



Treaty Series No. 77 (1950)

Exchange of Notes

between the Government of the United Kingdom
and the Federal Government of Austria

regarding Financial Aid and Credits to Austria

[with previous relevant Exchanges of Notes since 18th December, 1946]

Vienna, 5th April, 1950/15th May, 1950

*Presented by the Secretary of State for Foreign Affairs to Parliament
by Command of His Majesty*

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**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM AND THE FEDERAL GOVERNMENT OF
AUSTRIA REGARDING FINANCIAL AID AND CREDITS TO
AUSTRIA**

Vienna, 5th April, 1950/15th May, 1950

No. 1

*The United Kingdom Political Representative at Vienna to the Austrian
Federal Minister for Foreign Affairs*

Sir,

18th December, 1946.

I have the honour to inform your Excellency, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, that His Majesty's Government in the United Kingdom have decided to make a substantial contribution towards the economic needs of Austria. They propose to make grants for relief purposes, and credits for reconstruction purposes, up to a maximum of eight and a half million pounds, with a view to the financing of essential imports. In addition, they have guaranteed a commercial credit of one and a half million pounds for the purchase of raw wool.

His Majesty's Government are most anxious to support and strengthen the principle of the economic unity of Austria as laid down in the Control Agreement of 28th June, 1946.⁽¹⁾ Their assistance will therefore be given to the Austrian Government for the use of Austria as a whole, and will in no way be confined to the British Zone. The only stipulations which His Majesty's Government have decided to attach to their assistance are:—

- (a) that the principle of the economic unity of Austria is maintained by all other Occupying Powers; and
- (b) that the grants and credits are used only for purchases that are essential.

I avail, &c.

(Sd.) W. H. B. MACK.

No. 2

*The Austrian Federal Minister for Foreign Affairs to the United
Kingdom Political Representative at Vienna*

Herr Minister!

Wien, den 23. Dez. 46.

Ich beehre mich, den Empfang Ihres Schreibens vom 18. ds. zu bestätigen, dessen Inhalt ich zur Kenntnis der Bundesregierung gebracht habe. Der Herr Bundeskanzler hat es persönlich übernommen, den Dank der Bundesregierung zum Ausdruck zu bringen, und ich erlaube mir, das darauf bezügliche Schreiben Ihnen in der Anlage zu übermitteln.

Genehmigen Sie, u.s.w.

(Sd.) GRUBER.

(Translation)

Mr. Minister,

Vienna, 23rd December, 1946.

I have the honour to acknowledge the receipt of your Note of 18th instant the contents of which I brought to the notice of the Federal Government.

The Federal Chancellor has undertaken personally to express the thanks of the Federal Government, and I permit myself to transmit to you herewith the communication in question.

Please accept, &c.

(Sd.) GRUBER.

⁽¹⁾ "Treaty Series No. 49 (1946)," Cmd. 6958.

The Austrian Federal Chancellor to the United Kingdom Political Representative at Vienna

Herr Minister!

Wien, den 23. Dezember 1946.

Sie haben der Bundesregierung mitgeteilt, dass die Regierung Seiner Majestät beschlossen hat, Österreich zur Linderung der wirtschaftlichen Notlage finanzielle Zuwendungen und Kredite von insgesamt 10 Millionen Pfund zu gewähren.

Der Österreichischen Bundesregierung und dem österreichischen Volk, die mit Rücksicht auf die bevorstehende Einstellung der U.N.R.R.A.-Tätigkeit der wirtschaftlichen Entwicklung unseres Landes im kommenden Jahre mit grösster Besorgnis entgegensehen mussten, hat diese Nachricht Beruhigung und neue Hoffnung gebracht.

