

CANADA

TREATY SERIES 1945

No. 22

FINANCIAL AGREEMENT

BETWEEN

CANADA AND BELGIUM

Signed at Ottawa, October 25, 1945

(With an Exchange of Notes)



OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
KING'S PRINTER AND CONTROLLER OF STATIONERY
1946

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

Signed at Ottawa, October 25, 1945

AGREEMENT ENTERED INTO THIS 25th DAY OF OCTOBER, 1945

BETWEEN:

THE MINISTER OF FINANCE OF CANADA,

hereinafter referred to as "the Minister",

Of the First Part,

AND

THE GOVERNMENT OF BELGIUM

represented by its Ambassador Extraordinary and Plenipotentiary to Canada,
His Excellency A. Paternotte de la Vaillee,

Of the Second Part:

WHEREAS the Government of Belgium has requested the Government of Canada to make loans to the Government of Belgium to enable the said Government to purchase Canadian-produced goods for export to Belgium, the Grand Duchy of Luxembourg and the Belgian Congo; and

WHEREAS by Order in Council P.C. 6678 dated October 25, 1945, the Minister has been duly authorized under The Export Credits Insurance Act to make the loans hereinafter referred to, on behalf of the Government of Canada; and

WHEREAS the Ambassador of Belgium to Canada, His Excellency A. Paternotte de la Vaillee, has been duly authorized by the Government of Belgium to execute this agreement on behalf of the Government of Belgium.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the Agreement by the Government of Belgium hereinafter set forth to expend moneys received by it by way of loan as hereinafter provided, solely for the purpose of purchasing from exporters and paying the cost of Canadian-produced goods (which terms "exporters", "Canadian-produced goods" and "cost of Canadian-produced goods" in this Agreement have the meaning assigned to them by The Export Credits Insurance Act of Canada or any regulations made thereunder) exported or to be exported to Belgium, the Grand Duchy of Luxembourg or the Belgian Congo, and the mutual covenants hereinafter contained, it is hereby agreed as follows:—

1. Subject to the terms and conditions of this Agreement, the Minister, on behalf of the Government of Canada, agrees to lend to the Government of Belgium, such amounts not exceeding Twenty-five Million Canadian Dollars (\$25,000,000 Canadian) as may from time to time be requisitioned from the Minister by the Government of Belgium to enable the Government of Belgium to purchase from exporters and to pay the cost of Canadian-produced goods exported or to be exported from Canada to Belgium, the Grand Duchy of Luxembourg or the Belgian Congo.

2. The Minister will pay amounts requisitioned under paragraph one of this Agreement into the account of the National Bank of Belgium with the Bank of Canada, for the credit of the Government of Belgium.

3. The Government of Belgium will expend moneys received by it by way of loan under this Agreement solely for the purpose of purchasing from exporters and paying the cost of Canadian-produced goods exported or to be exported from Canada to Belgium, the Grand Duchy of Luxembourg or the Belgian Congo.

4. The Government of Belgium 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 from the date when it is paid into the said special account until the date of consolidation of that particular amount of the debt into a consolidated debt to be evidenced by bonds of the Government of Belgium, as provided for in paragraphs 5 or 6 of this Agreement.

5. The Government of Belgium agrees that the amounts paid by the Minister into the account of the National Bank of Belgium for the credit of the Belgian Government, pursuant to this Agreement, during the period commencing on the date of the execution of this Agreement and ending on June 30, 1946, and interest thereon as provided in paragraph 4 of this Agreement, shall be consolidated into one amount called the consolidated debt at the end of the said period, and the Government of Belgium 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 Belgium; the said bonds shall bear interest at the rate of three per centum per annum, payable semi-annually on the 31st day of December and the 30th day of June, and shall mature serially in thirty equal annual amounts of principal payable on the 30th of June, 1947, and on the 30th June in each year thereafter, up to and including the year 1976.

6. The Government of Belgium agrees that the amounts paid by the Minister into the account of the National Bank of Belgium for the credit of the Government of Belgium, pursuant to this Agreement, during the twelve months' period commencing July 1, 1946, and interest thereon, as provided for in paragraph 4 of this Agreement, shall be consolidated into one amount called the consolidated debt at the end of the said twelve months' period, and the Government of Belgium shall thereupon pay on the 30th June, 1947, one-thirtieth of the amount of such consolidated debt, and shall deliver to the Minister bonds of a face value equal to the remainder of such consolidated debt, which bonds shall constitute valid, binding, absolute and unconditional obligations of the Government of Belgium; the bonds shall bear interest at the rate of three per centum per annum, payable semi-annually on the 31st day of December and the 30th day of June and shall mature serially in twenty-nine equal annual amounts of principal payable on the 30th June, 1948, and on the 30th June in each year thereafter, up to and including the year 1976.

7. Any portion of the total amount of Twenty-five Million Canadian Dollars (\$25,000,000, Canadian) referred to in paragraph one of this Agreement, which has not been requisitioned by the Government of Belgium in accordance with the said paragraph one on or before the 30th day of June, 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 Belgium fails to deliver bonds as heretofore provided at the end of any of the periods referred to in paragraphs 5 or 6 of this Agreement, or fails to redeem any of the bonds on maturity, the whole amount of the loan shall thereupon become due and payable.

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

10. The Minister agrees that the Government of Belgium 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 Belgium tenders payment in fine gold or Canadian dollars acquired in the manner provided by paragraph 9 of this Agreement.

Witness:

R. B. BRYCE.

J. L. ILSLEY,

Minister of Finance for Canada.

L. COUVREUR.

A. PATERNOTTE DE LA VAILLEE,
For the Government of Belgium.

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.

I wish also to note that it is the intention of the two Governments that a certain proportion of the Canadian dollar requirements of Belgium shall be covered by the purchase from Canada of Canadian dollars for gold or foreign exchange convertible into gold. To implement this intention it is understood that the Government of Belgium, through the National Bank of Belgium, will within or at the end of each quarter year, commencing on or after to-day's date, during which the credits referred to in this letter are drawn upon, acquire Canadian dollars by the sale to Canada of gold or foreign exchange, convertible into gold, in an amount not less than twenty per cent of the amount of credit drawn during each such quarter year. Any acquisition of Canadian dollars by the sale to Canada of gold or foreign exchange convertible into gold between October 15, 1945, and the date of this Agreement will be included in this agreed amount and will reduce correspondingly the amount to be acquired in the next following quarterly period or periods. It is also understood that the Canadian dollars so acquired will be used to meet the current requirements of Belgium in Canada.

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

Yours very truly,

J. L. ILSLEY,
Canadian Minister of Finance.

II

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

OTTAWA, October 27, 1945.

DEAR SIR,

I have the honour to acknowledge receipt of your letter of October 25 in which you refer to the Agreement for the provision of a credit of Twenty-five Million Canadian Dollars (\$25,000,000) to the Government of Belgium under The Export Credit Insurance Act and beg to confirm the understandings set forth in the said letter.

Yours very truly,

A. PATERNOTTE DE LA VAILLEE,
Ambassador of Belgium



