

CANADA

TREATY SERIES, 1945

No. 27

FINANCIAL AGREEMENT

BETWEEN

CANADA AND NORWAY

Signed at Ottawa, June 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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CANADA

II

TREATY SERIES 11042  
to the Secretary for External Affairs of the Union  
No. 27

OFFICE OF THE HIGH COMMISSIONER FOR CANADA

Ottawa, 28th August, 1945.

I have the honour to refer to your letter of the 12th July, 1945, wherein you advised me of the Government's desire that the

**SUMMARY**

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This note and your confidential reply thereto will be regarded as constituting an agreement between our two Governments in the matter of being understood that this agreement shall lapse if not approved by resolutions of both Houses of Parliament of the Union of South Africa in terms of the Union's Customs Legislation.

I am authorized by my Government to inform you that they accept the agreement set out in the above and agree that your Note and this reply shall constitute an agreement between the Government of Canada and the Government of the Union of South Africa which shall enter into force with effect from July 31, 1945, subject to the conditions mentioned and which may be subject to renewal by mutual accord.

I have the honour to be, Sir, Your obedient Servant.



J. G. MCGILLIVRAY,  
Acting High Commissioner.

OTTAWA  
LEONARD GIBSON, C.M.G., B.A., F.R.S.  
CHIEF CLERK AND CONTROLLER OF STATIONERY

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

Signed at Ottawa, June 25, 1945

AGREEMENT ENTERED INTO THIS 25TH DAY OF JUNE, 1945

BETWEEN:

THE MINISTER OF FINANCE OF CANADA,  
hereinafter referred to as "the Minister"

*Of The First Part,*

AND

THE GOVERNMENT OF NORWAY,  
represented by its Minister Plenipotentiary to Canada

*Of The Second Part:*

WHEREAS the Government of Norway has requested the Government of Canada to make a loan to the Government of Norway to enable the said Government to purchase Canadian-produced goods for export to Norway; and

WHEREAS by Order in Council P.C. 5478 dated 7th August the Minister has been duly authorized under The Export Credits Insurance Act, Chapter 39 of the Statutes of Canada, 1944, to make the loans hereinafter referred to, on behalf of the Government of Canada; and

WHEREAS the Minister Plenipotentiary of Norway to Canada, Mr. Daniel Steen, has been duly authorized by the Government of Norway to execute this agreement on behalf of the Government of Norway,

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

1. The Government of Canada acting through the Minister agrees to give to the Government of Norway credit, on the terms and subject to the conditions hereinafter specified, in the amount of Thirteen Million Dollars (\$13,000,000), Canadian, to enable the Government of Norway to pay the cost of Canadian-produced goods to be purchased from exporters and exported to Norway.

2. The Minister agrees to make the necessary arrangements with the Bank of Canada to open a special account in favour of the Government of Norway and to pay into the said account from time to time, as may be mutually agreed upon, amounts which are requisitioned by the Government of Norway to pay the cost of goods purchased or to be purchased in Canada, the total of amounts so requisitioned not to exceed Thirteen Million Dollars (\$13,000,000), Canadian.

3. The Government of Norway agrees to utilize the amounts of the said credit which are requisitioned pursuant to paragraph 2 of this agreement in purchasing Canadian-produced goods from Canadian producers.



4. The Government of Norway agrees to pay interest at the rate of two and three-quarters ( $2\frac{3}{4}$ ) 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 Norway as provided for in paragraphs 5 or 6 of this agreement.

5. The Government of Norway agrees that, with respect to amounts paid by the Minister into the said special account during the twelve months period commencing on the date of the execution of this agreement, there shall be a consolidation of the said amounts, and interest thereon as provided in paragraph 4 of this agreement, at the end of the said twelve months period and the Government of Norway shall thereupon acknowledge such consolidated debt by delivery to the Minister of bonds of a face value equal to such consolidated debt which bonds shall constitute valid, binding, absolute and unconditional obligations of the Government of Norway; the said bonds shall bear interest at the rate of two and three-quarters ( $2\frac{3}{4}$ ) per centum per annum, payable semi-annually on the first day of January and the first day of July, and shall be for terms of 5 years, 6 years, 7 years, 8 years, 9 years, 10 years, 11 years, 12 years, 13 years, as follows:

11-1/9% of the consolidated debt shall be evidenced by 5 year bonds maturing at the end of 6 years from the date of execution of this agreement;

11-1/9% of the consolidated debt shall be evidenced by 6 year bonds maturing at the end of 7 years from the date of execution of this agreement;

11-1/9% of the consolidated debt shall be evidenced by 7 year bonds maturing at the end of 8 years from the date of execution of this agreement;

11-1/9% of the consolidated debt shall be evidenced by 8 year bonds maturing at the end of 9 years from the date of execution of this agreement;

11-1/9% of the consolidated debt shall be evidenced by 9 year bonds maturing at the end of 10 years from the date of execution of this agreement;

11-1/9% of the consolidated debt shall be evidenced by 10 year bonds maturing at the end of 11 years from the date of execution of this agreement;

11-1/9% of the consolidated debt shall be evidenced by 11 year bonds maturing at the end of 12 years from the date of execution of this agreement;

11-1/9% of the consolidated debt shall be evidenced by 12 year bonds maturing at the end of 13 years from the date of execution of this agreement;

11-1/9% of the consolidated debt shall be evidenced by 13 year bonds maturing at the end of 14 years from the date of execution of this agreement.