Ich bitte Sie daher, der Regierung Seiner Majestät den tief empfundenen Dank der Bundesregierung und des österreichischen Volkes für diese grosszügige Hilfsaktion zum Ausdruck zu bringen und darf Ihnen versichern, dass das österreichische Volk es sehr zu würdigen weiss, dass sich die Regierung Seiner Majestät zu einem Zeitpunkte, wo im eigenen Lande noch einschneidende Sparmassnahmen in Kraft stehen, zu einem so bedeutenden Opfer entschlossen hat.

Empfangen Sie, u.s.w.
(Sd.) FIGL.

(Translation)

Mr. Minister,

Vienna, 23rd December, 1946.

You have informed the Federal Government that His Majesty's Government have decided to grant Austria financial aid and credits to a total of 10 million pounds for the alleviation of the economic necessity.

This news has brought comfort and new hope to the Federal Government and to the Austrian people, who in consequence of the imminent cessation of United Nations Relief and Rehabilitation Administration action have viewed the economic development of our country during the coming year with great anxiety.

I beg you, therefore, to express to His Majesty's Government the deepest thanks of the Federal Government for this generous aid, and can assure you that the Austrian people greatly appreciate the fact that His Majesty's Government should have decided on so significant a sacrifice at a time when such trenchant austerity is in force in their own country.

Please accept, &c.
(Sd.) FIGL.*His Majesty's Chargé d'Affaires at Vienna to the Austrian Federal Chancellor**British Legation,*

Sir,

Vienna, 21st April, 1948.

I have the honour to inform your Excellency that it is the desire of His Majesty's Government in the United Kingdom to define which portion of the eight and a half million pounds sterling British Assistance Fund shall be regarded as a grant and which is to be repayable as a credit. As the basis of this definition His Majesty's Government are prepared to accept the principles put forward by the Austrian Ministry of Finance on 6th February, namely:—

That expenditure on imports contributing to the earning of foreign exchange shall be regarded as a credit;

That expenditure on supplies and services not contributing to the earning of foreign exchange shall be regarded as a grant ;

That, where it is not possible to determine into which of the two above-mentioned categories a particular item of expenditure falls, the amount to be regarded as a credit shall bear the same proportion to the total expenditure on that item as Austrian exports bear to Austrian production.

His Majesty's Government consider that, in order to give effect to the third principle stated above, the ratio of exports to production should be deemed to be at the rate of twenty per cent. and that the total amount of the credit portion of the fund should not be less than one million pounds.

I shall be grateful if your Excellency will inform me of the Austrian Government's agreement with these suggestions, in which case this Note and your Excellency's reply would be regarded as constituting an agreement between our two Governments.

I avail, &c.
(Sd.) N. J. A. CHEETHAM:

No. 5

*The Austrian Federal Minister for Foreign Affairs to His Majesty's
Minister at Vienna*

Herr Gesandter!

Wien, den 26. Mai 1948.

Mit Bezugnahme auf die Note Mr. N. J. A. Cheetham's vom 21. April 1948, beehre ich mich, Eurer Exzellenz mitzuteilen, dass die österreichische Bundesregierung mit den darin festgestellten Grundsätzen, die für die Abgrenzung der als Geschenk und der als rückzahlbarer Kredit zu betrachtenden Teile der britischen Finanzhilfe von 8½ Millionen Pfund dienen sollen, einverstanden ist, nämlich:

Dass Auslagen für Einfuhren, die zum Erwerb von fremden Devisen beitragen, als Kredit betrachtet werden sollen ;

Dass Auslagen für Lieferungen und Dienste, die nicht zum Erwerb von fremden Devisen beitragen, als Geschenk betrachtet werden sollen ;

Dass in Fällen, wo es nicht möglich ist, zu bestimmen, in welche der beiden vorerwähnten Kategorien eine bestimmte Auslagenpost fällt, der als Kredit zu betrachtende Betrag in gleichem Verhältnis zu den Gesamtauslagen für diese Post stehen soll, in dem österreichische Ausfuhren zu der österreichischen Erzeugung stehen.

