

Agreement on the establishment of a European Payments Union (19 September 1950)

Caption: On 19 September 1950, representatives from the Governments of Austria, Belgium, Denmark, France, the Federal Republic of Germany (FRG), Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, the United Kingdom and the Commandant of the Anglo-American Zone of the free territory of Trieste sign in Paris the Agreement on the establishment of a European Payments Union (EPU).

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Agreement on the establishment of a European Payments Union (19 September 1950)

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The Governments of the Federal Republic of Germany, the Republic of Austria, the Kingdom of Belgium, the Kingdom of Denmark, the French Republic, the Kingdom of Greece, the Republic of Ireland, the Republic of Iceland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of Norway, the Kingdom of the Netherlands, the Portuguese Republic, the United Kingdom of Great Britain and Northern Ireland, Sweden, the Swiss Confederation, the Turkish Republic; and the Commander of the British-United States Zone of the Free Territory of Trieste;

DESIRING to establish among themselves a multilateral system of payments in order that trade, both visible and invisible, may proceed on a multilateral basis between them and the monetary areas associated with them;

CONSIDERING that such a system of payments must be designed to facilitate to the largest possible measure among the Contracting Parties the liberalisation, on a non-discriminatory basis, of trade and invisible transactions; to assist the Contracting Parties in their efforts to become independent of extraordinary outside assistance; to encourage the Contracting Parties to achieve or maintain a high and stable level of trade and employment, bearing in mind the need for their internal financial stability; and, finally, to assist the transition from their present situation to that which will succeed at the termination of the European Recovery Programme by providing them, in particular, both with resources to play in part the role of gold and foreign currency reserves and also with the possibility and incentive, should their position improve, to strengthen their reserves in gold and foreign currencies;

CONSIDERING that such a system of payments should permit the maintenance of desirable forms of specialisation in trade, while facilitating a return to full multilateral trade, and should at the same time assist a return to the general convertibility of currencies;

CONSIDERING that such a system of payments must also be so designed that it can remain in force at the end of the period of operation of the European Recovery Programme and operate until it is possible to establish, by other methods, a multilateral system of European payments;

CONSIDERING, however, that the maintenance of the internal and external financial equilibrium of the Contracting Parties is an indispensable condition for the proper operation of this system of payments;

HAVING REGARD to the adoption on 18th August, 1950, of a Resolution of the Council of the Organisation for European Economic Co-operation (hereinafter referred to as the "Council") approving the text of the present Agreement, recommending it to Members of the Organisation for European Economic Co-operation (hereinafter referred to as the "Organisation") for signature, and providing that the Organisation should assume the functions envisaged under the present Agreement as from the date from which it will apply;

HAVE AGREED as follows:

Part I — General Provisions

Article 1 — European Payments Union

The Contracting Parties hereby establish between themselves a European Payments Union (hereinafter referred to as the "Union") which shall be operated within the framework of the Organisation.

Article 2 — Purposes of the Union

The purposes of the Union shall be to facilitate, by means of a multilateral system of payments, the settlement of all transactions between the monetary areas of the Contracting Parties, authorised by the competent authorities in accordance with their respective currency transfer policies, and thus to assist the Contracting Parties to implement the decisions of the Organisation on commercial policy, and the liberalisation of trade and of invisible transactions, and to attain the objectives and satisfy the conditions set out in the Preamble to the present Agreement.

Article 3 — Operations

For the realisation of the purposes of the Union, operations (hereinafter referred to as the “operations”) shall be carried out periodically whereby the bilateral surpluses and deficits of each Contracting Party shall be offset and the residual net surplus or deficit towards all other Contracting Parties taken together shall be settled with the Union in accordance with the provisions of the present Agreement.

Article 4 — Bilateral surplus and deficits

(a) A bilateral surplus or deficit shall be the surplus or deficit of one Contracting Party in relation to any other Contracting Party for any period in respect of which operations are carried out (hereinafter referred to as an “accounting period”).

(b) Where the central bank of one Contracting Party keeps in the name of the central bank of another Contracting Party accounts reflecting the transactions referred to in Article 2, the bilateral surplus or deficit of those Contracting Parties shall be calculated on the basis of the difference, as between the beginning and the end of each accounting period, of the balances of those accounts.

(c) Where the central banks of two Contracting Parties do not keep with each other accounts reflecting the transactions referred to in Article 2, those Contracting Parties shall, unless the Organisation decides otherwise, take the measures necessary to enable their bilateral surpluses or deficits to be calculated.

(d) Repayment instalments in respect of consolidated debts or of outstanding debts amortised or repaid in accordance with the provisions of Annex A to the present Agreement shall be included in the calculation of bilateral surpluses or deficits.

(e) Amounts representing the proceeds of capital transactions, other than those referred to in Article 12 and Annex A to the present Agreement, shall, if the two Contracting Parties concerned so request, be excluded from the calculation of bilateral surpluses or deficits. Unless the Organisation decides otherwise, such amounts may no longer be excluded when they have been used in the monetary area of any of the Contracting Parties. If these amounts are excluded because they have been used outside the monetary areas of the Contracting Parties, any moneys paid in respect of interest on or amortisation of such amounts shall be excluded in subsequent operations, at the request of the Contracting Parties concerned made at the time of the exclusion of such amounts.

(f) Each Contracting Party shall use its best endeavours to ensure that abnormal balances in the currencies of other Contracting Parties are not held by banks other than central banks or otherwise placed so that they are excluded from the calculation of bilateral surpluses or deficits.

(g) For the purposes of the present Agreement, the central bank of a Contracting Party shall mean the central bank or other monetary authority designated by that Contracting Party.

Article 5 — Net surplus and deficit

The net surplus or deficit of a Contracting Party shall be an amount equal to the difference between the sum of its bilateral surpluses and the sum of its bilateral deficits for an accounting period.

