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THE BELGIAN DEBT SETTLEMENT

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MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

COPY OF AN AGREEMENT, DATED AUGUST 18, 1925, EXECUTED PURSUANT TO LAW BY THE SECRETARY OF THE TREASURY AS CHAIRMAN OF THE WORLD WAR FOREIGN DEBT COMMISSION, PROVIDING FOR THE SETTLEMENT OF THE INDEBTEDNESS OF THE KINGDOM OF BELGIUM TO THE UNITED STATES AND APPROVED PURSUANT TO LAW

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DECEMBER 8, 1925.—Read; referred to the Committee on Finance and ordered to be printed

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*To the Congress of the United States:*

I am submitting herewith for the consideration of the Congress a copy of an agreement, dated August 18, 1925, executed by the Secretary of the Treasury as chairman of the World War Foreign Debt Commission, providing for the settlement of the indebtedness of the Government of the Kingdom of Belgium to the Government of the United States of America. The agreement was approved by me on August 21, 1925, subject to the approval of Congress, pursuant to authority conferred by act approved February 9, 1922, as amended by act approved February 28, 1923, and as further amended by act approved January 21, 1925.

I believe that the settlement upon the terms set forth in the agreement is fair and just to both Governments and recommend its approval.

CALVIN COOLIDGE.

THE WHITE HOUSE,  
December 8, 1925.

## AGREEMENT,

Made the eighteenth day of August, 1925, at the City of Washington, District of Columbia, between the GOVERNMENT OF THE KINGDOM OF BELGIUM, hereinafter called BELGIUM, party of the first part, and the GOVERNMENT OF THE UNITED STATES OF AMERICA, hereinafter called the UNITED STATES, party of the second part.

Whereas, Belgium is indebted to the United States as of June 15, 1925, upon obligations in the aggregate principal amount of \$377,029,570.06, together with interest accrued and unpaid thereon; and

Whereas, Belgium desires to fund said indebtedness to the United States, both principal and interest, through the issue of bonds to the United States, and the United States is prepared to accept bonds from Belgium upon the terms and conditions hereinafter set forth;

Now, therefore, in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

1. *Amount of Indebtedness.*—The indebtedness is divided into two classes—that incurred prior to November 11, 1918, hereinafter called Pre-Armistice indebtedness, and that incurred subsequent to November 11, 1918, hereinafter called Post-Armistice indebtedness.

(a) The amount of the Pre-Armistice indebtedness to be funded is \$171,780,000, which is the principal amount of the obligations of Belgium received by the United States for cash advances made prior to November 11, 1918.

(b) The amount of the Post-Armistice indebtedness to be funded after allowing for certain cash payments made or to be made by Belgium is \$246,000,000, which has been computed as follows:

Principal of obligations for cash advanced..	\$175, 430, 808. 68	
Accrued and unpaid interest at 4¼% per annum to December 15, 1922.....	26, 314, 491. 66	\$201, 745, 300. 34
Principal of obligations for war material sold on credit.....	29, 818, 933. 39	
Accrued and unpaid interest at 4¼% per annum to December 15, 1922.....	491, 359. 24	30, 310, 292. 63
<b>Total indebtedness as of December 15, 1922.....</b>	<b>\$232, 055, 592. 97</b>	
Accrued interest thereon at 3% per annum from December 15, 1922, to June 15, 1925.....	17, 404, 169. 47	
<b>Total indebtedness as of June 15, 1925.....</b>	<b>\$249, 459, 762. 44</b>	
Deduct:		
Payments on account of interest received between December 15, 1922, and June 15, 1925, on obligations for war material.....	\$3, 442, 346. 20	
Principal payment of \$172.01 made August 7, 1923, together with interest thereon at 3% per annum to June 15, 1925.....	181. 58	3, 442, 527. 78
<b>Net indebtedness as of June 15, 1925.....</b>	<b>\$246, 017, 234. 66</b>	
To be paid in cash upon execution of agreement.....	17, 234. 66	
<b>Total indebtedness to be funded into bonds.....</b>	<b>\$246, 000, 000. 00</b>	

