No. 6612

UNITED STATES OF AMERICA
and
AUSTRIA

Agreement relating to the European Recovery Program Counterpart Settlement (with annexes). Signed at Vienna, on 29 March 1961

Exchange of notes relating to the above-mentioned Agreement. Vienna, 10 and 28 March 1961

Official texts: English and German.

Registered by the United States of America on 15 April 1963.

ÉTATS-UNIS D'AMÉRIQUE
et
AUTRICHE

Accord relatif aux règlements de contrepartie au titre du programme de relèvement européen (avec annexes). Signé à Vienne, le 29 mars 1961

Échange de notes relatif à l'Accord susmentionné. Vienne, 10 et 28 mars 1961

Textes officiels anglais et allemand.

Enregistrés par les États-Unis d'Amérique le 15 avril 1963.

No. 6612. AGREEMENT[1] BETWEEN THE UNITED STATES OF AMERICA AND AUSTRIA RELATING TO THE EUROPEAN RECOVERY PROGRAM COUNTERPART SETTLEMENT. SIGNED AT VIENNA, ON 29 MARCH 1961

The Government of the United States of America and the Austrian Federal Government have agreed on the following

ERP[2] COUNTERPART SETTLEMENT AGREEMENT

Article I

STATUS OF FUNDS

It is agreed that the status as of April 30, 1960, of the Special Counterpart Account and related counterpart accounts is as outlined in Annex A,[3] and that Annex B[4] is an accurate reflection, as of April 30, 1960, of the Special Account for Productivity Promotion.

Annex A shows total withdrawals of counterpart funds for Austrian purposes in the amount of AS 19,520,167,000 and a cash balance of AS 2,694,656,711 as of April 30, 1960. It is understood that an amount of about AS 8.24 billions in counterpart funds, including productivity counterpart funds, were outstanding in the form of loans as of April 30, 1960.

Article II

COUNTERPART ARRANGEMENTS

This agreement covers all counterpart funds, both accumulated and accumulating through reflows of principal and interest in the Special Counterpart Account and related accounts, and including those derived out of reflows on credits made before June 20, 1952 and subject to the Memorandum of Understanding of February 2, 1953.[5] It is agreed that these funds shall continue to be used for sound economic development of Austria in accordance with the spirit and objectives of the Economic Cooperation Agreement of July 2, 1948,[6] and with the provisions of the present agreement. It is further agreed that these counter-

[1] Came into force on 12 July 1962, the date of the communication by which the Austrian Federal Government gave notice of its ratification to the Government of the United States of America, in accordance with article VII.

[2] European Recovery Program.

[3] See p. 56 of this volume.

[4] See p. 59 of this volume.

[5] Not printed by the Department of State of the United States of America.

[6] United Nations, *Treaty Series*, Vol. 21, p. 29; Vol. 79, p. 288; Vol. 141, p. 372; Vol. 181, p. 326; Vol. 185, p. 322, and Vol. 336, p. 336.

part funds will be treated as one unified Fund available and used, except as otherwise agreed, only for economic activities carried out under annual Austrian Counterpart Investment Programs whose totals and sector breakdowns will be approved in advance by the Austrian Federal Government as in the past.

It is understood that the Annual Counterpart Investment Programs will continue to be developed and approved in a manner consistent with the maintenance of internal financial and monetary stability and so as to further sound economic growth, particularly by supporting and stimulating productive activity and trade.

In order to insure the effective and efficient use of the Fund, it is understood that the subdivisions and projects contained in these annual programs will be developed and approved on their economic merits, and will, as in the past, be subject to criteria and procedures which will be uniformly applied to all investments of the same kind and which will be unilaterally determined in advance by the Austrian Federal Government without prior arrangement with or approval by the Government of the United States. It is further understood that the annual programs will be developed and approved in a manner consistent with the desirability of preserving the counterpart assets and of strengthening the capital market in Austria and mobilizing private capital in the economy's further development.