Article 6 — Accounting surplus or deficits

The accounting surplus or deficit of a Contracting Party shall be the net surplus or deficit of that Contracting Party for an accounting period, adjusted:

- (i) by any amount in respect of an initial balance allotted to that Contracting Party and used or reconstituted in accordance with Article 10 in the operations relating to that accounting period; and
- (ii) by any amount in respect of existing resources held by or in relation to that Contracting Party and used in accordance with Article 9 in the operations relating to that accounting period. The adjustment shall be made as if the amount used were a bilateral surplus of the Contracting Party which held the said existing resources and a bilateral deficit of the Contracting Party in relation to which they were held.

Article 7 — Cumulative accounting surplus and deficits

The cumulative accounting surplus or deficit of a Contracting Party with the Union shall be an amount equal to the difference between the sum of its accounting surpluses and the sum of its accounting deficits.

Article 8 — Financing between operations

(a) Each Contracting Party shall make amounts of its currency requested by any other Contracting Party available to that other Contracting Party, without requiring a settlement in gold or in the currency of any third country, to the extent necessary to enable payments in respect of transactions referred to in Article 2 to be made during the periods between the operations.

(b) Under the provisions of the present Article no Contracting Party may be required to place at the disposal of other Contracting Parties amounts of its currency exceeding in aggregate the amount by which its cumulative accounting surplus falls short of its quota as defined in paragraph (a) of Article 11.

Part II — Settlements of Surpluses and Deficits

Article 9 — Existing resources

(a) Existing resources corresponding to outstanding debts, within the meaning of paragraph 1 of Annex A to the present Agreement, held by a Contracting Party, shall be used at its request for the settlement of its net deficit for an accounting period, except to the extent that it had a cumulative accounting surplus at the conclusion of the operations relating to the preceding accounting period. However, to the extent that its net deficit may be settled in accordance with paragraph (e) of Article 10, a Contracting Party to which an initial debit balance is allotted may only use these resources with the approval of the Government of the United States of America given after consultation with the Managing Board referred to in Article 20.

(b) When outstanding debts are amortised or repaid in accordance with Annex A to the present Agreement, the resources corresponding to those debts may only be used in accordance with paragraph (a) of the present Article with the agreement of the Contracting Party owing the debt.

Article 10 — Initial balances

(a) Initial credit and debit balances for the period from 1st July, 1950, to 30th June, 1951, for the amounts shown in Tables I and II respectively, will be allotted by the Government of the United States of America in respect of the Contracting Parties shown in those Tables.

[Table I: Initial credit balances 1950-1951](#)

[Table II: Initial debit balances 1950-1951](#)

(b) Initial credit and debit balances may, in connection with the European Recovery Programme, be allotted for the period from 1st July, 1951, to 30th June, 1952, by the Government of the United States of America after consultation with the Organisation. Any balances so allotted shall be communicated to the Organisation by 30th June, 1951.

(c) In the operations relating to accounting periods prior to 1st July, 1951, initial credit and debit balances allotted by virtue of paragraph (a) of the present Article shall be used for the settlement of net deficits and surpluses, respectively, of the Contracting Parties to which they are allotted; provided that an initial debit balance shall be used to settle the net surplus of a Contracting Party only to the extent that an equivalent amount of conditional aid is already firmly allotted to it.

(d) Where a Contracting Party receives an initial credit balance partly as a grant and partly as a loan, the portion of the initial credit balance which is allotted as a grant shall be used before that part which is allotted as a loan.

(e) The net surplus in any accounting period prior to 1st July, 1951, of a Contracting Party to which an initial credit balance is allotted, and the net deficit in any such accounting period of a Contracting Party to which an initial debit balance is allotted, shall be settled up to the amount that the initial balance stands reduced at the beginning of that accounting period, by the reconstitution of the initial balance.

(f) A net surplus or deficit of a Contracting Party shall be settled in accordance with paragraphs (c), (d) and (e) of the present Article only to the extent to which it exceeds any cumulative accounting deficit or surplus, respectively, of the Contracting Party concerned as at the conclusion of the operations relating to the preceding accounting period and, in the case of a net deficit, only to the extent that it has not been settled under Article 9.

(g)(i) Subject to the provisions of sub-paragraphs (ii) and (iii) of the present paragraph, any amount in respect of an initial credit balance allotted as a grant, or of a debit balance, not used in the operations relating to accounting periods prior to 1st July, 1951, shall be deemed to be a net surplus or deficit, as the case may be, of the Contracting Party to which the initial balance was allotted, arising in the accounting period beginning on 1st July, 1951.

(ii) The preceding sub-paragraph shall apply as regards any amount in respect of an initial debit balance only to the extent that an equivalent amount of conditional aid is already firmly allotted to the Contracting Party

concerned.

(iii) Any amount in respect of the initial debit balance allotted to the United Kingdom and not used in the operations referred to in sub-paragraph (i) of the present paragraph shall be cancelled.

(h) Initial credit balances allotted as a loan:

(i) shall bear interest payable to the Union at the same rate as that applied to credits granted to Contracting Parties by the Union by virtue of Articles 11 and 13, from the day on which they are used, and for as long as they are used, to settle net deficits;

(ii) shall, in so far as they are not used to settle net deficits, remain available for use by the Contracting Party in whose favour they were allotted, until the liquidation of the Union when they shall be cancelled; and

(iii) shall, in so far as they have been used to settle net deficits, be repaid at the time of liquidation of the Union, in the same manner as credits granted by the Union, in accordance with the provisions of paragraphs 21 and 22 of Annex B to the present Agreement.

Article 11 — Credit and the gold payments

(a) The accounting surplus or deficit of any Contracting Party shall be settled by the granting of credit and the payment of gold as provided in paragraph (b) of the present Article, except to the extent that the cumulative accounting surplus or deficit of that Contracting Party exceeds the quota allotted to it in Table III.

[Table III: Quotas](#)

(b) The amounts of credit to be granted and of gold to be paid for the settlement of an accounting surplus or deficit for an accounting period shall be those necessary to bring the net amount of credit granted and the net amount of gold paid at the conclusion of the operations relating to that accounting period to the amounts determined in accordance with Table IV for the settlement of the cumulative accounting surplus or deficit of the Contracting Party concerned, after taking account of the credit, if any, previously granted and of the gold, if any, previously paid.

