

Signed at Ottawa, Canada, this 1st day of March, 1945

AGREEMENT ENTERED INTO FORCE BY THE 16 DAY OF MARCH 1945

CANADA

TREATY SERIES, 1945

No. 25

THE GOVERNMENT OF CANADA  
represented by its Law Officer  
in Charge of the Department of Finance

THE GOVERNMENT OF CZECHOSLOVAKIA  
represented by its Law Officer  
in Charge of the Ministry of Finance

FINANCIAL AGREEMENT

BETWEEN

CANADA AND CZECHOSLOVAKIA

Signed at Ottawa, March 1, 1945

Came into force March 1, 1945



OTTAWA

EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1946

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**FINANCIAL AGREEMENT BETWEEN THE GOVERNMENT OF CANADA  
AND THE GOVERNMENT OF CZECHOSLOVAKIA\***

Signed at Ottawa, March 1, 1945

AGREEMENT ENTERED INTO AT OTTAWA, THIS 1st DAY  
OF MARCH, 1945,

BETWEEN:

THE MINISTER OF FINANCE OF CANADA

hereinafter referred to as "the Minister",

*Of the First Part,*

AND

THE GOVERNMENT OF THE CZECHOSLOVAK REPUBLIC

represented by its Envoy Extraordinary and Minister Plenipotentiary  
to Canada, Dr. Frantisek Pavlasek,

*Of the Second Part:*

WHEREAS the Government of the Czechoslovak Republic has requested the Government of Canada to make a loan to the Government of the Czechoslovak Republic to enable the said Government to purchase certain Canadian-produced goods (more fully referred to in Schedule "A" hereto), for export to Czechoslovakia when that country is freed from German occupation; and

WHEREAS by Order in Council P.C. 1353 dated February 27th, 1945, the Minister of Finance has been duly authorized under The Export Credits Insurance Act to make the loan hereinafter referred to on behalf of the Government of Canada.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the undertaking by the Government of the Czechoslovak Republic to utilize the proceeds of the loan hereinafter provided in paying the cost of Canadian-produced goods purchased from exporters in Canada for export to Czechoslovakia, and of the mutual covenants hereinafter contained, it is hereby agreed as follows:

1. The Minister agrees to give to the Government of the Czechoslovak Republic credit, on the terms and subject to the conditions hereinafter specified, of fifteen million dollars, Canadian, (\$15,000,000) to enable the said Government to pay the cost of the Canadian-produced goods referred to in Schedule "A" hereto, which goods are to be purchased from exporters in Canada and exported by the said Government to Czechoslovakia.

2. The Government of the Czechoslovak Republic agrees to utilize the said credit in purchasing from Canadian exporters the Canadian-produced goods referred to in Schedule "A" hereto, in the quantities therein specified, subject to such variations in quantity and such substitutions or additions of other Canadian-produced goods as may be agreed upon by the said Government and the Minister of Trade and Commerce of Canada.

3. The Minister agrees to make the necessary arrangements with the Bank of Canada to open a special account in favour of the Government of the Czechoslovak Republic and to pay into the said account from time to time as mutually

\*Amended by an Agreement signed at Ottawa, June 26, 1945 (*Treaty Series* 1945, No. 28).

agreed upon within a period of twelve months commencing on the date of the first payment hereunder, amounts which are requisitioned by the said Government to pay the cost of the goods purchased or to be purchased by the said Government in Canada, the total of such amounts not to exceed FIFTEEN MILLION DOLLARS, Canadian, (\$15,000,000).

4. The Government of the Czechoslovak Republic agrees to pay interest on each of the amounts paid into the said special account at the rate of two and one half ( $2\frac{1}{2}$ ) per cent per annum, from the time they are paid into the said account until the end of the said twelve-months period.

5. The Government of the Czechoslovak Republic agrees that at the end of the said twelve-months period the total amount borrowed by the said Government and paid by the Minister into the said special account, and interest thereon as provided for under clause 4 of this agreement, shall be consolidated into a debt which shall thereupon be acknowledged by delivery to the Minister of bonds which constitute valid, binding, absolute and unconditional obligations of the Government of the Czechoslovak Republic. The said bonds shall bear interest at the rate of two and one half ( $2\frac{1}{2}$ ) per cent per annum, payable semi-annually on the first day of January and the first day of July, and shall be for terms of four, five, six, seven and eight years, as follows:

20% of the consolidated debt shall be evidenced by four 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 3 of this agreement.

20% of the consolidated debt shall be evidenced by five 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 3 of this agreement;

20% of the consolidated debt shall be evidenced by six 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 3 of this agreement;

20% of the consolidated debt shall be evidenced by seven year bonds maturing at the end of eight years from the date of the first payment by the Minister into the special account as provided for under clause 3 of this agreement;

20% of the consolidated debt shall be evidenced by eight year bonds maturing at the end of nine years from the date of the first payment by the Minister into the special account as provided for under clause 3 of this agreement.

6. It is mutually agreed by the parties hereto that if the Government of the Czechoslovak Republic fails to acknowledge the consolidated debt at the end of the said twelve-months period by delivery to the Minister of bonds as hereinbefore provided, or fails to redeem any of the bonds upon maturity, the whole amount of the loan shall thereupon become due and payable.

7. Payments by the Government of the Czechoslovak Republic shall be in Canadian dollars or fine gold at the option of the Government of the Czechoslovak Republic. The value of fine gold shall be calculated on the basis of the buying price for gold of the Canadian Foreign Exchange Control Board (or successor agency) on the day of its delivery. During such period as foreign exchange regulations in Canada require that exports from Canada to Czecho-

slovakia result in the sale of a specified foreign currency to an Authorized Dealer of the Foreign Exchange Control Board and permit Canadian importers of goods from Czechoslovakia to make payment therefor in such specified foreign currency, any Canadian dollars used by the Government of the Czechoslovak Republic to effect payments under this agreement shall be acquired by the sale through an Authorized Dealer of the Canadian Foreign Exchange Control Board (or successor agency) of such specified foreign currency at the published official buying rate, or in such other manner as may be mutually agreed upon by the Government of the Czechoslovak Republic and the Minister.

In witness whereof the parties hereto have caused these presents to be signed on the day and in the year first above written.

WITNESS:

W. C. CLARK.

J. L. ILSLEY,  
*Minister of Finance for Canada.*

W. H. WRONG.

FRANTISEK PAVLASEK  
*For the Government of the  
Czechoslovak Republic.*

THE TRADE AGREEMENT  
BETWEEN CANADA AND THE  
CZECHOSLOVAK REPUBLIC

11-248-057

SCHEDULE "A" TO THE AGREEMENT ENTERED INTO AT OTTAWA ON THE 1st DAY OF MARCH 1945 BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE CZECHOSLOVAK REPUBLIC.

<i>Goods</i>	<i>Quantity in Metric Tons</i>
Copper .....	7,000
Lead .....	5,000
Nickel .....	2,400
Asbestos .....	6,000
Mica .....	150
Aluminum .....	1,000
Wheat .....	108,000
Fish (tinned) .....	2,600
Dried Milk .....	220
Semolina Flour .....	4,000
Calf Hides (wet) .....	500
Cobalt Compounds .....	15
Nickel Compounds .....	120
Silicon Carbide .....	1,300
Pulp for Rayon Manufacture .....	6,000
Special Woods .....	to be subsequently determined.
Medical Supplies up to a value of \$500,000 tonnage unknown.	

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