2. *Repayment of Principal.*—(a) In order to provide for the repayment of the Pre-Armistice indebtedness thus to be funded, Belgium

will issue to the United States at par bonds of Belgium bearing no interest in the aggregate principal amount of \$171,780,000, dated June 15, 1925, and maturing serially on each June 15 in the succeeding years for 62 years, on the several dates and in the amounts fixed in the following schedule:

June 15—		June 15—	
1926	\$1,000,000	1958	\$2,900,000
1927	1,000,000	1959	2,900,000
1928	1,250,000	1960	2,900,000
1929	1,750,000	1961	2,900,000
1930	2,250,000	1962	2,900,000
1931	2,750,000	1963	2,900,000
1932	2,900,000	1964	2,900,000
1933	2,900,000	1965	2,900,000
1934	2,900,000	1966	2,900,000
1935	2,900,000	1967	2,900,000
1936	2,900,000	1968	2,900,000
1937	2,900,000	1969	2,900,000
1938	2,900,000	1970	2,900,000
1939	2,900,000	1971	2,900,000
1940	2,900,000	1972	2,900,000
1941	2,900,000	1973	2,900,000
1942	2,900,000	1974	2,900,000
1943	2,900,000	1975	2,900,000
1944	2,900,000	1976	2,900,000
1945	2,900,000	1977	2,900,000
1946	2,900,000	1978	2,900,000
1947	2,900,000	1979	2,900,000
1948	2,900,000	1980	2,900,000
1949	2,900,000	1981	2,900,000
1950	2,900,000	1982	2,900,000
1951	2,900,000	1983	2,900,000
1952	2,900,000	1984	2,900,000
1953	2,900,000	1985	2,900,000
1954	2,900,000	1986	2,900,000
1955	2,900,000	1987	2,280,000
1956	2,900,000		
1957	2,900,000		
			\$171,780,000

(b) In order to provide for the repayment of the Post-Armistice indebtedness thus to be funded Belgium will issue to the United States at par bonds of Belgium in the aggregate principal amount of \$246,000,000, dated June 15, 1925, and maturing serially on each June 15, in the succeeding years for 62 years, on the several dates and in the amounts fixed in the following schedule:

June 15—		June 15—	
1926	\$1,100,000	1944	\$2,100,000
1927	1,100,000	1945	2,200,000
1928	1,200,000	1946	2,300,000
1929	1,200,000	1947	2,400,000
1930	1,200,000	1948	2,500,000
1931	1,300,000	1949	2,500,000
1932	1,300,000	1950	2,600,000
1933	1,300,000	1951	2,700,000
1934	1,400,000	1952	2,800,000
1935	1,400,000	1953	2,900,000
1936	1,600,000	1954	3,000,000
1937	1,700,000	1955	3,100,000
1938	1,800,000	1956	3,300,000
1939	1,800,000	1957	3,400,000
1940	1,900,000	1958	3,500,000
1941	1,900,000	1959	3,600,000
1942	2,000,000	1960	3,700,000
1943	2,100,000	1961	3,800,000

June 15—		June 15—	
1962-----	\$4, 000, 000	1976-----	\$6, 600, 000
1963-----	4, 100, 000	1977-----	6, 800, 000
1964-----	4, 300, 000	1978-----	7, 000, 000
1965-----	4, 400, 000	1979-----	7, 200, 000
1966-----	4, 600, 000	1980-----	7, 500, 000
1967-----	4, 700, 000	1981-----	7, 800, 000
1968-----	4, 900, 000	1982-----	8, 100, 000
1969-----	5, 100, 000	1983-----	8, 400, 000
1970-----	5, 300, 000	1984-----	8, 600, 000
1971-----	5, 400, 000	1985-----	8, 900, 000
1972-----	5, 600, 000	1986-----	9, 300, 000
1973-----	5, 800, 000	1987-----	9, 600, 000
1974-----	6, 000, 000		
1975-----	6, 300, 000		
			\$246, 000, 000

PROVIDED HOWEVER, That Belgium at its option, upon not less than ninety days' advance notice to the United States, may postpone any payment on account of principal falling due as hereinabove provided after June 15, 1935, to any subsequent June 15 or December 15 not more than two years distant from its due date, but only on condition that in case Belgium shall at any time exercise this option as to any payment of principal, the payment falling due in the next succeeding year can not be postponed to any date more than one year distant from the date when it becomes due unless and until the payment previously postponed shall actually have been made, and the payment falling due in the second succeeding year can not be postponed at all unless and until the payment of principal due two years previous thereto shall actually have been made.