[Table IV: Credits and gold payments](#)

(c) The amount of credit calculated in accordance with paragraph (b) of the present Article shall be granted, as the case may be, by the Contracting Party concerned to the Union or by the Union to the Contracting Party concerned and the amount of gold calculated in accordance with paragraph (b) shall be paid, as the case may be, by the Union to the Contracting Party concerned or by the Contracting Party concerned to the Union.

(d) Except to the extent to which it had a cumulative accounting surplus at the conclusion of the operations relating to the preceding accounting period, a Contracting Party may, for the propose of settling an accounting deficit, pay a greater amount of gold than that provided for in paragraph (b) of the present Article. To the extent to which the amounts of gold that have been paid are in excess of those calculated in accordance with paragraph (b) of the present Article, they shall be deemed to be credits for the purposes of the calculations made under that paragraph.

Article 12 — Bilateral credit agreements

(a) When two Contracting Parties notify the Organisation of an agreement by virtue of which one of them agrees to grant to the other credit not exceeding a determined amount, or both of them agree to grant to each other credit not exceeding a determined amount, that credit shall be used in accordance with the provisions of the bilateral agreement for the settlement of the bilateral deficit of the Contracting Party in favour of which the credit is granted in relation to the Contracting Party granting the credit, for the accounting period immediately preceding the use of the credit.

(b) The total amount of credit used under the present Article may not be in excess of:

(i) the cumulative bilateral surplus of the Contracting Party granting the credit in relation to the Contracting Party to which it is granted, that is to say, the total amount of the bilateral surpluses, reduced by the total amount of bilateral deficits, of the former Contracting Party in relation to the latter Contracting Party;

(ii) the fraction of the cumulative accounting surplus of the former Contracting Party which, under Article 11 may be settled by the granting of credit.

(c) Where amounts of credit are used between two Contracting Parties by virtue of the present Article, they shall be deemed to be credit granted to or by the Union for the purposes of paragraph (b) of Article 11, and the amount of credit to be granted by virtue of Article 11, as regards those Contracting Parties, shall be such that the net amount of credit granted or received by each of them, whether bilaterally or to or from the Union, shall be equal to the amount of credit determined in accordance with Article 11.

Article 13 — Settlement in excess of quotas

(a) That part of the accounting deficit of a Contracting Party which is equal to the amount, if any, by which its cumulative accounting deficit exceeds its quota shall, unless the Organisation decides otherwise and subject to the provisions of paragraph 7 of Annex B to the present Agreement, be settled wholly by a payment of gold.

(b) That part of the accounting surplus of a Contracting Party which is equal to the amount, if any, by which its cumulative accounting surplus exceeds its quota shall, subject to the provisions of paragraph 7 of Annex B to the present Agreement, be settled in accordance with the decisions of the Organisation.

Article 14 — Gold payments

(a) The Union may discharge its obligation to make a payment of gold to a Contracting Party by virtue of Articles 11 or 13 by means of a payment:

(i) in United States dollars;

(ii) in the currency of a country which is not a Contracting Party, if that currency is acceptable to the Contracting Party concerned; or

(iii) in the currency of that Contracting Party.

(b) Any Contracting Party which has to make a payment of gold to the Union by virtue of Articles 11 or 13 may discharge its obligation by means of a payment:

(i) in United States dollars; or

(ii) subject to the agreement of the Managing Board referred to in Article 20, in any other currency to the extent that the Union is able to use it for payments to be made in accordance with the provisions of paragraph (a) of the present Article.

Article 15 — Special assistance

If a Contracting Party is not in a position to make, in accordance with Articles 11 or 13, payments in gold necessary for the settlement of its accounting deficit, the Organisation may, at the request of that Contracting Party, recommend to the Government of the United States of America to place at the disposal of that Contracting Party — subject, if desirable, to conditions — amounts of United States dollars necessary to enable it to comply with its obligations under the present Agreement. Any request made by a Contracting Party in accordance with the provisions of the present Article does not suspend its obligations under Articles 11 or 13.

Article 16 — Settlement of bilateral surpluses and deficits

(a) When a net surplus or deficit of a Contracting Party for an accounting period is settled in accordance with the provisions of this Part of the present Agreement, the bilateral surpluses or deficits of the other Contracting Parties in relation to the first Contracting Party for the accounting period concerned shall be settled in consequence, subject to the provisions of paragraph (b) of the present Article.

(b) When the net surplus of a Contracting Party for an accounting period is not wholly settled by virtue of the provisions of this Part of the present Agreement, each bilateral deficit of other Contracting Parties in relation to the first Contracting Party for the accounting period concerned shall be partially settled, and in the same proportion, so that the amounts of these bilateral deficits which have not been settled shall be, in their aggregate, equal to the amount which has not been settled of the net surplus of the first Contracting Party. In consequence, the net surpluses or deficits of the Contracting Parties which have a bilateral deficit in relation to the first Contracting Party shall be adjusted as if that bilateral deficit were equal to the amount of that deficit settled by virtue of the provisions of this Part of the present Agreement.

Article 17 — Value dates

The operations shall be carried out in respect of each accounting period on the date fixed in accordance with the decisions of the Organisation.

Part III — Administration and Finance

Article 18 — Administrative organs

The Union shall be operated under the authority of the Council by a Managing Board and by the Bank for International Settlements acting in accordance with an Agreement between the Organisation and the Bank as agent for the Organisation (hereinafter referred to as the “Agent”).

Article 19 — The Council

(a) Subject to the provisions of Article 20, the Council shall have power to take such decisions as may be necessary for the execution of the present Agreement. Every such decision shall be binding on all

Contracting Parties and, subject to paragraph (e) of Article 34 and paragraph (c) of Article 36, shall cease to be binding on a Contracting Party with regard to which the present Agreement terminates. However, the decisions referred to in paragraph (c) of the present Article shall be binding on all Members of the Organisation which are or have at any time been Contracting Parties.

