

CLEARING AGREEMENT BETWEEN ESTONIA AND LATVIA. SIGNED AT TALLINN, APRIL 10TH, 1935

THE GOVERNMENT OF THE REPUBLIC OF ESTONIA, represented by:
His Excellency Monsieur Julius SELJAMAA, Minister for Foreign Affairs;

THE GOVERNMENT OF THE REPUBLIC OF LATVIA, represented by:
His Excellency Monsieur Robert LIEPINŠ, Envoy Extraordinary and Minister
Plenipotentiary of Latvia at Tallinn;

Being desirous of facilitating payments in connection with goods transactions between the two countries, have agreed as follows:

Article 1.

Claims in connection with goods transactions between Estonia and Latvia shall be settled by clearing at the Eesti Pank and at the Clearing Office attached to the Latvian Finance Ministry, as hereinafter provided.

Latvian purchasers of Estonian goods shall settle their debts in respect of their purchases by payments of the price of the goods in lats to a special account to be opened by the Latvian Clearing Office in favour of the Eesti Pank. The Latvian Clearing Office shall credit the sums received to the account of the Eesti Pank, expressed in gold lats at the local Stock Exchange rate on the date of payment, whatever the currency in which the contract of sale or invoices may be made out.

Estonian purchasers of Latvian goods shall settle their debts in respect of their purchases by payment of the price of the goods in Estonian crowns to a special account to be opened by the Eesti Pank in favour of the Latvian Clearing Office. The Eesti Pank shall credit the sums received in crowns to the account of the Latvian Clearing Office, expressed in gold lats at the local Stock Exchange rate on the date of payment, whatever the currency in which the contract of sale or invoices may be made out.

Article 2.

The payments to be made by the purchasers to the Clearing Accounts to which Article 1 relates shall be subject to previous authorisation by the Foreign Exchange Commission in Latvia and by the Eesti Pank in Estonia. The two institutions must accord such authorisation without delay, so soon as the purchaser has shown proof of the regular character of the importation, of the price of the goods and of the accessory costs such as transport, insurance and the like, where such costs are at the charge of the purchaser, as also of any interest charges attaching to the transaction under the terms of the contract, provided always that such interest may not be charged as from any date previous to the delivery of the authorisation in question.

Article 3.

The Latvian Clearing Office and the Eesti Pank shall advise one another daily of all payments received for credit of the Clearing Accounts, and further shall notify the balances of both Accounts as at the end of the month to one another once a month.

Article 4.

Payments to vendors of goods shall be made by the Latvian Clearing Office in lats and by the Eesti Pank in Estonian crowns at the local Stock Exchange rate of the gold lat on the date of payment. Payments to exporters may not be made by either clearing institution until it has been advised by the other clearing institution of the payment by the purchaser in accordance with Articles 1 and 2 of the present Agreement. Payments to vendors shall be made in the chronological order of the payments received from the purchasers within the limits of the available resources of the Clearing Accounts to which Article 1 relates.

Article 5.

Where the invoices or contracts of sale are made out in a currency other than lats or Estonian crowns, the payments shall be expressed in gold lats at the local Stock Exchange rate on the date of payment.

Article 6.

With a view to facilitating equilibrium of the trade balance between the two countries, each Contracting Party undertakes to allow the import into his own country of all goods originating in the other country, the import of which is not prohibited, within the limits of the import quotas for which existing legislation provides.

Similarly, each Contracting Party undertakes to allow the export to the other country of all goods originating in his own country, the export of which is not prohibited, provided such goods are intended for internal consumption in the importing country, with the exception of goods of the kinds enumerated in the attached List.

Article 7.

Without prejudice to the provisions of Article 2, the following shall be credited to the Clearing Accounts to be opened under the present Agreement, namely: to the account opened by the Latvian Clearing Office in favour of the Eesti Pank, the balance of the present clearing agreement at the Latvijas Banka (to which may be added the amount of the debts still due, but not yet paid, by Latvian importers to Estonian exporters), and to the account opened by the Eesti Pank in favour of the Latvian Clearing Office, the balance of the present clearing account opened by the Eesti Pank in favour of the Latvijas Banka (to which may be added the amount of all debts in connection with the sale of goods still due, but not yet paid, to Latvian exporters).

Article 8.

The present Agreement is concluded for an indefinite period, but each Contracting Party shall be entitled to denounce it at any time by giving one month's notice.

The validity of the present Agreement shall be suspended automatically and at once in the event of any change in the present parity of the lat (1 lat = 1 gold franc = 0.29032 grammes fine gold). The two Contracting Parties undertake in such case to enter into immediate negotiations with a view to amendment of the present Agreement.

Article 9.

In the event of the present Agreement lapsing, the Clearing Accounts shall be balanced.

Should there be any uncleared balance in such case, the creditor country shall have no claim to liquidation of the same save in the form of export of goods originating in the debtor country; and the latter shall allow the export to the creditor country of all goods originating

in its own territory, the export of which is not prohibited, provided such goods are intended for internal consumption in the creditor country.

In the event of the present Agreement being suspended under Article 8, paragraph 2, the Clearing Accounts shall be balanced, and any uncleared balance shall be expressed on the basis of the present parity of the lat in the monetary unit of some third country still on gold, to be selected by agreement between the Latvian Clearing Office and the Eesti Pank.

The uncleared balance in such case shall be liquidated in accordance with the provisions of paragraph 2 of the present Article.

Article 10.

The present Agreement shall come into force on the day following the date on which the Contracting Parties have notified one another of the approval of their respective Governments.

In faith whereof the Plenipotentiaries have signed the present Agreement and have affixed their seals thereto.

Done at Tallinn, in duplicate, this 10th day of April, 1935.

(L. S.) Jul. SELJAMAA.

(L. S.) R. LIEPINŠ.

ANNEX TO ARTICLE 6.

List of Latvian Goods.

1. Veneer.

2. Linseed.

J. S.

R. L.

[Quelle: League of Nations. Treaty Series, vol. 159, 1935, p. 105-109.]