3. *Form of Bonds.*—All bonds issued or to be issued hereunder to the United States shall be payable to the Government of the United States of America, or order, and shall be signed for Belgium by its Ambassador Extraordinary and Plenipotentiary at Washington, or by its other duly authorized representative. The bonds issued for the Pre-Armistice indebtedness shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit A", and shall be issued in 62 pieces with maturities and in denominations corresponding to the annual payments hereinabove set forth. The bonds issued for the Post-Armistice indebtedness shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit B", and shall be issued in 62 pieces with maturities and in denominations corresponding to the annual payments of principal hereinabove set forth.

4. *Payments of Interest.*—All bonds issued for the Post-Armistice indebtedness shall bear interest from June 15, 1925, payable in the amounts and on the dates set forth in the following schedule:

December 15, 1925-----	\$870, 000	December 15, 1930-----	\$1, 625, 000
June 15, 1926-----	870, 000	June 15, 1931-----	1, 625, 000
December 15, 1926-----	1, 000, 000	December 15, 1931-----	1, 875, 000
June 15, 1927-----	1, 000, 000	June 15, 1932-----	1, 875, 000
December 15, 1927-----	1, 125, 000	December 15, 1932-----	2, 125, 000
June 15, 1928-----	1, 125, 000	June 15, 1933-----	2, 125, 000
December 15, 1928-----	1, 250, 000	December 15, 1933-----	2, 375, 000
June 15, 1929-----	1, 250, 000	June 15, 1934-----	2, 375, 000
December 15, 1929-----	1, 375, 000	December 15, 1934-----	2, 625, 000
June 15, 1930-----	1, 375, 000	June 15, 1935-----	2, 625, 000

until and including June 15, 1935, and thereafter at the rate of 3½ per cent per annum payable semiannually on June 15 and Decem-

ber 15 of each year until the principal of said bonds shall have been paid.

5. *Method of Payment.*—All bonds issued or to be issued hereunder shall be payable, as to both principal and interest, in United States gold coin of the present standard of value, or, at the option of Belgium, upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

All payments, whether in cash or in obligations of the United States, to be made by Belgium on account of the principal of or interest on any bonds issued or to be issued hereunder and held by the United States, shall be made at the Treasury of the United States in Washington, or, at the option of the Secretary of the Treasury of the United States, at the Federal Reserve Bank of New York, and if in cash shall be made in funds immediately available on the date of payment, or if in obligations of the United States shall be in form acceptable to the Secretary of the Treasury of the United States under the general regulations of the Treasury Department governing transactions in United States obligations.

6. *Exemption from Taxation.*—The principal and interest of all bonds issued or to be issued hereunder shall be paid without deduction for, and shall be exempt from, any and all taxes or other public dues, present or future, imposed by or under authority of Belgium or any political or local taxing authority within the Kingdom of Belgium, whenever, so long as, and to the extent that beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in Belgium, or (c) a corporation not organized under the laws of Belgium.

7. *Payments before Maturity.*—Belgium at its option, on June 15 or December 15 of any year, upon not less than ninety days' advance notice to the United States, may make advance payments in amounts of \$1,000 or multiples thereof, on account of the principal of any bonds issued or to be issued hereunder and held by the United States. Any such advance payments shall be applied to the principal of such bonds as may be indicated by Belgium at the time of the payment.