(b) Subject to the provisions of paragraphs (c) and (d) of the present Article and of Article 35, decisions of the Council under the present Agreement shall be taken by mutual agreement of all Contracting Parties, except those which are absent or abstain. However:

(i) the agreement of a Contracting Party shall not be required for the adoption of any decision concerning the suspension with regard to it of the application of the present Agreement in accordance with Article 33, or for the adoption of any decision taken in the course of any period during which the application of the present Agreement is suspended with regard to it; and

(ii) a country with regard to which the present Agreement has terminated shall take part in decisions which concern it taken by virtue of paragraph 6 of Annex B to the present Agreement.

(c) Decisions of the Council concerning the liquidation of the Union shall require the mutual agreement of all Members of the Organisation which are or have at any time been Contracting Parties to the present Agreement, except those Members which are absent or abstain.

(d) Any decision of the Council taken under paragraph (b) of Article 36 shall require the mutual agreement of all Members of the Organisation, except those which are absent or abstain.

Article 20 — The Managing Board

(a) The Managing Board shall consist of not more than seven members who shall be appointed by the Council from persons nominated by the Contracting Parties. Any member appointed upon the nomination of a Contracting Party in respect of which the present Agreement terminates under Articles 34 or 35 shall thereupon cease to be a member of the Board. Unless the Organisation decides otherwise, any member appointed upon the nomination of a Contracting Party in respect of which the application of the present Agreement is suspended by virtue of Article 33 shall, for the period of suspension, not attend the meetings of the Managing Board. Unless the Council decides otherwise, the term of office of members of the Board shall be one year; they may be re-appointed.

(b) Each member of the Managing Board shall designate an alternate with the approval of the Council. The alternate shall not be changed, save with the approval of the Council. An alternate may attend the meetings of the Managing Board and shall exercise the functions of a member if the latter is unable to attend.

(c) The Council shall designate each year from among the members of the Managing Board, a Chairman and two Vice-Chairmen.

(d) A representative appointed by the Government of the United States of America may attend the meetings of the Managing Board with the right to participate in discussion but not in decisions. The representative may appoint an alternate, who may attend the meetings of the Managing Board and shall exercise the functions of the representative if the latter is unable to attend.

(e) The Chairman of the Infra-European Payments Committee of the Organisation may also attend the meetings of the Managing Board with the right to participate in discussion but not in decisions. The Managing Board may invite other persons to attend its meetings.

(f) The Managing Board shall be responsible for supervising the execution of the present Agreement and to this end shall take decisions concerning the execution of the operations and the management of the fund referred to in Article 23. It shall exercise such other powers as may be delegated to it by the Council. These functions shall be exercised in accordance with the decisions of the Council. The Managing Board shall make periodic reports to the Council on the execution of its mandate.

(g) Unless the Council provides otherwise, decisions of the Managing Board shall be taken by a majority including not less than four of its members. The decisions of the Managing Board may not be modified by the Council unless they are contrary to the present Agreement or to decisions taken previously by the Council.

(h) The decisions of the Managing Board shall be binding on all Contracting Parties unless and until the Council takes a decision by virtue of paragraph (g) of the present Article. Subject to paragraph (e) of Article 34 and paragraph (c) of Article 36, the decisions of the Managing Board shall cease to be binding on a Contracting Party with regard to which the present Agreement terminates.

(i) The Managing Board shall adopt its own rules of procedure.

Article 21 — The Agent

(a) The Agent shall be entrusted with the execution of the operations and the management of the fund referred to in Article 23, in accordance with the decisions of the Council and of the Managing Board.

(b) The Agent shall submit periodic reports to the Organisation.

Article 22 — Information to be communicated to the Agent

(a) Each Contracting Party shall communicate to the Agent:

(i) a monthly statement giving all information required for the execution of the operations, including the parity between its own currency and the unit of account, and a single rate of exchange agreed with each other Contracting Party based on the effective rate for current transactions, at which the Contracting Party making the statement is prepared for the operations to take place;

(ii) such information relating to the bilateral agreements referred to in Article 12 and Annex A to the present Agreement as may be required for its execution; and

(iii) the amounts of existing resources available for use in accordance with Article 9.

(b) If a Contracting Party, in placing information at the disposal of the Agent for the purposes of the present Agreement, intimates that it desires the information to be treated as confidential, the Agent shall have due regard to the intimation in making use of the information.

Article 23 — The fund

(a) For the purposes of the present Agreement, a fund is hereby created and entrusted to the Organisation.

(b) The following assets shall be paid or credited to the fund:

(i) an amount of not less than 350 million United States dollars obligated by the Government of the United States of America. These dollars will be made available automatically by the Government of the United

States of America to the Union as required by the Agent in order to enable the Union to carry out the operations prescribed in the present Agreement;

- (ii) gold and foreign currency paid by any Contracting Party;
- (iii) claims in respect of credits or loans granted to the Contracting Parties; and
- (iv) the proceeds of, and income from, these assets.

(c) The fund shall be used for:

- (i) effecting payments of gold or currency in favour of the Contracting Parties;
- (ii) meeting obligations in respect of credits granted by the Contracting Parties; and
- (iii) meeting expenses incurred in connection with payments and transfers of gold or currency made under the present Agreement and with the investment of assets, or other similar expenditure.

(d) The Organisation shall decide the rates of interest with regard to credit granted by virtue of Articles 11 and 13. The interest shall be settled half-yearly. To this end, the net surplus or deficit of the Contracting Party concerned shall be calculated taking into account the amount of interest due.

Article 24 — Privileges and immunities

(a) The provisions of Parts II and III of Supplementary Protocol No. 1 to the Convention for European Economic Co-operation of 16th April, 1948, shall apply to the Union and to the assets of the fund, including income, without prejudice to the provisions of paragraphs (b) and (c) of the present Article.

(b) The assets of the fund, including income, wherever located and by whomsoever held, and the operations and transactions authorised under the present Agreement shall be immune from all taxation and from all customs duties.

(c) The provisions of Article 5 of the Protocol referred to in paragraph (a) of the present Article shall apply to gold included in the assets of the fund and to all transactions concerning such gold.