Counterpart loans will be made available on the basis of the economic merits of projects and through established banks in accordance with accepted banking practice in the extension and repayment of loans. It is also understood that as a rule interest rates on counterpart loans will approximate capital market rates, except in special sub-sectors and areas where the rate of return on an investment, which is clearly desirable in the interest of sound economic development, is inadequate to permit a capital market rate. Reflows of interest and principal on counterpart loans shall revert to the Fund to be used again in subsequent annual programs.

It is understood that counterpart funds made available under the annual programs will be expended within a reasonable and pre-determined period, following approval by the Austrian Federal Government of the Annual Program; this period, which at present is two years, will be determined in advance by the Austrian Federal Government, and balances unexpended at the end of such period will not remain available to the economic sector for which they were approved but may instead be utilized for subsequent annual programs.

It is agreed that counterpart funds will be kept separate and distinct from the Austrian budget.

Article III

Aid to Lesser Developed Countries

In order to facilitate a greater Austrian participation in aid to developing countries and at the same time promote export trade with such countries, it is agreed that counterpart funds may also be made available through the annual investment programs for such aid, including for example, technical assistance, long term export financing, and investment and export credit guarantee programs. In developing appropriate programs of assistance, the Austrian Federal Government expects to utilize the Counterpart Fund in order to make a significant contribution to the effort to help such countries develop their resources and improve the living standards of their people.

Article IV

Special Account for Productivity Promotion

It is agreed that the funds available, or which may accumulate through reflows of principal and interest on productivity counterpart loans, in the Special Account for Productivity Promotion may be used as unilaterally determined by the Austrian Federal Government either for further productivity uses in accordance with agreed objectives as provided by the letter from the U.S. Government of June 24, 1953,[1] or to augment the Counterpart Fund for use in the annual Austrian Counterpart Investment Programs.

It is understood that the Austrian Federal Government will, however, carry out a program of grant productivity actions involving the amount of about AS 85 million. The general details of this program shall be agreed upon by the two governments, taking due regard to the desirability of promoting productivity through support of training, research and productivity studies and support of actions in special Austrian development areas or in industries where such actions will be helpful in raising the level of economic activity or in dealing with structural problems of production and employment arising out of economic integration.

[1] Not printed by the Department of State of the United States of America.

Article V

TRANSFER OF RESPONSIBILITY

In order to effect the transfer of responsibility to the Austrian Federal Government for the management of counterpart funds it is agreed :

a) that all funds held in the Special Counterpart Account, and all funds due therein, shall be released and withdrawn and transferred to a new account to be established by the Austrian Federal Government for use as provided above;

b) that the prior agreement of the U.S. Government to the use of the counterpart funds covered by the Memorandum of Understanding for the annual Austrian Counterpart Investment Programs is no longer required, it being understood that these funds will be programmed and used under these annual programs as provided above;

c) that the prior agreement of the U.S. Government to the disposition of the funds contained in or due to the Special Account for Productivity Promotion is no longer required; it being understood that these funds will be used as provided above.

d) the U.S. Government relinquishes its right, essentially as provided in the letter of August 3, 1953 (CON-2172),[1] to review and approve individual counterpart projects, including productivity counterpart projects, and changes in the procedures, conditions and criteria governing the programming and use of counterpart funds.

Article VI

SPECIAL PROVISIONS

It is further agreed that :

1. The counterpart funds covered by this agreement will not be used for debt retirement; that is, none of these funds shall be used to make payments on account of the principal or interest on any debt of the Republic of Austria or on any loan made to the Republic of Austria, nor shall any of these funds be expended for any purpose for which other funds have been withdrawn by the Austrian Federal Government to make payment of such debts.

2. In administering the counterpart funds covered by this agreement, the Austrian Federal Government will arrange that, as in the past, adequate end-use

[1] Not printed by the Department of State of the United States of America.