#### CANADA

TREATY SERIES, 1947 No. 32

# SUPPLEMENTARY FINANCIAL AGREEMENT

BETWEEN

#### CANADA AND CZECHOSLOVAKIA

Signed at Ottawa, November 26, 1947 (Together with an Exchange of Letters)

Effective November 26, 1947

Appendix: Exchange of Laners dated at Ottawa



OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
KING'S PRINTER AND CONTROLLER OF STATIONERY
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TREATY SERIES, 1947

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BETWEEN

## CANADA AND CZECHOSŁOVAKIA

# Signed at Ottawa, November 26, 1947 YRAMMUZ

Text of the Agreement	PAGI
Appendix: Exchange of Letters, dated at Ottawa, November 26, 1947, relating to the Agreement	6

Effective November 26, 1947



OTTAWA
EDWOND CLOUTER, C.M.O., B.A., L.Pb.,
KING'S PRINTER AND CONTROLLER OF STATIONERF

## SUPPLEMENTARY FINANCIAL AGREEMENT BETWEEN CANADA AND CZECHOSLOVAKIA

Signed at Ottawa, November 26, 1947

SUPPLEMENTARY AGREEMENT ENTERED INTO THIS TWENTY-SIXTH DAY OF NOVEMBER, 1947

BETWEEN:

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

of the first part

AND

THE GOVERNMENT OF THE CZECHOSLOVAK REPUBLIC hereinafter referred to as the "Czechoslovak Republic," represented by its Envoy Extraordinary and Minister Plenipotentiary to Canada

of the second part

WHEREAS by an agreement, dated March 1, 1945, as amended by WHEREAS by an agreement, dated March 1, 1945, as amended by a preements dated June 26, 1945, and June 28, 1946, (hereinafter called the Czechoslovak Republic amounts not exceeding nineteen million dollars (\$19,000,000) Canadian;

AND WHEREAS it is expedient to enter into an agreement supplementary to the Principal Agreement to provide:—

(a) that amounts to be lent as provided in the Principal Agreement may, in addition to the purposes set out in the Principal Agreement, also be used to pay the cost of Canadian services and to enable persons ordinarily resident in Czechoslovakia to pay the cost of Canadianproduced goods or the cost of Canadian services;

(b) that the period of 24 months, commencing November 27, 1945, during which amounts to be lent under the Principal Agreement may be requisitioned by the Czechoslovak Republic be extended until December 31, 1948, and that provision be made for the issue of bonds in respect

of amounts advanced during the additional period;

(c) that the provisions of the Principal Agreement relating to "Schedule A" will not apply in respect of amounts to be lent after the coming into operation of this Supplementary Agreement and that amounts so lent may be expended for the purpose of making purchases in Canada in

accordance with an agreed program;

(d) that payments made by the Czechoslovak Republic under the Principal Agreement and this agreement or under bonds issued pursuant thereto, during a period when Canadian foreign exchange control laws and regulations permit Canadian exports to Czechoslovakia to be paid for in Canadian dollars derived from specified or restricted sources, may be made in Canadian dollars derived from the same specified or restricted

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of the Agreements of June 26 and June 28, 1946, see C.T.S. 1945, No. 29 and C.T.S. 1946, No. 55 respectively.

NOW THEREFORE this agreement witnesseth that the parties here 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 meaning assigned to them by the Export Credits Insurance Act of Canada, any regulation made thereunder.
- 2. Notwithstanding anything contained in the Principal Agreement, it mutually agreed that amounts lent by the Minister to the Czechoslovak Republic thereunder, as provided in clause three of the Principal Agreement, may 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 persons ordinarily resident in Czechoslovakia shall be used solely for the purpos 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 agreed upon from time to time by the Canadian Minister of Trade and Comment 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 Dollar (\$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 the Czechoslovak Republic on or before December 31, 1948, and the Ministry 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 accompursuant to the Principal Agreement and this agreement during the period 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 the said period and the Czechoslovak Republic shall thereupon deliver to Minister bonds of a face value equal to such consolidated debt which bonds show constitute valid, binding, absolute and unconditional obligations of the Czechoslovak Republic. The bonds shall bear interest at the rate of two and one plant to 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 bounds 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 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 Principal Agreement;

