No. 7388

BULGARIA, CZECHOSLOVAKIA, GERMAN DEMOCRATIC REPUBLIC, HUNGARY, MONGOLIA, POLAND, ROMANIA and UNION OF SOVIET SOCIALIST REPUBLICS

Agreement (with annex) concerning multilateral settlements in transferable roubles and the establishment of an International Bank for Economic Co-operation. Signed at Moscow, on 22 October 1963

Official text: Russian.

Registered on 20 August 1964 by the Secretariat of the Council for Mutual Economic Assistance acting on behalf of the Contracting Parties.

BULGARIE, TCHÉCOSLOVAQUIE, RÉPUBLIQUE DÉMOCRATIQUE ALLEMANDE, HONGRIE, MONGOLIE, POLOGNE, ROUMANIE et UNION DES RÉPUBLIQUES SOCIALISTES SOVIÉTIQUES

Accord (avec annexe) relatif aux règlements de comptes multilatéraux en roubles transférables et à l'organisation d'une Banque internationale de coopération économique. Signé à Moscou, le 22 octobre 1963

Texte officiel russe.

Enregistré le 20 août 1964 par le secrétariat du Conseil d'entraide économique agissant au nom des Parties contractantes.

[TRANSLATION — TRADUCTION]

No. 7388. AGREEMENT[1] CONCERNING MULTILATERAL SETTLEMENTS IN TRANSFERABLE ROUBLES AND THE ESTABLISHMENT OF AN INTERNATIONAL BANK FOR ECONOMIC CO-OPERATION. SIGNED AT MOSCOW, ON 22 OCTOBER 1963

The Governments of the People's Republic of Bulgaria, the Hungarian People's Republic, the German Democratic Republic, the Mongolian People's Republic, the Polish People's Republic, the Romanian People's Republic, the Union of Soviet Socialist Republics and the Czechoslovak Socialist Republic,

In the interests of developing and intensifying the international socialist division of labour, of further expanding and strengthening their commercial and economic ties, and

With a view to improving the system of settlements and increasing the influence of currency and financial factors on the fulfilment of their obligations to one another,

Have agreed as follows :

Article I

Settlements under bilateral and multilateral agreements, or special contracts, for reciprocal deliveries of goods, and under agreements concerning other payments between the Contracting Parties shall, as from 1 January 1964, be effected in transferable roubles.

The gold content of the transferable rouble shall be 0.987412 gramme of fine gold.

Any Contracting Party having funds in transferable-rouble accounts may freely draw on such funds in effecting settlements with other Contracting Parties.

When concluding trade agreements, each Contracting Party shall make provision for the setting off within the calendar year of its total receipts from, and total payments to, all the other Contracting Parties in transferable roubles. This exercise may include the formation of favourable balances, the utilization of such balances if any already exist, and credit operations.

[1] In accordance with article XIV, the Agreement came into force on 18 May 1964, the date of deposit with the Secretariat of the Council for Mutual Economic Assistance of the instrument of ratification by the last of the Contracting Parties. The instruments were deposited as follows:

Hungary	4 December 1963	Czechoslovakia	12 March 1964
Mongolia	28 December 1963	Poland	23 March 1964
Bulgaria	10 January 1964	German Democratic Republic	27 March 1964
Union of Soviet Socialist Republics	5 February 1964	Romania	18 May 1964

Each Contracting Party shall ensure the prompt and full discharge of its liabilities in transferable roubles to other Contracting Parties and to the International Bank for Economic Co-operation.

Article II

For the purposes of promoting economic co-operation between the Contracting Parties and the development of their economies, and of increasing their co-operation with other countries, an International Bank for Economic co-operation shall be established with its head office in the city of Moscow.

The membership of the Bank shall consist of the Contracting Parties.

The functions of the Bank shall be:

(*a*) To effect multilateral settlements in transferable roubles;

(*b*) To provide credit for foreign trade and other operations between the Contracting Parties;

(*c*) To encourage the deposit of free funds in transferable roubles and to act as depositary of such funds;

(*d*) To encourage countries members of the Bank and other countries to place gold and freely convertible and other currencies into accounts and deposits with the Bank and to conduct operations with such funds up to the limit of the sums in question.

At the end of the Bank's first year of operation, the Council of the Bank shall examine the question of part of the Bank's authorized capital being in the form of gold and freely convertible currency and the possibility of the Bank's conducting operations to replace transferable roubles with gold and freely convertible currency;

(*e*) To conduct other banking operations in keeping with the aims and functions of the Bank under its Charter.[1]

In addition to the functions enumerated above, the Bank shall, on the instructions of the countries concerned, provide financing and credit for the joint construction, conversion or operation of industrial enterprises and for other projects out of funds allocated by those countries.

