

ConfidentialProtocol of agreements

It was agreed to supplement the provisions of the Agreement of 6th April 1950, of the Protocol of 26th December, 1951, and of the Additional Protocol of 19th August, 1954, as follows:

1. Payments between Egypt and Switzerland may, until further notice preceded by discussions, be made in free currency or through B-account.

A. Payments from Egypt to Switzerland:

The Egyptian authorities shall, in principle, be free to designate the channel of payment for each single transaction. They shall, however, observe the following rules:

a) Payments for goods of Swiss origin imported on the grounds of a global quota, i.e. a quota which can be used for imports from free currency countries, shall be allowed in free currency. Swiss goods imported on the grounds of a licence providing for payment through B-account shall be paid in B-Leg and such licences shall not be charged against the global quotas mentioned above.

b) All payments which are not subject to premium on the grounds of the Egyptian exchange regulations shall be made in free currency.

B. Payments from Switzerland to Egypt:

The Swiss authorities shall, in principle, be free to designate the channel of payment for each single transaction. They shall, however, observe the following rules:

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- a) Payments which are, according to the Egyptian exchange regulations, not subject to a premium, shall as a rule be made in free currency.
- b) The Swiss authorities will admit payment for Egyptian goods, other than raw cotton, in free currency if the Egyptian authorities for reasons of general policy allow such exports on these terms.
- c) Payments from Switzerland for Egyptian raw cotton to be used for home manufacture shall be made in free currency or through B-account.
- d) Payments from Switzerland for Egyptian raw cotton not to be used for home manufacture shall be made exclusively in free currency unless the Egyptian authorities admit payments through B-account.
2. a) The A-account is considered as one of the channels for payments in free currency. When paying the counter-value of Swiss Francs credited to the A-account to the Egyptian beneficiary, the competent Egyptian authorities shall apply the same rate of exchange, the same premium and in every respect the same terms as if the payment had been made in effective free Swiss Francs. The National Bank of Egypt may use the balance disposable on this account as free currency without any restrictions as to the nature of the payment.
- b) Until the 31st December 1961, the Swiss National Bank shall execute payments orders issued by the National Bank of Egypt up to a total credit balance of 5 million Swiss Francs. As from 1st of January 1962 the credit line will be 4 million Swiss Francs. It will be reduced each half year by an amount of one million Swiss Francs, unless the two Governments have in the meantime agreed otherwise.

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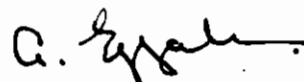
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3. The present Protocol will come into force on the day of its signature.

Done in duplicate in Berne, on 30th September, 1960.



Chairman of the  
Swiss Delegation



Chairman of the  
Egyptian Delegation

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AGREED MINUTES

Referring to the Protocol of 30th September 1960, the Swiss and Egyptian delegations agree as follows :

I. Trade

a) Watches

The Swiss delegation expresses the wish that the Egyptian authorities again make provisions allowing annual imports of Swiss watches of at least 2 - 3 million Swiss francs and that the actual price ceiling of 4 Leg (cif Alexandria) will be increased to 7 Leg per piece at least for a quarter of the total import quota.

The Egyptian delegation has noticed that Switzerland had exported in 1958 and 1959 watches to the Egyptian Region up to Swiss francs 1.8 million and 1.9 million respectively.

However, the Egyptian delegation expresses the intention to transmit the wish of the Swiss delegation to the competent authorities for consideration.

b) Textiles

The Swiss delegation draws the attention of the Egyptian authorities to the fact that the import of Swiss textiles into Egypt is practically prohibited. In order to assure in future an exchange of textiles in both directions, the Swiss delegation requests the Egyptian authorities to make again provisions allowing the import of Swiss textile goods up to a token amount of at least half a million Swiss francs per annum.

The Egyptian delegation points out that the cotton textiles in general are on the prohibited list of imports. However the Egyptian delegation will recommend to the competent authorities that in case a special quota for luxury goods will be opened, Swiss textiles will have a share in the said quota.

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c) Cheese

The Swiss delegation expresses the wish that the Egyptian authorities again grant facilities for imports of cheese.

