
THE ESTHONIAN DEBT SETTLEMENT

MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES,

TRANSMITTING

COPY OF AN AGREEMENT, DATED OCTOBER 28, 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 REPUBLIC OF ESTHONIA TO THE UNITED STATES AND APPROVED PURSUANT TO LAW

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

To the Congress of the United States:

I am submitting herewith for the consideration of the Congress a copy of an agreement, dated October 28, 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 Republic of Esthonia to the United States of America. The agreement was approved by me on October 28, 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 twenty-eighth day of October, 1925, at the City of Washington, District of Columbia, between THE REPUBLIC OF ESTHONIA, hereinafter called ESTHONIA, party of the first part, and THE UNITED STATES OF AMERICA, hereinafter called the UNITED STATES, party of the second part.

Whereas, Esthonia is indebted to the United States as of December 15, 1922, upon obligations in the aggregate principal amount of \$13,999,145.60, together with interest accrued and unpaid thereon; and

Whereas, Esthonia 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 Esthonia 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 amount of the indebtedness to be funded, after allowing for cash payments made or to be made by Esthonia and the credit set out below, is \$13,830,000, which has been computed as follows:

Principal amount of obligations to be funded.....	\$13, 999, 145. 60
Credit allowed for total loss of cargo on sinking of S. S. <i>John Russ</i> sunk by a mine in Baltic Sea.....	1, 932, 923. 45
	<hr/>
	\$12, 066, 222. 15
Interest accrued and unpaid thereon to December 15, 1922, at the rate of 4¼ per cent a year.....	1, 765, 219. 73
	<hr/>
Total principal and interest accrued and unpaid as of December 15, 1922.....	\$13, 831, 441. 88
To be paid in cash by Esthonia upon execution of Agreement..	1, 441. 88
	<hr/>
Total indebtedness to be funded into bonds.....	\$13, 830, 000. 00

2. *Repayment of Principal.*—In order to provide for the repayment of the indebtedness thus to be funded Esthonia will issue to the United States at par as of December 15, 1922, bonds of Esthonia in the aggregate principal amount of \$13,830,000, dated December 15, 1922, and maturing serially on each December 15 in the succeeding years for 62 years, in the amounts and on the several dates fixed in the following schedule:

December 15—		December 15—	
1923.....	\$69, 000	1937.....	\$105, 000
1924.....	71, 000	1938.....	109, 000
1925.....	73, 000	1939.....	113, 000
1926.....	75, 000	1940.....	117, 000
1927.....	78, 000	1941.....	121, 000
1928.....	80, 000	1942.....	125, 000
1929.....	82, 000	1943.....	129, 000
1930.....	85, 000	1944.....	134, 000
1931.....	88, 000	1945.....	138, 000
1932.....	90, 000	1946.....	143, 000
1933.....	92, 000	1947.....	148, 000
1934.....	95, 000	1948.....	153, 000
1935.....	98, 000	1949.....	159, 000
1936.....	101, 000	1950.....	165, 000

December 15—		December 15—	
1951	\$170,000	1969	\$316,000
1952	176,000	1970	327,000
1953	182,000	1971	339,000
1954	189,000	1972	350,000
1955	195,000	1973	363,000
1956	202,000	1974	375,000
1957	209,000	1975	388,000
1958	217,000	1976	402,000
1959	224,000	1977	416,000
1960	232,000	1978	431,000
1961	240,000	1979	446,000
1962	249,000	1980	461,000
1963	257,000	1981	477,000
1964	266,000	1982	494,000
1965	275,000	1983	511,000
1966	285,000	1984	530,000
1967	295,000		
1968	305,000		
		Total	\$13,830,000

PROVIDED, HOWEVER, That Estonia, at its option, upon not less than ninety days' advance notice to the United States, may postpone any payment falling due as hereinabove provided, except those falling due on or before December 15, 1930, hereinafter referred to in paragraph 5 of this Agreement, 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 Estonia 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 Bond.*—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, shall be issued in such denominations as may be requested by the Secretary of the Treasury of the United States, substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit A," and shall be signed for Estonia by its Envoy Extraordinary and Minister Plenipotentiary at Washington, or by its other duly authorized representative. The \$13,830,000 principal amount of bonds first to be issued hereunder shall be issued in 62 pieces, in denominations and with maturities corresponding to the annual payments of principal hereinabove set forth.