Die österreichische Bundesregierung ist damit einverstanden, dass zum Zwecke der Durchführung des dritten oben erwähnten Grundsatzes, das Verhältnis von Ausfuhr zu Erzeugung als ein solches von 20% angesehen werden soll und dass der Gesamtbetrag des Kreditanteiles der Aushilfe nicht weniger als eine Million Pfund betragen soll.

Die österreichische Bundesregierung ist weiter damit einverstanden, dass durch die obzitierte Note Mr. Cheetham's und meine gegenwärtige Antwort das Übereinkommen zwischen den beiden Regierungen hergestellt erscheint.

Genehmigen Sie, u.s.w.
(Sd.) GRUBER.

(Translation)

Sir.

Vienna, 26th May, 1948.

With reference to Mr. N. J. A. Cheetham's Note of 21st April, 1948, I have the honour to inform your Excellency that the Austrian Government is in agreement with the principles therein stated defining which portion of the British Assistance Fund of eight and a half million pounds sterling is to be regarded as a grant and which is to be a repayable credit, namely:—

That expenditure on imports contributing to the earning of foreign exchange shall be regarded as a credit ;

That expenditure on supplies and services not contributing to the earning of foreign exchange shall be regarded as a grant ;

That, where it is not possible to determine into which of the two above-mentioned categories a particular item of expenditure falls, the amount to be regarded as a credit shall bear the same proportion to the total expenditure on that item as Austrian exports bear to Austrian production.

The Austrian Government agrees that, in order to give effect to the third principle stated above, the ratio of exports to production shall be deemed to be at the rate of twenty per cent., and that the total amount of the credit portion of the fund shall not be less than one million pounds.

Furthermore, the Austrian Government agrees that the Note of Mr. Cheetham referred to above and my present reply be regarded as constituting the Agreement between the two Governments.

Accept, &c.
(Sd.) GRUBER.

No. 6

His Majesty's Legation at Vienna to the Austrian Ministry of Foreign Affairs

Note Verbale

His Britannic Majesty's Legation present their compliments to the Ministry of Foreign Affairs and have the honour to invite their attention to the letter of 16th March,(?) addressed by the department of "Österreichhilfe," to the Economic Division of the Allied Commission for Austria (British Element), in which the request was made that His Majesty's Government should agree to a prolongation of the British Assistance and Credit Scheme until 30th September, 1950, or, alternatively, to authorise that any credit balances connected with the scheme held by the Bank of England on 31st March, 1950, in favour of Austria be transferred to a special account to be opened with the Midland Bank, Ltd., in the name of the Austrian National Bank.

His Majesty's Legation have the honour to inform the Ministry of Foreign Affairs that His Majesty's Government have acceded to the first request. They have authorised that payments from the relevant account of any balances outstanding in favour of the Austrian Government may be made until 30th September, 1950, provided, first, that no new commitments are entered into after 31st March, 1950, in respect of that account and, secondly, that any unspent balances held on the account on 30th September, 1950, will be returned to His Majesty's Government.

His Majesty's Legation would be glad to receive a confirmation from the Austrian Government that they are in agreement with the two aforementioned conditions.

His Britannic Majesty's Legation avail, &c.

Vienna, 5th April, 1950.

(?) Not printed.

No. 7

*The Austrian Department of Foreign Affairs to His Majesty's
Legation at Vienna*

Note Verbale

The Federal Chancellery, Department of Foreign Affairs, present their compliments to His Britannic Majesty's Legation in Vienna and have the honour to confirm receipt of the latter's Note of 5th April, 1950, which runs as follows:—

[As in No. 6.]

The Federal Chancellery, Department of Foreign Affairs, have the honour to inform the Legation that the Austrian Government has accepted the two conditions of the aforementioned Note and to confirm that the Legation's Note and this reply constitute an agreement on the prolongation of the British Assistance and Credit Scheme of 1947.

The Federal Chancellery, Department of Foreign Affairs, avail, &c.

Vienna, 15th May, 1950.

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