The Egyptian delegation is prepared to recommend to the General Administration for Tourism to use part of its currency allocation for imports of cheese from Switzerland.

II. Insurance

1. The Swiss delegation enquires whether the "Non Resident Accounts" of Swiss reinsurance companies could be maintained and whether the assets on "Non Resident Accounts" would be eligible for free transfer.

The Egyptian delegation declares that the "Non Resident Accounts" in Egyptian currency of Swiss reinsurance companies would be maintained and that the assets on these accounts originating from reinsurance payments of Egyptian insurance companies or of insurance companies domiciled in the free currency area would continue to be transferable at the official rate. Reinsurance assets in Egyptian currency originating from business with insurance companies in the bilateral area would only be available for use in Egypt and for transactions with companies of the said area.

2. The Swiss delegation draws the attention of the Egyptian authorities to the problems arising for Swiss companies through the nationalisation of Egyptian workmen's compensation business as from the 1st April, 1960. They ask the Egyptian delegation to submit this problem to the competent Egyptian authorities with a view to finding a satisfactory solution.

The Egyptian delegation is prepared to submit the Aide mémoire of the Swiss delegation to the competent Egyptian authorities.

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### III. Egyptianisation

The Swiss delegation explains the difficulties arising to Swiss nationals and firms from the Egyptianisation measures.

The Egyptian delegation is prepared to submit the Aide mémoire of the Swiss delegation to the competent Egyptian authorities.

### IV. Nationalisation

The Swiss delegation draws the attention of the Egyptian delegation to the Swiss interests affected by decree No. 212 of July 17th, 1960, providing for a nationalisation of importation and wholesale distribution of pharmaceutical products.

The Egyptian delegation is prepared to submit the Aide mémoire of the Swiss delegation to the competent Egyptian authorities.

Done in duplicate in Berne, on 30th September, 1960



Chairman of the  
Swiss delegation



Chairman of the  
Egyptian delegation

A i d e - m é m o i r e

In its Notes of June 20th and October 31st, 1959, addressed to the Ministry of Foreign Affairs of the United Arab Republic, the Swiss Embassy in Cairo drew the attention of the competent authorities to the problems which have arisen through the enactment of Law Nr. 202, according to which it is not permissible to issue, renew or extend, in Egypt, insurance contracts against workmen's compensation or professional diseases with insurance companies.

The Swiss insurance companies, in particular the "Accident and Casualty Insurance Company of Winterthur" and the "Helvetia Swiss Fire Insurance Company, Limited" which fall under the provisions of the aforementioned Law were forced to discontinue the workmen's compensation business and their field of activity in Egypt was thereby drastically curtailed. The relevant insurance contracts having been cancelled on 31st March, 1960, the companies were compelled to abandon their respective insurance portfolios which represented valuable assets. This entailed substantial losses for the companies since these portfolios, if sold on a normal commercial basis, would have realized a quite determined price.

Therefore, both the "Accident and Casualty Insurance Company of Winterthur" and the "Helvetia Swiss Fire Insurance Company, Limited" consider themselves entitled to a fair indemnification for the loss they incurred. It is suggested that the amounts involved be assessed by means of expert opinion.

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The Swiss Government is still at a loss to understand the arguments advanced by the authorities of the United Arab Republic for refusing to indemnify the Swiss insurance companies concerned. The Swiss Government is nevertheless confident that the said authorities will take appropriate measures which, in accordance with accepted principles of international law and practice, would allow to establish the amount of loss caused to the companies and to provide for a just and equitable indemnity.

The Swiss Government expresses the hope that the whole problem will be reconsidered in view of reaching an equitable solution.



A i d e - m é m o i r e

The Swiss Government is deeply concerned about the consequences of the Egyptianization for Swiss citizens established in the United Arab Republic and Swiss interests in that country. By note of June 20, 1960, the Swiss Embassy in Cairo has already had the occasion to draw the attention of the authorities of the United Arab Republic on that question.

As a result of laws 22, 23 and 24 of 1957, a great number of Swiss nationals and Swiss firms in the Southern Province of the United Arab Republic will be prevented from carrying on their activity after 1961. This raises for them most serious problems of a personal and financial nature. Numerous Swiss citizens will be compelled to leave the country. They will face great difficulties in as much as many are already of an advanced age at which it is no longer possible to find a new situation.