8. *Exchange for Marketable Obligations.*—Belgium will issue to the United States at any time, or from time to time, at the request of the Secretary of the Treasury of the United States, in exchange for any or all of the bonds issued hereunder and held by the United States, definitive engraved bonds in form suitable for sale to the public, in such amounts and denominations as the Secretary of the Treasury of the United States may request, in bearer form with provision for registration as to principal, and/or in fully registered form, and otherwise on the same terms and conditions as to dates of issue and maturity, rate or rates of interest, if any, exemption from taxation, payment in obligations of the United States issued after April 6, 1917, and the like, as the bonds surrendered on such exchange. Belgium will deliver definitive engraved bonds to the United States in accordance herewith within six months of receiving notice of any such request from the Secretary of the Treasury of the United States, and pending the delivery of the definitive engraved bonds will deliver, at the request of the Secretary of the Treasury of the United States, temporary bonds or interim receipts in form satisfactory to the Secretary of the Treasury of the United States within thirty days of

the receipt of such request, all without expense to the United States. The United States, before offering any such bonds or interim receipts for sale in Belgium, will first offer them to Belgium for purchase at par and accrued interest, if any, and Belgium shall likewise have the option, in lieu of issuing any such bonds or interim receipts, to make advance redemption, at par and accrued interest, if any, of a corresponding principal amount of bonds issued hereunder and held by the United States. Belgium agrees that the definitive engraved bonds called for by this paragraph shall contain all such provisions, and that it will cause to be promulgated all such rules, regulations, and orders, as shall be deemed necessary or desirable by the Secretary of the Treasury of the United States in order to facilitate the sale of the bonds in the United States, in Belgium or elsewhere, and that if requested by the Secretary of the Treasury of the United States, it will use its good offices to secure the listing of the bonds on such stock exchanges as the Secretary of the Treasury of the United States may specify.

9. *Cancellation and Surrender of Obligations.*—Upon the execution of this agreement, the payment to the United States of cash in the sum of \$17,234.66, as provided in subdivision (b) of paragraph 1 of this Agreement and the delivery to the United States of the \$417,780,000 principal amount of bonds of Belgium to be issued hereunder, together with satisfactory evidence of authority for the execution of this Agreement by the representatives of Belgium and for the execution of the bonds to be issued hereunder on behalf of Belgium by its Ambassador Extraordinary and Plenipotentiary at Washington, or by its other duly authorized representative, the United States will cancel and surrender to Belgium, at the Treasury of the United States in Washington, the obligations of Belgium in the principal amount of \$377,029,570.06, described in the preamble of this Agreement.

10. *Notices.*—Any notice, request, or consent under the hand of the Secretary of the Treasury of the United States, shall be deemed and taken as the notice, request, or consent of the United States, and shall be sufficient if delivered at the Embassy of Belgium at Washington or at the office of the Ministry of Finance in Brussels; and any notice, request, or election from or by Belgium shall be sufficient if delivered to the American Embassy at Brussels or to the Secretary of the Treasury at the Treasury of the United States in Washington. The United States in its discretion may waive any notice required hereunder, but any such waiver shall be in writing and shall not extend to or affect any subsequent notice or impair any right of the United States to require notice hereunder.

11. *Compliance with Legal Requirements.*—Belgium represents and agrees that the execution and delivery of this Agreement have in all respects been duly authorized and that all acts, conditions, and legal formalities which should have been completed prior to the making of this Agreement have been completed as required by the laws of Belgium and in conformity therewith.

12. *Counterparts.*—This agreement shall be executed in two counterparts, each of which shall have the force and effect of an original.

In witness whereof Belgium has caused this Agreement to be executed on its behalf by *Bon de Cartier de Marchienne, F. Cattier, E. Francqui, G. Theunis*, its Special Commissioners at Washington, thereunto duly authorized, subject, however, to the approval of the

competent authorities of the Kingdom of Belgium, and the United States has likewise caused this Agreement to be executed on its behalf by the Secretary of the Treasury, as Chairman of the World War Foreign Debt Commission, with the approval of the President, subject, however, to the approval of Congress, pursuant to the Act of Congress approved February 9, 1922, as amended by the Act of Congress approved February 28, 1923, and as further amended by the Act of Congress approved January 21, 1925, all on the day and year first above written.