The Bank's activities shall be governed by this Agreement, by its Charter, which forms an integral part of this Agreement, and by the rules and regulations made by the Bank within its competence.

Article III

The authorized capital of the International Bank for Economic Co-operation shall amount to 300 million transferable roubles. The amount of this capital to be subscribed (quota) by each Contracting Party shall be commensurate with its exports to the other Contracting Parties, viz:

[1] See p. 230 of this volume.

	Million roubles
For the People's Republic of Bulgaria	17
For the Hungarian People's Republic	21
For the German Democratic Republic	55
For the Mongolian People's Republic	3
For the Polish People's Republic	27
For the Romanian People's Republic	16
For the Union of Soviet Socialist Republics	116
For the Czechoslovak Socialist Republic	45

Contributions to the Bank's authorized capital shall be derived from the excess of deliveries of goods over imports, over and above the balanced deliveries of goods between the Contracting Parties, up to an amount equal to the quota. A country may, if it so desires, make its contributions to the Bank's authorized (transferable-rouble) capital in a freely convertible currency or in gold.

Each Contracting Party shall make contributions in the first year amounting to 20 per cent of its quota and thereafter as decided by the Council of the Bank.

The amount of the Bank's authorized capital may be changed by decision of the Contracting Parties.

The Bank shall have a reserve capital fund; the Council of the Bank shall decide when, in what amount, for what purposes and how it shall be formed.

The Bank may also have special funds established by the Council on the basis of agreements between the Contracting Parties.

Article IV

The activities of the International Bank for Economic Co-operation shall be conducted in conformity with the principles of full equality of rights of member countries and respect for their sovereignty.

The members of the Bank shall have equal rights in the consideration and determination of questions connected with the Bank's activities.

Article V

Settlements between the Contracting Parties shall be effected in transferable roubles through the International Bank for Economic Co-operation with the assistance of the banks of the Contracting Parties. The following basic principles shall govern the system of multilateral settlements :

(*a*) Settlements shall be effected through accounts in transferable roubles opened by banks of the Contracting Parties at the International Bank for Economic Co-operation or, by agreement with it, at banks of Contracting Parties. The bank of the exporting country shall send directly to the bank of the importing country the invoices and documents of title for the goods shipped.

The banks of the countries shall report to the International Bank for Economic Co-operation daily on a standard form the amount of the claims (billings)—or the amount of the payments actually made, as the case may be—to be settled in favour of the bank of the exporting country;

(*b*) Payments shall be made out of the sum standing to the credit of each bank in its transferable-rouble accounts, to which shall be credited all incoming funds, including loans, payable to the order of the bank owning the account;

(*c*) The bank of a Contracting Party in whose name a transferable-rouble account has been opened shall be the master of the funds in that account;

(*d*) Funds in transferable roubles owned by banks of the Contracting Parties shall not be lumped together with those loaned to them; accordingly they shall have accounts for funds belonging to them and separate loan (credit) accounts which will record the outstanding liability to such banks for the credit they have received in the International Bank for Economic Co-operation;

(*e*) The primary form of settlement shall be collection with subsequent acceptance (collection with immediate payment). Other forms of settlement may be adopted by mutual agreement between the banks of the Contracting Parties (collection with prior acceptance, letters of credit, bank transfers, etc.);

(*f*) The International Bank for Economic Co-operation shall pay interest on money in accounts or on deposit at different rates depending on the period for which they are left with the Bank.

The Council of the Bank may fix a minimum balance for accounts on which interest will not be paid by the Bank.

Article VI

The International Bank for Economic Co-operation may extend credit :

(*a*) To ensure prompt settlement when there is a short-term excess of payments over receipts in connexion with an exchange of goods (settlement credit). Such credit shall be extended immediately to pay for goods when funds are lacking in the payer's account. The amount of credit for the bank of each Contracting Party shall be determined by the Council of the Bank;

(*b*) To cover an excess of payments over receipts due to seasonal or other factors in the production and sale of goods. The amount of such credit and the time-limits for its repayment shall be determined by the Council of the Bank in the light of planned receipts and payments as indicated by the export and import plan, and of other transactions. Such credit shall be extended for a period of up to one calendar year;

(*c*) To cover a temporary unplanned excess of payments over receipts due to a failure to meet time-limits for the delivery of goods. Such credit shall be