20% of the consolidated debt shall be evidenced by five year bounds 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 Principal Agreement;

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20% of the consolidated debt shall be evidenced by six 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 three of the Principal Agreement;

20% of the consolidated debt shall be evidenced by seven 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 three of the

Principal Agreement;

- 5. The Czechoslovak Republic agrees that the amounts paid by the Minister the account of the Czechoslovak Republic for the credit of the Cze Republic pursuant to the Principal Agreement and clause three of this agreement during the period commencing on November 27, 1947, and ending on December 31, 1946, and ending on December 27, 1947, and ending on December 28, 1946, and ending on December 29, 1946, and ending on December 29, 1947, and ending on December 29, 1946, and ending on December 29, and ending on December 29, and ending on December 29, 31, 1948, inclusive, together with interest thereon as provided in clause four of the Principal Agreement, shall, at the end of the said period be consolidated into one of the said period be consolidated into one amount, called in this clause the consolidated debt, and the Czechoslovak Republication and the called in this clause the consolidated debt, and the Czechoslovak Republic shall thereupon deliver to the Minister bonds of a face value equal to the consolidated debt which bonds constitute valid, binding, absolute and unconditional obligations of the Czechoslovak Republic. The bonds shall bear interest at the rate of two and one-half  $(2\frac{1}{2})$  per cent per annum payable semiannually on the first day of July and the first day of January, and shall mature Serially on the first day of July and the first day of bandary, and the first day of house in five equal annual amounts of principal payable on the 27th day of house in five equal annual amounts of principal payable on the 27th day of November, 1950, and on the 27th day of November in each year thereafter up to and in the said days. and including the year 1954, with interest aforesaid thereon to the said days.
- 6. Payments made by the Czechoslovak Republic under the Principal Agreement and this agreement or under bonds issued pursuant thereto, during a period period when Canadian foreign exchange control laws and regulations permit Canadian exports to Czechoslovakia to be paid for in Canadian dollars derived from specified or restricted sources may be made in Canadian dollars derived from the same specified or restricted sources.
- 7. This agreement shall be read and construed as one with the Principal Agreement shall be read and construed as one with have full effect. Parincipal Agreement. effect notwithstanding anything contained in the Principal Agreement.

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

Witness:

R. B. BYRCE, KAREL BALA.

D. C. Abbott, Minister of Finance of Canada.

FRANTISEK NEMEC, For the Government of the Czechoslovak Republic.

# APPENDIX betablication and to state of the rest payment and the rest payment and the rest payment are the rest payment at the end of sight week.

neing at the end of eight years in provided for uniter clause three of the EXCHANGE OF LETTERS (NOVEMBER 26, 1947) BETWEEN CANADA AND CZECHOSLOVAKIA, RELATING TO THE SUPPLEMENTAL FINANCIAL AGREEMENT SIGNED AT OTTAWA, NOVEMBER 1947.

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Dear Sir:

Ottawa, November 26, 1947. In signing with you today an agreement supplementary to the financial agreement dated March 1, 1945, as amended, for the purpose of extending period during which the balance of the credit made available under the original agreement may be used and to broaden the purposes for which that credit may used. I wish to place on record used, I wish to place on record our understanding regarding that portion of purchases of Czechoslovakia in Canada which is to be financed from

resources during this extended period.

It is the intention of our two governments that at least one-half of the ments made by Cook all the governments that at least one-half of payments made by Czechoslovakia for purchases in Canada during the from November 27, 1947, to December 31, 1948, will be made from the process of Canadian dollars accurred by the of Canadian dollars acquired by the sale to Canada of gold or foreign exchange convertible into gold. To implement this intention it is understood that the Government of the Carabacharland P. Alice intention is understood that Government of the Czechoslovak Republic will, during or at the end of end quarter of the year subsequent to N quarter of the year subsequent to November 27, 1947, acquire Canadian dollar by the sale to Canadian dollar by the sale to Canada of gold or foreign exchange convertible into gold in amounts such that the total Canadian delignment is such that the total Canadian dollars so acquired up to that date shall be equal to or greater then the total to or greater than the total amount of credit funds which has been requisitioned by the Czechoslovek Course by the Czechoslovak Government and paid into its account with the Bank of Canada from November 27, 1947, Canada from November 27, 1947, to the same date. The sale of such gold of foreign exchange convertible into foreign exchange convertible into gold will be effected through the Bank Canada or a Canadian chartered bank acting as an authorized dealer of Canadian Foreign Exchange Central Record Canadian Foreign Exchange Control Board.

