on November 27, 1945, and ending on November 26, 1947 inclusive, and interest thereon as provided in paragraph four of the Principal Agreement, shall be consolidated into one amount called the consolidated debt at the end of the said period and the Czechoslovak Republic shall thereupon deliver to the Minister bonds of a face value equal to such consolidated debt which bonds shall constitute valid, binding, absolute and unconditional obligations of the Czechoslovak Republic. The bonds shall bear interest at the rate of two and one-half (2½) per cent per annum payable semi-annually on the first day of January and the first day of July, and shall be for the term of three, four, five, six and seven years as follows:

20% of the consolidated debt shall be evidenced by three year bonds maturing at the end of five years from the date of the first payment by the Minister into the special account as provided for under clause three of the Principal Agreement;

20% of the consolidated debt shall be evidenced by four year bonds maturing at the end of six years from the date of the first payment by the Minister into the special account as provided for under clause three of the Principal Agreement;

20% of the consolidated debt shall be evidenced by five year bonds maturing at the end of seven years from the date of the first payment by the Minister into the special account as provided for under clause three of the Principal Agreement;