Article 25 — Accounts

(a) The accounts of the Union shall be kept by the Agent, who shall draw up and submit to the Managing Board each year a balance sheet and an income and expenditure account.

(b) The accounts and the balance sheet shall be audited by independent auditors appointed by the Council, to which they shall report.

(c) The balance sheet and the income and expenditure account shall be submitted by the Managing Board to the Council for approval.

Article 26 — Unit of account

(a) Accounts shall be kept, calculations relating to operations shall be made and credits granted by virtue of

Articles 11 and 13 shall be expressed in terms of a unit of account of 0.88867088 grammes of fine gold.

(b) The parity between the unit of account and the currency of each Contracting Party shall be determined by that Contracting Party.

(c) No Contracting Party may oppose a decision of the Organisation, taken by virtue of paragraph (a) of Article 30, modifying the value of the unit of account by a proportion no greater than that by which the parity of its own currency with the unit of account, as determined on 1st July, 1950, has been modified in the same direction since that date.

Article 27 — Modifications of parity

When the parity of the currency of a Contracting Party within the meaning of paragraph (b) of Article 26 is modified during an accounting period, the bilateral surplus or deficit of that Contracting Party in relation to each other Contracting Party shall be calculated in two parts, that is to say for the period prior to and for the period after the modification of the parity on the basis of the parities in force during those periods respectively. For the purposes of paragraph (b) of Article 11, the amounts of credit used by virtue of Article 12 shall be calculated in units of account on the basis of the parity in force during the accounting period in respect of which the credit was used.

Part IV — Final Provisions

Article 28 — Annexes

Annexes A and B to the present Agreement shall form an integral part thereof.

Article 29 — Review

The Organisation shall keep the operation of the present Agreement under constant review. A comprehensive review shall be made as of 30th June, each year.

Article 30 — Amendments

(a) Article 11 and paragraph (a) of Article 26 may be amended by decision of the Organisation.

(b) Article 10, with the exception of paragraphs (a) and (b), may be amended by decision of the Organisation taken in agreement with the Government of the United States of America.

Article 31 — Ratification and coming into force

(a) The present Agreement shall be ratified by the Signatories, which, for this purpose, shall submit it without delay to their appropriate constitutional authorities.

(b) Instruments of ratification shall be deposited with the Secretary-General of the Organisation who will notify each deposit to all Signatories.

(c) The present Agreement shall come into force upon the deposit of instruments of ratification by all the Signatories.

(d) If the appropriate constitutional authorities of a Signatory decline to authorise the ratification of the

present Agreement, the Signatory concerned shall notify the Organisation which shall decide what measures, if any, shall be taken to enable the Agreement to come into force.

Article 32 — Accession

(a) Any Member of the Organisation which has not signed the present Agreement may notify the Organisation of its desire to accede thereto.

(b) If the Organisation approves the accession, it shall determine the conditions and the date on which accession may take effect.

(c) Subject to the provisions of paragraphs (a) and (b) of the present Article, accession shall be effected by the deposit by the Member concerned of an instrument of accession with the Secretary-General of the Organisation who will notify such deposit to all Contracting Parties.

Article 33 — Suspension

(a) The Organisation may, at the request of a Contracting Party, decide to suspend the application of the present Agreement with regard to that Contracting Party on conditions and for a period which shall be determined by the Organisation.

(b) Provided that the case has been considered by the Managing Board or any other body previously established or designated by the Organisation for this purpose, the Organisation may also decide to suspend the application of the present Agreement with regard to a Contracting Party, on conditions and for a period which shall be determined by the Organisation,

(i) if that Contracting Party fails to fulfil any of its obligations under the present Agreement or under any of the decisions of the Organisation referred to in Article 2; or

(ii) for any other reason which shall have been determined by a previous decision of the Organisation.

Article 34 — Withdrawal

(a) Unless the Organisation decides otherwise, the present Agreement shall terminate with regard to any Contracting Party which fails to make any payment of gold due under Articles 11 or 13, as from the end of the accounting period in which the default occurs; provided that the other Contracting Parties shall be relieved of their obligations towards that Contracting Party under Article 8 immediately the default is established.

(b) The present Agreement shall terminate with regard to any Contracting Party which withdraws from the Organisation, at the end of the accounting period in which the withdrawal becomes effective, unless the Organisation decides on another date.

(c) The Organisation may decide to terminate the present Agreement with regard to a Contracting Party in the case of *force majeure* or exceptional circumstances.

(d) By notifying the Organisation, any Contracting Party may terminate the present Agreement with regard to it:

(i) if its cumulative accounting surplus or deficit reaches the amount of its quota, in which case the Agreement shall terminate at the end of the accounting period in which the cumulative accounting surplus or deficit of the Contracting Party concerned reaches its quota or at the end of the accounting period in which the notification is given, whichever is the later;

(ii) if a payment in gold which is due in its favour by virtue of Articles 11 or 13 has not been completely carried out, in which case the Agreement shall terminate at the end of the accounting period in which the notification is given; provided that the Contracting Party concerned shall be relieved of its obligations towards the other Contracting Parties under Article 8 immediately the notification is given; or

(iii) in such other cases on such conditions as the Organisation may decide.

(e) If the provisions of the present Article are applied:

(i) the operations relating to the accounting period at the end of which the present Agreement terminates in respect of the Contracting Party concerned, shall nevertheless be carried out; and

(ii) the rights and obligations of the Contracting Party concerned shall be determined in accordance with the provisions of Section I of Annex B to the present Agreement which shall remain in force until the provisions of that Section are carried out.

Article 35 — Extension of the operation of Article 11

(a) Not later than 31st March, 1952, the Organisation shall carry out a comprehensive review of the operation of the present Agreement in order to decide, in consultation with the Government of the United States of America, on the conditions on which Article 11 may remain in force as from 1st July, 1952.

(b) The present Agreement shall terminate on 30th June, 1952, with regard to any Contracting Party which does not take part in the decision taken by the Organisation by virtue of paragraph (a) of the present Article, and paragraph (e) of Article 34 shall then apply to that Contracting Party.