4. *Payment of Interest.*—All bonds issued or to be issued hereunder shall bear interest, payable semiannually on June 15 and December 15 in each year, at the rate of 3 per cent a year from December 15, 1922, to December 15, 1932, and thereafter at the rate of 3½ per cent a year until the principal thereof 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 Estonia, 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: PROVIDED, HOWEVER, that with reference to the payments on account of principal and/or interest falling due

hereunder on or before December 15, 1930, Esthonia, at its option, may pay the following amounts on the dates specified:

June 15, 1926.....	\$50,000	June 15, 1929.....	\$125,000
December 15, 1926.....	50,000	December 15, 1929.....	125,000
June 15, 1927.....	75,000	June 15, 1930.....	150,000
December 15, 1927.....	75,000	December 15, 1930.....	150,000
June 15, 1928.....	100,000		
December 15, 1928.....	100,000	Total.....	\$1,000,000

and the balance, including interest on all overdue payments at the rate of 3 per cent a year from their respective due dates, in bonds of Esthonia dated December 15, 1930, bearing interest at the rate of 3 per cent a year from December 15, 1930, to December 15, 1932, and thereafter at the rate of 3½ per cent a year until the principal thereof shall have been paid, such bonds to mature serially on December 15 of each year up to and including December 15, 1934, substantially in the manner provided in paragraph 2 of this Agreement, and to be substantially similar in other respects to the bonds first to be issued hereunder.

All payments, whether in cash or in obligations of the United States, to be made by Esthonia 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 Esthonia or any political or local taxing authority within the Republic of Esthonia, 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 Esthonia, or (c) a corporation not organized under the laws of Esthonia.

7. *Payments before Maturity.*—Esthonia, at its option, on any interest date or dates, 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 first be applied to the principal of any bonds which shall have been issued hereunder on account of principal and/or interest accruing between December 15, 1922, and December 15, 1930, and then to the principal of any other bonds issued hereunder and held by the United States, as may be indicated by Esthonia at the time of the payment.

8. *Exchange for Marketable Obligations.*—Esthonia 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 or to be 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, 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. Estonia 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 Estonia, will first offer them to Estonia for purchase at par and accrued interest, and Estonia shall likewise have the option, in lieu of issuing any such bonds or interim receipts, to make advance redemption, at par and accrued interest, of a corresponding principal amount of bonds issued or to be issued hereunder and held by the United States. Estonia 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 Estonia 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 he may request.

9. *Cancellation and Surrender of Obligations.*—Upon the execution of this Agreement, the payment to the United States of cash in the sum of \$1,441.88 as provided in paragraph 1 of this Agreement and the delivery to the United States of the \$13,830,000 principal amount of bonds of Estonia first to be issued hereunder, together with satisfactory evidence of authority for the execution of this Agreement and the bonds on behalf of Estonia by its Envoy Extraordinary and Minister Plenipotentiary at Washington, or by its other duly authorized representative, the United States will cancel and surrender to Estonia, at the Treasury of the United States in Washington, the obligations of Estonia in the principal amount of \$13,999,145.60 described in the preamble to 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 Legation of Estonia at Washington or at the office of the Minister of Finance in Tallinn; and any notice, request, or election from or by Estonia shall be sufficient if delivered to the American Legation at Tallinn 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.*—Esthonia 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 and the issuance of bonds hereunder have been completed as required by the laws of Esthonia 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 Esthonia has caused this Agreement to be executed on its behalf by its Envoy Extraordinary and Minister Plenipotentiary at Washington, thereunto duly authorized, subject however, to the approval of the State Assembly, 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 REPUBLIC OF ESTHONIA,
By A. PIIP,
*Envoy Extraordinary and Minister
Plenipotentiary.*

THE UNITED STATES OF AMERICA,
For the World War Foreign Debt
Commission:

By A. W. MELLON,
*Secretary of the Treasury and Chair-
man of the Commission.*

Approved:

CALVIN COOLIDGE,
President.

EXHIBIT A.

(Form of Bond.)

THE REPUBLIC OF ESTHONIA.

No.

The Republic of Esthonia, hereinafter called Esthonia, for value received, promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on December 15, , the sum of Dollars (\$), and to pay interest upon said principal sum semiannually on June 15 and December 15 in each year, at the rate of three per cent a year from December 15, 1922, to December 15, 1932, and at the rate of three and one-half per cent a year thereafter until the principal hereof shall have 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 Esthonia, 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 Esthonia or any political or local taxing authority within the Republic of Esthonia, 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 Esthonia, or (c) a corporation not organized under the laws of Esthonia. 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 under an Agreement dated October 28, 1925, between Esthonia and the United States, to which this bond is subject and to which reference is hereby made.

IN WITNESS WHEREOF, Esthonia 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
December 15, 1922.

THE REPUBLIC OF ESTHONIA:

By

○