

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



OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
KING'S PRINTER AND CONTROLLER OF STATIONERY  
1948

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CANADA

TREATY SERIES, 1947

No. 22

SUPPLEMENTARY FINANCIAL AGREEMENT

BETWEEN

CANADA AND CZECHOSLOVAKIA

Signed at Ottawa, November 26, 1947

**SUMMARY**

(Together with an Exchange of Letters)

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Effective November 26, 1947



OTTAWA  
EDMOND GOETHE, C.M.G., F.A., LL.B.  
KING'S PRINTER AND CONTROLLER OF STATIONERY  
1947

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# 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 agreements dated June 26, 1945, and June 28, 1946, (hereinafter called the "Principal Agreement"),\* the Government of Canada agreed to lend to 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 Canadian-produced 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 sources.

\* For the text of the Agreement of March 1, 1945, see *Canada Treaty Series 1945*, No. 25; for the text 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 hereto 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 the meaning assigned to them by the Export Credits Insurance Act of Canada, or any regulation made thereunder.

2. Notwithstanding anything contained in the Principal Agreement, it is mutually agreed that amounts lent by the Minister to the Czechoslovak Republic thereunder, as provided in clause three of the Principal Agreement, may be 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 to persons ordinarily resident in Czechoslovakia shall be used solely for the purpose 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 be agreed upon from time to time by the Canadian Minister of Trade and Commerce 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 Dollars (\$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 by the Czechoslovak Republic on or before December 31, 1948, and the Minister 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 account pursuant to the Principal Agreement and this agreement during the period commencing on November 27, 1945, and ending on November 26, 1947 inclusive, 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 of the said period and the Czechoslovak Republic 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 Czechoslovak Republic. The bonds shall bear interest at the rate of two and one-half (2½) per cent per annum payable semi-annually on the first day of January and 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 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 three of the 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 the Principal Agreement;

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

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 into the account of the Czechoslovak Republic for the credit of the Czechoslovak 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, 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 amount, 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 semi-annually on the first day of July and the first day of January, and shall mature serially 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 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 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 but clauses three, four, and five of this agreement shall have full 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

**EXCHANGE OF LETTERS (NOVEMBER 26, 1947) BETWEEN CANADA  
AND CZECHOSLOVAKIA, RELATING TO THE SUPPLEMENTARY  
FINANCIAL AGREEMENT SIGNED AT OTTAWA, NOVEMBER 26,  
1947.**

I

*The Minister of Finance*

*to the Minister of Czechoslovakia*

Ottawa, November 26, 1947.

DEAR SIR:

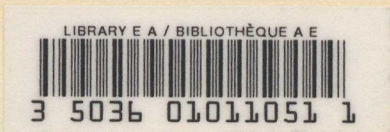
In signing with you today an agreement supplementary to the financial agreement dated March 1, 1945, as amended, for the purpose of extending the period during which the balance of the credit made available under the original agreement may be used and to broaden the purposes for which that credit may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

It is the intention of our two governments that at least one-half of the payments made by Czechoslovakia for purchases in Canada during the year from November 27, 1947, to December 31, 1948, will be made from the proceeds 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 Czechoslovak Republic will, during 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 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 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 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 for Canadian-produced goods and Canadian services purchased in Canada by Czechoslovakia or residents of Czechoslovakia during this period.

Yours very truly,

D. C. ABBOTT.



## II

*The Minister of Czechoslovakia  
to the Minister of Finance*

Ottawa, November 26, 1947.

DEAR SIR:

I am in receipt of your letter of November 26th concerning the understanding 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.

I 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 Canada during the year from November 27, 1947, to December 31, 1948, will be made from the proceeds 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 Czechoslovak Republic will, during 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 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 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 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 for Canadian-produced goods and Canadian services purchased in Canada by Czechoslovakia or residents of Czechoslovakia during this period.

Yours very truly,

FRANTISEK NEMEC.

DOCUMENTS CONNEXES

Supplément au Journal de l'Assemblée législative

OTTAWA

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