(c) Article 11 shall, subject to the provisions of paragraph (b) of Article 36, remain in force between the other Contracting Parties on conditions which they shall determine.

Article 36 — Termination

(a) The present Agreement may be terminated by decision of the Organisation at any time.

(b) Unless the Organisation decides otherwise, the present Agreement shall terminate at any time after 30th June, 1952, if the quotas of the Contracting Parties should amount in aggregate to less than 50 per cent of the total amount of quotas initially fixed by Article 11.

(c) Upon the termination of the present Agreement:

(i) the operations relating to the accounting period at the end of which the present Agreement terminates, shall nevertheless be carried out; and

(ii) the Union shall be liquidated in accordance with the provisions of Section II of Annex B to the present

Agreement which shall remain in force until the provisions of that Section are carried out.

Annex A — Outstanding debt

1. (a) For the purposes of the present Agreement outstanding debts shall consist of:

(i) the balances, on 30th June, 1950, of accounts referred to in paragraph (a) of Article 5 of the Agreement for Intra-European Payments and Compensations for 1949-1950, signed on 7th September, 1949, adjusted to take into account operations relating to June, 1950, carried out under that Agreement; and

(ii) such other debts outstanding on 30th June, 1950, between two Contracting Parties as they may notify to the Agent, excluding that part of any consolidated debt in respect of which there is no liability for the debtor to make anticipated repayment.

(b) The Council may decide to substitute other dates for those referred to in sub-paragraph (a), (i) and (ii), of this paragraph in the case of any Contracting Party with regard to which the present Agreement does not apply with effect from 1st July, 1950.

2. If an agreement is concluded between the two Contracting Parties concerned, for the amortisation or repayment of any outstanding debt within the meaning of paragraph 1 of the present Annex, the repayment instalments in respect thereof shall be included in the calculation of the bilateral surpluses or deficits of those Contracting Parties. Two Contracting Parties may agree that any debt outstanding between them shall not be subject to amortisation.

3. If the Organisation decides that an agreement concluded for the amortisation or repayment of any outstanding debt may prejudice the proper operation of the Union, the two Contracting Parties concerned shall amend that agreement in accordance with the decision of the Organisation.

4. If the two Contracting Parties concerned disagree regarding the amortisation of an outstanding debt or on the conditions of the amortisation, the conditions of amortisation may be determined by a decision of the Organisation at the request of either of those Contracting Parties.

5. If the Organisation is not in a position to take a decision under paragraph 4 of the present Annex, the debt shall be amortised on the following conditions:

(i) repayment shall be made in two years and, unless the two Contracting Parties concerned agree otherwise, by equal monthly instalments; and

(ii) interest shall be paid at one per cent per annum, unless a higher rate is provided for the same period by a payments agreement in force on 30th June, 1950, as between the said Contracting Parties, in which case that rate shall apply. If the payments agreement provides for a higher rate for a longer period, the rate of interest shall be determined by a decision of the Organisation, taking account of that rate.

6. The conditions of amortisation determined in accordance with the provisions of paragraphs 4 or 5 of the present Annex may be modified by agreement of the two Contracting Parties concerned, subject to the provisions of paragraph 3 of the present Annex.

Annex B

Section I — Rights and obligations of the Contracting Parties in case of withdrawal

1. When the present Agreement terminates with regard to any Contracting Party under Articles 34 or 35 thereof, the rights and obligations of that Contracting Party shall be determined in accordance with the following provisions.

2. (a) Subject to the provisions of paragraph (g) of Article 10 of the present Agreement and of sub-paragraphs (b) and (e) of the present paragraph, any amount in respect of an initial credit or debit balance allotted to the Contracting Party concerned and not used in the operations relating to accounting periods prior to the date of termination of the present Agreement with regard to that Contracting Party, shall be treated as if it were an accounting surplus or deficit, as the case may be, of that Contracting Party arising in the accounting period ending on that date.

(b) The preceding sub-paragraph shall apply as regards any amount in respect of an initial debit balance only to the extent that an equivalent amount of conditional aid is already firmly allotted to the Contracting Party concerned.

(c) If the Contracting Party concerned is the United Kingdom, any amount in respect of its initial debit balance not used in the operations referred to in sub-paragraph (c) of the present paragraph shall be cancelled.

3. Unless the Organisation decides otherwise, the credit granted to or received from the Union by the Contracting Party concerned in accordance with the provisions of Articles 11 and 13 of the present Agreement, and the amount of credit used or granted by the said Contracting Party in accordance with Article 12 of the present Agreement, shall be cancelled and shall be replaced by bilateral credits calculated in accordance with the provisions of paragraph 4 of the present Annex.

4. (a) The Contracting Party concerned shall grant to each of the other Contracting Parties, or receive from each of them, as the case may be, a credit equivalent to that fraction of the net amount of credit received from or granted to the Union by the first Contracting Party, which is equal to the fraction which the quota of that other Contracting Party represents of the sum of the quotas of all the Contracting Parties.

(b) The Contracting Party concerned shall receive from each of the Contracting Parties which has granted a net amount of credit to the Union and shall grant to each of the Contracting Parties which has received a net amount of credit from the Union, a credit equivalent to that fraction of the credits granted or received by each of those Contracting Parties, which is equal to the fraction which the quota of the first Contracting Party represents of the sum of the quotas of all the Contracting Parties.

(c) The credits granted or received under the provisions of sub-paragraph (a) of the present paragraph shall, where appropriate, be offset against the credits granted or received under the provisions of sub-paragraph (b) of the present paragraph.

5. (a) The amounts of credit used in accordance with Article 12 of the present Agreement shall be considered, for the purposes of paragraph 4 of the present Annex, as credit granted to the Union by the Contracting Party which grants the credit and as credit received from the Union by the Contracting Party in

whose favour the credit is granted.

(b)(i) For the purposes of the calculations under paragraph 4 of the present Annex, if the withdrawing Contracting Party has received a net amount of credit from the Union, the total of the credits granted to the Union shall be adjusted proportionately so as to be equal to the total of the credits granted by the Union.