Furthermore, the necessary measures will have to be taken for the transfer of the proceeds of the sale of Swiss property and of the amounts due for compensation. Indeed, as a result of Egyptianisation, Swiss investments, be they in form of capital, of land or in any other form, will have to be realized and, according to accepted principles of international law and practice, provisions will have to be made for their transfer.

As the expiration date of the transitional period of 5 years provided by art. 2 of law 22 and art. 3 of laws 23 and 24 approaches, the solution of these problems

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becomes a matter of urgency. For this reason, the Swiss Government would appreciate it highly if the authorities of the United Arab Republic would take all the measures in their power on behalf of Swiss nationals in order to facilitate for them the solution of the problems arising from the aforementioned legislation. In that connection, the Swiss Government again expresses the hope that the authorities of the United Arab Republic will consider extending the transitional period granted to Swiss nationals and Swiss firms. Such a step would be an important contribution to a satisfactory settlement of the difficulties created by the Egyptianization, and would be in conformity with the good relations existing between Switzerland and the United Arab Republic.

A i d e - m é m o i r e

The Presidential decree no. 212 of July 17, 1960, provides for the nationalization of the importation and wholesale distribution of pharmaceutical products in the Southern Province of the United Arab Republic. Since considerable Swiss interests are at stake the Swiss authorities wish to draw the attention to the following:

Article 9 of the above mentioned decree recognizes that according to accepted principles of international law nationalization of foreign property requires the state to indemnify the owners. This implies an adequate compensation which should be paid promptly and transferred to Switzerland.

In assessing the amount due as indemnity one should take into account the total value of inventories - inclusive of the profit margin mentioned in decree no. 212 - as evidenced in the books of the individual representatives. Also the amounts due by wholesale traders to Swiss firms should be taken into consideration. The general trade expenses (rents, salaries, insurance premiums, interests, etc.) of the firms which have been nationalized will no doubt be borne by the Egyptian State. Furthermore, guarantees supplied by Swiss firms for bank credits to Egyptian representatives run the risk of being used; since these liabilities of the Swiss firms have now become liabilities of the Egyptian State, the Egyptian banks have no reason any more to turn to the guarantors for capital and interests.

By letter addressed on August 1, 1960, to CIBA SA., the Ministry of Supply of the United Arab Republic assures that the expropriated inventories will be marketed with priority and it undertakes at the same time to settle the claims of that company arising from the nationalization of the importation and wholesale of pharmaceutical products within three months, i.e. at the end of October 1960. It is assumed that these formal guaran-

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tees will cover all the firms which fall under the provisions of decree no. 212.

Decree no. 212 envisages pharmaceuticals; this implies that inventories and banking deposits which have been seized despite the fact that they are not related to the pharmaceutical sector of a company's activity are liable to be restituted without delay.

The Swiss Government hopes that the authorities of the United Arab Republic will solve the problems set forth above in a way which gives satisfaction to the demands of the Swiss firms concerned.

Egyptian delegation

Berne, 30th September, 1960.

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Monsieur le Ministre,

I have the honour to acknowledge receipt of your letter of to-day reading as follows:

" Referring to the Protocol of to-day I have the honour to confirm the result of our discussions on the following point:

With a view to facilitate Swiss participation in Egyptian Development projects through the granting of credits, related to the supply of Swiss investment goods, by Swiss exporters and banks the Swiss authorities shall, until further advice, increase the ceiling for the issue of export risk guarantees from 30 to 50 million Swiss Francs. This assurance shall apply to investment goods of a nature justifying the granting of credits respectively payments to be deferred beyond shipment. Such guarantees shall be granted in accordance with the provisions of the Federal Law on Export Risk Guarantees, of 28th September, 1958.

I should be grateful if you would confirm your agreement with the aforesaid understanding."

I have the honour to confirm my agreement with the aforesaid understanding.

I avail myself of this opportunity to renew to you, Monsieur le Ministre, the assurance of my highest consideration.



Monsieur le Ministre E. Stopper  
Délégué du Conseil fédéral aux  
accords commerciaux;  
Président de la délégation suisse

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