It is further understood that the Canadian dollars acquired in the manner and in the preceding paragraph will be a dollars acquired in the manner and the ma outlined in the preceding paragraph will be used, in addition to credit funds, pay for Canadian produced goods and Goods and Goods and Goods and Goods and Goods and Goods are also as a contract the contract of the contract that the Canadian dollars acquired in the man pay for Canadian produced goods and Goods are also as a contract that the Canadian dollars acquired in the man pay for Canadian produced goods are also as a contract that the Canadian dollars acquired in the man pay for Canadian pay for Canadian produced goods are also as a contract that the Canadian dollars acquired in the man pay for Canadian pa pay for Canadian-produced goods and Canadian services purchased in Canadian by Czechoslovakia or residents of Canadian services purchased in Canadian

by Czechoslovakia or residents of Czechoslovakia during this period.

Yours very truly,

D. C. ABBOTT.

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### The Minister of Czechoslovakia to the Minister of Finance

Ottawa, November 26, 1947.

DEAR SIR:

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I am in receipt of your letter of November 26th concerning the under-Standing regarding that portion of the purchases of Czechoslovakia in Canada which are to be financed from cash resources during the extended period of the

Financial Agreement between our two countries. wish to confirm for my part that it is the intention of our two Governments that at least one-half of the payments made by Czechoslovakia for purchases in Carlotte at least one-half of the payments made by Czechoslovakia for purchases in Carlotte December 31, 1948, will in Canada during the year from November 27, 1947, to December 31, 1948, will be made during the year from November 27, 1947, to December 31, 1948, will be made by the sale to Canada be made from the proceeds of Canadian dollars acquired by the sale to Canada of roll. To implement this intention of gold or foreign exchange convertible into gold. To implement this intention it is understood that the Government of the Czechoslovak Republic will, during or at the Czechoslovak Republic will will will be considered with the Czechoslovak Republic will will be considered with the Czechoslovak Republic will be considered with the Czechoslovak or at the end of each quarter of the year subsequent to November 27, 1947, acquire Canadian dollars by the sale to Canada of gold or foreign exchange convertible into gold in amounts such that the total Canadian dollars so acquired up to the total canadian dollars so acquired up to that date shall be equal to or greater than the total amount of credit funds which has been requisitioned by the Czechoslovak Government and paid into it. into its account with the Bank of Canada from November 27, 1947, to the same date. The sale of such gold or foreign exchange convertible into gold will be effected the sale of such gold or foreign exchange convertible into gold will be effected through the Bank of Canada or a Canadian chartered bank acting as an authorized dealer of the Canadian Foreign Exchange Control Board.

It is further understood that the Canadian dollars acquired in the manner outlined in the preceding paragraph will be used, in addition to credit funds, to pay to pay for Canadian-produced goods and Canadian services purchased in Canada by Canadian-produced goods and Canadian services purchased in Canada by Czechoslovakia or residents of Czechoslovakia during this period.

Yours very truly,

FRANTISEK NEMEC.

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EXCHANGE OF LATTER COMMENT OF BUILDING MONTH BETWEEN COMMENT OF THE SUPPLEMENT OF TH

Stiawa, November 26, 1947.

m in receipt of your letter of November 26th concerning the underregarding that portion of the purchases of Czechoslovakia in Canada te to be financed from cash resources during the extended period of the

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Yours very truly

named morning

Canada or a Canadian courtered bank asting as an authorized discussed of Devastan Foreign Exchange Control Sensel.

It is firther raderstood the the Canadian delhars accurred to decrease in the preceding newscraph will be used, in addition to used any for Canadian-produced goods and Canadian services purchased by Gandian-braken or residents of Casedosiovakia during this period

Your very truly

D. C. ABBRE