(ii) For the purposes of the calculations under paragraph 4 of the present Annex, if the withdrawing Contracting Party has granted a net amount of credit to the Union, the total of the credits granted by the Union shall be adjusted proportionately so as to be equal to the total of the credits granted to the Union.

6. The bilateral credits arising under paragraph 4 of the present Annex shall be expressed and repaid in the currency of the Contracting Party which grants the credit, unless the Contracting Party which grants it agrees otherwise with the Contracting Party which receives it. The conditions of such credits shall be determined by agreement between the two Contracting Parties or, in the absence of such agreement, by decision of the Organisation. If the Organisation is not able to take a decision, the credits concerned shall bear interest at the rate of two and three quarters per cent per annum; they shall be repaid in three years and shall, unless the two Contracting Parties agree otherwise, be repaid by equal monthly instalments.

7. (a) Each of the other Contracting Parties shall grant to the Union or receive from the Union, as the case may be, a credit equal to that which it receives from or grants to the withdrawing Contracting Party by virtue of paragraph 4 of the present Annex.

(b) These credits shall bear interest at a rate to be determined by the Organisation. They shall not be taken into consideration for the calculation provided for in paragraph (b) of Article 11 of the present Agreement; nevertheless,

(i) they may be used for the settlement of the accounting surplus or deficit, as the case may be, of each Contracting Party to the extent to which its cumulative accounting surplus or deficit exceeds its quota; and

(ii) they shall be treated as credits granted or received by virtue of Article 11 of the present Agreement, for the purposes of the present Annex.

Section II — Liquidation of the Union

8. Upon the termination of the present Agreement under Article 36 thereof, the Union shall be liquidated in accordance with the following provisions.

9. (a) Subject to the provisions of paragraph (g) of Article 10 of the present Agreement and of sub-paragraphs (b) and (c) of the present paragraph, any amount in respect of an initial credit or debit balance allotted to a Contracting Party and not used under the present Agreement, shall be treated as if it were an accounting surplus or deficit, as the case may be, of that Contracting Party arising in the accounting period ending on the date of termination.

(b) The preceding sub-paragraph shall apply as regards any amount in respect of an initial debit balance only to the extent that an equivalent amount of conditional aid is already firmly allotted to the Contracting Party concerned.

(c) Any amount in respect of the initial debit balance allotted to the United Kingdom not used under the present Agreement shall be cancelled.

10. Amounts of credit used in accordance with Article 12 of the present Agreement shall, upon the termination of the present Agreement, be treated as credits granted or received, as the case may be, by virtue of Article 11 thereof, and the bilateral credits shall be cancelled.

11. The Organisation may determine limits within and conditions under which any Contracting Party may be permitted to exclude from the liquidation reasonable working balances in the currencies of other Contracting Parties.

12. The convertible assets of the fund shall be used to reimburse the Contracting Parties which have granted credits to the Union by virtue of Articles 11 and 13 of the present Agreement, in proportion to the net amounts of these credits. However, in so far as the amount of convertible assets does not exceed the amount referred to in paragraph (b), (i), of Article 23 of the present Agreement, they shall only be used under the present paragraph if the Government of the United States of America has not objected to the liquidation.

13. The convertible assets of the fund referred to in paragraph 12 of the present Annex shall be the amounts of gold, United States dollars and convertible currencies of countries other than Contracting Parties, which form part of the fund on the termination of the present Agreement.

14. The residue of the credits granted by the Contracting Parties and not repaid by virtue of paragraph 12 of the present Annex, shall be liquidated in accordance with the provisions of paragraph 15, or paragraphs 16 to 18, of the present Annex, as the case may be.

15. Should the Organisation decide that the liquidation provided for in paragraph 14 of the present Annex shall be carried out by the Union, the Contracting Parties which have received credits from the Union by virtue of Articles 11 and 13 of the present Agreement shall repay to the Union, in proportion to the net amounts of their credits and on conditions to be determined by the Organisation, the amounts required to enable the Union to carry out the said liquidation.

16. In the absence of such a decision by the Organisation, the balance outstanding of the credits granted to the Union, referred to in paragraph 14 of the present Annex, and the part of the credits granted by the Union which would otherwise be repayable in accordance with paragraph 15 of this Annex, shall be cancelled and replaced by bilateral credits calculated in accordance with the provisions of paragraph 17 of this Annex.

17. (a) Each Contracting Party shall receive from each of the Contracting Parties which has granted a net amount of credit to the Union, a credit equivalent to that fraction of the outstanding balance of the credit granted by the latter Contracting Party, which is equal to the fraction which the quota of the first Contracting Party represents of the sum of the quotas of all the Contracting Parties.

(b) Each Contracting Party which has received a net amount of credit from the Union shall receive from each of the Contracting Parties an amount of credit equivalent to that fraction of the part, referred to in paragraph 16 of the present Annex, of the credit granted by the Union and received by the former Contracting Party, which is equal to the fraction which the quota of the latter Contracting Party represents of the sum of the quotas of all the Contracting Parties.

18. The bilateral credits granted in accordance with the provisions of paragraphs 16 and 17 of this Annex shall be expressed and repaid in the currency of the Contracting Party which grants the credit, unless there is agreement to the contrary between the said Contracting Party and the Contracting Party which receives the credit. The terms of these credits shall be fixed by agreement between the two Contracting Parties, or, in the absence of such agreement, by decision of the Organisation. If the Organisation is unable to take such a decision, the credits concerned shall bear interest at two and three quarters per cent per annum; they shall be repayable in three years and shall, unless the two Contracting Parties agree otherwise, be repaid by equal monthly instalments.

19. Any assets of the fund not used in accordance with the provisions of paragraphs 12 to 18 of the present Annex shall be distributed, subject to the provisions of paragraph 23, among the Signatories of the present Agreement in the proportions fixed in Table V. Nevertheless, if any Contracting Party fails to fulfil any of its obligations under Articles 11 or 13 of the present Agreement or of paragraphs 4, 15, or 16 to 18 of the present Annex, it shall not participate in the distribution provided for in the present paragraph, unless the Organisation decides otherwise.

