

CANADA

TREATY SERIES, 1946

No. 19

FINANCIAL AGREEMENT

BETWEEN

CANADA AND THE NETHERLANDS

Signed at Ottawa, February 5, 1946

(Together with an Exchange of Notes)



OTTAWA

EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
KING'S PRINTER AND CONTROLLER OF STATIONERY

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SUMMARY

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OTTAWA  
EMOND GLOUPE, C.M.G., B.A., LL.B.  
HEAD MASTER AND CONTROLLER OF STATIONERY

**FINANCIAL AGREEMENT BETWEEN THE GOVERNMENT OF CANADA  
AND THE GOVERNMENT OF THE NETHERLANDS**

Signed at Ottawa, February 5, 1946

AGREEMENT ENTERED INTO THIS 5th DAY OF FEBRUARY, 1946

BETWEEN:

*THE MINISTER OF FINANCE OF CANADA,*

hereinafter referred to as "the Minister",

*of the First Part,*

and

*THE GOVERNMENT OF THE NETHERLANDS,*

represented by its Minister Plenipotentiary to Canada,

Jonkheer J. M. W. Snouck Hurgronje,

*of the Second Part:*

WHEREAS by an agreement dated 1st May, 1945, the Government of Canada agreed to make a loan to the Government of the Netherlands in an amount not exceeding TWENTY-FIVE MILLION DOLLARS CANADIAN, to enable the Government of the Netherlands to pay the cost of Canadian-produced goods to be purchased from exporters and exported to the Netherlands;

WHEREAS the Government of the Netherlands has requested the Government of Canada to grant for the same purposes additional loans not exceeding ONE HUNDRED MILLION DOLLARS CANADIAN to the Government of the Netherlands;

WHEREAS by Order in Council P.C. 340 dated the 31st day of January, 1946, the Minister has been authorized under The Export Credits Insurance Act to make the loans hereinafter referred to, on behalf of the Government of Canada; and

WHEREAS the Minister Plenipotentiary to Canada, Jonkheer J. W. M. Snouck Hurgronje, has been duly authorized by the Government of the Netherlands to execute this agreement on behalf of the Netherlands.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the mutual covenants and agreements hereinafter contained, covenant and agree each with the other as follows:

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

2. Subject to the terms and conditions of this agreement, the Minister on behalf of Canada agrees to lend to the Government of the Netherlands, such amounts not exceeding ONE HUNDRED AND TWENTY-FIVE MILLION DOLLARS CANADIAN (less any amounts advanced to the Government of the Netherlands under the said agreement of 1st May, 1945) as may from time to time be requisitioned from the Minister by the Government of the Netherlands to enable the Government of the Netherlands to purchase from exporters and to pay the Government of the Netherlands to purchase from exporters and to pay the cost of Canadian-produced goods exported or to be exported from Canada to the Netherlands.

3. The Minister will pay the amounts requisitioned under paragraph 2 of this agreement into a special account with the Bank of Canada for the credit of the Government of the Netherlands.

4. The Government of the Netherlands agrees to expend moneys received by it by way of loan under this agreement and the said agreement of the 1st May, 1945, solely for the purpose of purchasing from exporters and paying the cost of Canadian-produced goods exported or to be exported from Canada to the Netherlands.

5. The Government of the Netherlands agrees to pay interest at the rate of three per centum per annum on each amount paid by the Minister into the said special account under this agreement or the said agreement of the 1st May, 1945, from the date when it is paid into the said special account until the date of consolidation of the debt into a consolidated debt to be evidenced by bonds of the Government of the Netherlands, as provided for in paragraph 6 of this agreement.

6. The Government of the Netherlands agrees that the amounts paid by the Minister into the said special account pursuant to this agreement and the said agreement of the 1st May, 1945, during the period commencing on the date of the said agreement of the 1st May, 1945, and ending on the 30th April, 1947, and interest thereon as provided in paragraph 5 of this agreement shall be consolidated into one amount called the consolidated debt at the end of the said period and the Government of the Netherlands 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 Government of the Netherlands. The bonds shall be dated the 30th April, 1947, shall mature serially in twenty-seven equal annual amounts of principal payable on the 30th April, 1950, and on the 30th April in each year thereafter up to and including the 30th April, 1976, and shall bear interest payable annually on the 30th April in each year at the following rates:

(i) the bonds maturing on the 30th April in each of the years 1950 to 1958 both inclusive shall bear interest at the rate of two and three-quarters per centum per annum;

(ii) the bonds maturing on the 30th April in each of the years 1959 to 1970 both inclusive shall bear interest at the rate of three per centum per annum;

(iii) the bonds maturing on the 30th April in each of the years 1971 to 1976 both inclusive shall bear interest at the rate of three and one-quarter per centum per annum.