6. The Government of Norway agrees that, with respect to amounts paid by the Minister into the said special account during the twelve months period commencing one year from the date of execution of this agreement, there shall be a consolidation of the amounts so paid, and interest thereon as provided for in paragraph 4 of this agreement, at the end of the said twelve months period and the Government of Norway shall thereupon acknowledge such consolidated



debt by delivery to the Minister of bonds of a face value equal to such consolidated debt which bonds shall constitute valid, binding, absolute and unconditional obligations of the Government of Norway; the bonds shall bear interest at the rate of two and three-quarters ( $2\frac{3}{4}$ ) per centum per annum payable semi-annually on the first day of January and the first day of July and shall be for such terms as will result in 11-1/9% of the bonds maturing respectively at the end of 6 years, 7 years, 8 years, 9 years, 10 years, 11 years, 12 years, 13 years and 14 years from the date of execution of this agreement.

7. Any portion of the credit of Thirteen Million Dollars (\$13,000,000), Canadian, which has not been requisitioned by the Government of Norway and paid by the Minister into the special account in the Bank of Canada pursuant to paragraph 2 of this agreement at the end of two years from the date of execution of this agreement shall be deemed to have lapsed 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 Norway fails to acknowledge the consolidated debt 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 Norway shall be in Canadian dollars or fine gold at the option of the Government of Norway. 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 Norway 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 Norway to make payment therefor in such specified foreign currency, any Canadian dollars used by the Government of Norway 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 Norway and the Minister.

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

Witness:

H. M. McKENNA.

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

DITLIEF KNUDSEN.

DANIEL STEEN,  
*For the Government of Norway.*



## APPENDIX

**EXCHANGE OF NOTES (JUNE 25, 1945) BETWEEN CANADA AND NORWAY RELATING TO THE FINANCIAL AGREEMENT SIGNED FOR THEM AT OTTAWA, JUNE 25, 1945.**

## I

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

OTTAWA, June 25, 1945.

DEAR SIR,

In signing the agreement with you to-day for the provision of credit of \$13,000,000 to the Government of Norway under the Export Credits Insurance Act, I desire to place on record our understanding regarding our intention to proceed subsequently with an amendment to this agreement to increase the amount of the credit provided, and also our understanding regarding the purchases which Norway will make in Canada to be financed in other ways.

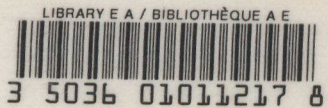
In requesting a credit which has been furnished under the above-mentioned agreement, you asked originally for a total credit of \$30,000,000. Unfortunately our legislation does not permit the Government at present to provide a credit of this magnitude. I wish to assure you, however, that it is the intention of the Canadian Government that an amendment should be made to this agreement with your Government to increase the amount of credit provided thereby to a total of \$30,000,000 if and when the necessary amendment to the legislation is enacted by the Canadian Parliament. I can inform you that it is my intention that an amendment of this kind in the legislation will be sought as early as possible at the next session of Parliament. I understand it is also the intention of your Government to amend the agreement in this way as soon as our legislation makes this possible.

I wish also to note that it is the intention of the two Governments that a certain proportion of the Canadian dollar requirements of Norway shall be covered by the purchase from Canada of Canadian dollars against gold or foreign exchange convertible into gold. To implement this intention it is understood that the Government of Norway, through one of its official agencies or through the Bank of Norway, will at the end of each quarter, 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 such that the total amount of Canadian dollars so acquired from the date of the agreement up to the end of such quarter shall be equal to or greater than 20 per cent of the amount of credit which has been utilized up to that date. It is also understood that the Canadian dollars so acquired will be used either to meet the current requirements of Norway in Canada, or to make repayments of the credits, or to redeem the bonds provided for under the agreement dated to-day.

Yours very truly,

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





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

OTTAWA, June 25, 1945.

DEAR SIR,

I have pleasure in acknowledging receipt of your letter of June 25 in connection with the loan agreement between our governments signed this same date.

On behalf of the Norwegian government I thank you for your willingness to have the agreement amended, if and when the necessary legislation is enacted by the Canadian Parliament, to increase the amount of credit provided thereby to a total of \$30,000,000. It is the intention of my government to amend the agreement in this way as soon as possible.

I also wish to confirm the intention and understanding of the two governments concerning the covering of a certain proportion of Norway's Canadian dollar requirements by Norway's purchase against gold and convertible foreign exchange (the amount of Canadian dollars so acquired to be equal to or greater than 20 per cent of the credit amount) as stated in the last paragraph of your letter.

Yours very truly,

DANIEL STEEN,  
*Minister of Norway.*