Table V

20. To the extent to which they are not repaid in accordance with the provisions of paragraphs 14 to 18 of the present Annex, credits granted to the Contracting Parties by virtue of Articles 11 and 13 of the present Agreement shall be offset against claims allotted to them by virtue of paragraph 19 of the present Annex.

21. The settlement of claims allotted by virtue of paragraph 19 of the present Annex, to the extent to which they are not settled in accordance with paragraph 20, shall be carried out by the Contracting Parties whose credits from the Union have not been entirely repaid. To this end, each of those Contracting Parties shall receive from each of the Contracting Parties which by virtue of paragraph 19 have a claim on the Union, a credit equivalent to that fraction of the claim which is equal to the fraction which the outstanding balance of the credit received by the first Contracting Party represents of the sum of the outstanding credits.

22. Unless the two Contracting Parties concerned agree otherwise, any credit arising under paragraph 21 of the present Annex shall be settled as follows:

- (i) it shall be expressed in the currency of the Contracting Party which grants the credit;
- (ii) it shall be consolidated for a period of fifteen years as from the termination of the present Agreement;
- (iii) it shall bear interest at the rate of three per cent per annum during this period;
- (iv) it shall be amortised as from the beginning of the third year following the termination of the present Agreement.

23. The application of the provisions of paragraphs 19 to 22 of the present Annex shall be subject to the agreement of the Government of the United States of America which, in consultation with the Organisation, may decide to earmark the whole or part of the residuary assets of the fund for the benefit of the Contracting Parties, either individually or as a group. However, a Contracting Party need not repay the credits granted by virtue of Articles 11 and 13 of the present Agreement within a period less than that provided for in paragraph 22 of the present Annex, unless the repayment is to be carried out in the currency of that Contracting Party, for use within its territory or monetary area.

24. Any assets of the fund which are distributed pursuant to paragraphs 19 to 22 or paragraph 23 of the present Annex shall be used to facilitate the maintenance of transferability of European currencies or to promote the liberalisation of trade by the Contracting Parties with one another or with other countries, to promote industrial and agricultural production and to further the maintenance of internal financial stability.

IN WITNESS WHEREOF, the undersigned Plenipotentiaries, duly empowered, have appended their signatures to the present Agreement.

DONE in Paris this nineteenth day of September, Nineteen Hundred and Fifty, in the English and French languages, both texts being equally authentic, in a single copy which shall remain deposited with the Secretary-General of the Organisation for European Economic Co-operation by whom certified copies shall be communicated to all the Signatories.

Protocol of provisional application of the agreement for the establishment of a European Payments Union

The Signatories of the Agreement for the Establishment of a European Payments Union (hereinafter referred to as the "Agreement") signed this day;

CONSIDERING the Resolution of the Council of the Organisation for European Economic Co-operation of 29th June, 1950, with regard to the Measures to be taken concerning Intra-European Payments pending the establishment of a European Payments Union;

DESIROUS of avoiding an interruption as between the operation of the Agreement for Intra-European Payments and Compensations for 1949-1950, signed on 7th September, 1949, and that of the Agreement signed today;

HAVE AGREED as follows:

1. Subject to the provisions of Paragraph 3, the Parties to the present Protocol shall apply the Agreement provisionally as if the Agreement had been effective as from 1st July, 1950.
2. Subject to the provisions of Paragraph 3, the present Protocol shall come into force on this day's date and shall continue in force until the Agreement comes into force; provided that Articles 34, 35 and 36 of the Agreement shall apply in relation to the present Protocol as they apply to the Agreement.
3. If at the time of its signature a Party to the present Protocol declares that the Agreement can, as far as that Party is concerned, be applied subject only to the condition that it be ratified in accordance with its constitutional processes,
 - (i) the present Protocol shall come into force, in so far as the said Party is concerned, on the date when its instrument of ratification is deposited in accordance with the provisions of Article 31 of the Agreement; and
 - (ii) the Agreement shall then be applied provisionally, in so far as the said Party is concerned, as if it had become effective on 1st July, 1950, or, if that Party when depositing its instrument of ratification notifies the Organisation for European Economic Co-operation (hereinafter referred to as the "Organisation") that this is

not possible, then at the beginning of the accounting period in the course of which the instrument of ratification is deposited.

4. Any Member of the Organisation which accedes to the Agreement, in accordance with the provisions of Article 32 thereof, before its coming into force may accede to the present Protocol on such conditions and with effect from such date as the Organisation shall decide.

5. (a) Any Party to the present Protocol may withdraw therefrom by giving notice in writing of its intention to withdraw to the Secretary-General of the Organisation (hereinafter referred to as the "Secretary-General") in the event that such Party is unable to ratify the Agreement and has notified the Organisation in accordance with paragraph (d) of Article 31 of the Agreement.

(b) At the end of the first accounting period following the date on which such notice is given, or at such later date as may be specified in the notice, the Party giving it shall cease to be a Party to the present Protocol.

(c) The Secretary-General will immediately inform all Parties to the present Protocol and the Agent within the meaning of Article 18 of the Agreement, of any notice given under the present Paragraph.

6. Unless the Organisation decides otherwise, the present Protocol shall terminate if the quotas of the Parties should amount in aggregate to less than 50 % of the total amount of the quotas initially fixed by Article 11 of the Agreement.

7. If the provisions of Paragraphs 5 or 6 of the present Protocol are applied,

(i) the operations relating to the accounting period at the end of which the present Protocol terminates in respect of a Party, or in respect of the Parties generally, shall nevertheless be carried out; and

(ii) the rights and obligations of the Party or Parties concerned shall be determined in accordance with the provisions of Section I or Section II, as the case may be, of Annex B to the Agreement.

IN WITNESS WHEREOF, the undersigned Plenipotentiaries, duly empowered, have appended their signatures to the present Protocol.

DONE in Paris this nineteenth day of September, Nineteen Hundred and Fifty, in the English and French languages, both texts being equally authentic, in a single copy which shall remain deposited with the Secretary-General of the Organisation for European Economic Co-operation by whom certified copies will be communicated to all Signatories of the present Protocol.