7. Any portion of the ONE HUNDRED AND TWENTY-FIVE MILLION DOLLARS CANADIAN referred to in paragraph 2 of this agreement which has not been requisitioned by the Government of the Netherlands in accordance with the said paragraph 2 on or before the 30th April, 1947 shall lapse and be no longer payable by the Minister unless the parties hereto mutually agree otherwise.

8. It is mutually agreed by the parties hereto that if the Government of the Netherlands fails to deliver bonds as heretofore provided at the end of the period referred to in paragraph 6 of this agreement, or fails to redeem any of the bonds on or before maturity, the whole amount of the loan shall thereupon become due and payable.

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9. It is mutually agreed by the parties hereto that payments by the Government of the Netherlands shall be in Canadian dollars or fine gold at the option of the Government of the Netherlands. 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 date of delivery. During such period as foreign exchange regulations in Canada require that exports from Canada to the Netherlands result in the sale of a specified foreign currency to an Authorized Dealer of the Canadian Foreign Exchange Control Board (or successor agency) and permit Canadian importers of goods from the Netherlands to make payment therefor in such specified foreign currency, any Canadian dollars used by the Government of the Netherlands to effect payments under this agreement shall be acquired by the sale to 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 Netherlands and the Minister.

10. The Minister agrees that the Government of the Netherlands shall have the right to redeem any or all of the bonds prior to their maturities at par plus accrued interest if the Government of the Netherlands tenders payment in fine gold or Canadian dollars acquired in the manner provided in paragraph 9 of this agreement.

11. The agreement dated 1st May, 1945, between the parties hereto is hereby cancelled as of the date of this agreement and shall be deemed to be replaced by this agreement.

IN WITNESS WHEREOF the parties hereto have caused these presents to be signed on the day and year first above mentioned.

Witness:

A. L. WICKWIRE.

J. L. ILSLEY,

*Minister of Finance for Canada.*

R. B. BRYCE.

SNOUCK HURGRONJE,

*For the Government of the Netherlands.*

## APPENDIX

**EXCHANGE OF NOTES (FEBRUARY 5 AND MARCH 6, 1946) BETWEEN CANADA AND THE NETHERLANDS RELATING TO THE FINANCIAL AGREEMENT SIGNED FOR THEM AT OTTAWA, FEBRUARY 5, 1946.**

## I

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

OTTAWA, February 5, 1946.

Dear Sir,

In signing the agreement with you dated today for the provision to the Government of the Netherlands of an amount of \$125,000,000 under The Export Credits Insurance Act, I desire to place on record our understanding with regard to certain of the payments provisions under this agreement, and regarding the purchases which the Netherlands would make in Canada, to be financed in other ways.

I wish 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 Netherlands from current transactions between Canada and the Netherlands 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 am also prepared to agree to the use in the repayment of the credits advanced under the agreement, of Canadian dollars acquired by the Netherlands from the International Monetary Fund or the International Bank for Reconstruction and Development.

I wish to note also 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 purchase from Canada of Canadian dollars, against gold or foreign exchange convertible into gold. To implement this intention, the Netherlands Government shall, between 1st April, 1945, and 1st May, 1948, acquire Canadian dollars by the sale to Canada of gold or foreign exchange convertible into gold, in an amount not less than 20 per cent of the credit provided and drawn upon under the agreement of today's date. It is understood that the Canadian dollars so acquired will be used to meet the current requirements of the Netherlands in Canada.

I would appreciate it if you could confirm the understandings set forth above.

Yours very truly,

J. L. ILSLEY,  
*Canadian Minister of Finance.*

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## II

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

OTTAWA, March 6, 1946.

Dear Mr. Minister,

Referring to your kind letter of February 5, 1946, placing on record the understanding with regard to certain of the payment provisions under the export credit agreement, signed on the above mentioned date, I have the honour to inform you that my Government has advised me that it entirely agrees to the understandings set forth in your letter.

I would like to avail myself of this opportunity to express to you my sincere thanks for the friendly co-operation of the Canadian Government, and it is my fervent hope that with this new agreement we will see Holland and Canada enter into new and closer trade relations.

Yours sincerely,

SNOUCK HURGRONJE,  
*Minister of the Netherlands.*

Signed at Ottawa, February 7, 1946

Together with an Exchange of Notes

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