THE GOVERNMENT OF THE KINGDOM OF BELGIUM,  
By **BON DE CARTIER DE MARCHIENNE**  
F. CATTIER  
E. FRANQUI  
G. THEUNIS

THE GOVERNMENT OF THE UNITED STATES OF AMERICA,  
For the World War Foreign Debt Commission:  
By **A. W. MELLON**  
*Secretary of the Treasury and Chairman of the Commission.*

Approved:

**CALVIN COOLIDGE**  
*President.*

EXHIBIT A.

(Form of Bond.)

THE GOVERNMENT OF THE KINGDOM OF BELGIUM.

§

No.

The Government of the Kingdom of Belgium, hereinafter called Belgium, for value received promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on June 15, 19 , the sum of Dollars (\$ ). This bond is payable in gold coin of the United States of America of the present standard of value, or, at the option of Belgium, upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

This bond is payable without deduction for, and is exempt from, any and all taxes and other public dues, present or future, imposed by or under authority of Belgium or any political or local taxing authority within the Kingdom of Belgium, whenever, so long as, and to the extent that, beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in Belgium, or (c) a corporation not organized under the laws of Belgium. This bond is payable at the Treasury of the United States in Washington, D. C., or at the option of the Secretary of the Treasury of the United States at the Federal Reserve Bank of New York.

This bond is issued pursuant to the provisions of subdivision (a) of paragraph 2 of an Agreement, dated August 18, 1925, between Belgium and the United States, to which Agreement this bond is subject and to which reference is hereby made.

In witness whereof, Belgium has caused this bond to be executed in its behalf at the City of Washington, District of Columbia, by its at Washington, thereunto duly authorized, as of June 15, 1925.

THE GOVERNMENT OF THE KINGDOM OF BELGIUM.

By

(Back.)

The following amounts have been paid upon the principal amount of this bond.

Date.

Amount paid.

## EXHIBIT B.

(Form of Bond.)

## THE GOVERNMENT OF THE KINGDOM OF BELGIUM

§ No. \_\_\_\_\_

The Government of the Kingdom of Belgium, hereinafter called Belgium, for value received, promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on June 15, \_\_\_\_\_, the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), and to pay as interest upon said principal sum from June 15, 1925, to and including June 15, 1935, so long as the principal of this bond shall be unpaid, on the dates specified in paragraph 4 of the Agreement hereinafter referred to, such proportion of the amount of interest specified in said paragraph 4 for the dates therein stated as the principal amount of this bond bears to all bonds on such dates outstanding issued for Post-Armistice indebtedness under said Agreement, and after June 15, 1935, Belgium promises to pay interest hereon at the rate of  $3\frac{1}{2}\%$  per annum, payable semi-annually on June 15 and December 15 each year until the principal hereof has been paid. This bond is payable as to both principal and interest in gold coin of the United States of America of the present standard of value, or, at the option of Belgium upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

This bond is payable as to both principal and interest without deduction for, and is exempt from, any and all taxes and other public dues, present or future, imposed by or under authority of Belgium or any political or local taxing authority within the Kingdom of Belgium whenever, so long as, and to the extent that, beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in Belgium, or (c) a corporation not organized under the laws of Belgium. This bond is payable as to both principal and interest at the Treasury of the United States in Washington, D. C., or at the option of the Secretary of the Treasury of the United States at the Federal Reserve Bank of New York.

This bond is issued pursuant to the provisions of subdivision (b) of paragraph 2 of an Agreement, dated August 18, 1925, between Belgium and the United States, to which Agreement this bond is subject and to which reference is hereby made.

In witness whereof, Belgium has caused this bond to be executed in its behalf at the City of Washington, District of Columbia, by \_\_\_\_\_

\_\_\_\_\_ at Washington,  
thereunto duly authorized, as of June 15, 1925.

THE GOVERNMENT OF THE KINGDOM OF BELGIUM,  
By \_\_\_\_\_

(Back)

The following amounts have been paid upon the principal amount of this bond.

Date.	Amount paid.
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