

VerhandlichCopie

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Protocol of Understanding

Reference is made to the letter of March 7, 1964, addressed by the head of the Swiss Delegation to the head of the Delegation of the United Arab Republic, at the issue of the negotiations which took place in Cairo from February 24 to March 7, 1964, concerning the compensation of the Swiss property affected by the nationalizations, land reforms and sequestrations in the United Arab Republic. This letter outlined the questions on which an understanding, subject to a final accord, had already been reached, as well as the points which have not yet been resolved.

Among the latter points, the letter mentioned the problems which have arisen in connection with the nationalization of the Société Egyptienne de Ciment Portland Tourah and the A.G. für Montanbedarf, Branche d'Egypte, and especially with the participation of the two above-named firms in the Soudan Portland Cement Company Ltd., Atbara. It was understood that both Delegations would be willing to offer their good offices in order to facilitate a direct settlement of these problems between the interested parties.

In pursuance of this understanding, talks have been held in Cairo, on April 11 and 12, 1964, between Mr. Zakaria Tewfik, Under-Secretary of State in the UAR Ministry of Economy, Dr. Hassan Boghdadi and Mr. Max Schmidheiny; Mr. Raymond Probst, Chief of Section in the Swiss Federal Political Department, assisted to the talks with the purpose of lending his good offices. It was finally agreed to resolve the pending questions mentioned in the preceding paragraph, according to the one or the other of the following solutions:



Solution I

Claim of the Schmidheiny Group	
a) for 346'546 Tourah shares at 8,4 LE per share	LE 2'911'137.--
b) for A.G. für Montanbedarf, Branche d'Egypte	LE 250'000.--
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Total claim of Schmidheiny Group	LE 3'161'137.--
Deduction for the claim of the Alexandria Commercial against Commodity S.A. and U.B.S.	LE 200'000.--
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	LE 2'961'137.--
First payment by the Egyptian side on a non-resident C-account	LE 375'000.--
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	LE 2' 586'137.--
Reduction to 65% ("present value")	LE 1'680'989.--
Second payment by the Egyptian side on a non-resident C-account	LE 375'000.--
Amount to be included in the official Transfer Agreement on Nationalizations to be concluded between the Governments of the United Arab Republic and Switzerland	LE 1'305'989.--

Mr. Schmidheiny pledges, on behalf of himself and his group, to unconditionally and definitely abandon all judicial complaints pending before the Soudan Courts against Soudan Portland Cement Co Ltd. and Société Egyptienne de Ciment Portland Tourah, as soon as the total amount of 750'000 LE (two payments of 375'000 LE each according to the above calculation; both payments to be made simultaneously) has been deposited by the Egyptian side on a non-resident C-account to be opened in the name of Mr. Max Schmidheiny. Mr. Schmidheiny shall be free to use this amount according to article 33, par.2 of the Regulations of the UAR Central Exchange Control (Ministerial order No. 893 of 1960).

Solution II

Claim of the Schmidheiny Group

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|---|-----------------|
| a) for 346'545 Tourah shares<br>at 8,4 LE per share | LE 2'911'137.-- |
| b) for A.G. für Montanbedarf,<br>Branche d'Egypte   | LE 250'000.--   |

Total claim of Schmidheiny Group	LE 3'161'137.--
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Value of approximately 519'200 shares of  
the Soudan Portland Cement Comp., Ltd.,  
to be taken over by Mr. Schmidheiny at  
the price of LE 3.80 per share

LE 1'972'960.--
LE 1'188'177.--

Indebtedness of Soudan Portland Cement  
Comp., Ltd., towards Société Egyptienne  
de Ciment Portland Tourah and Helwan  
Cement Comp., to be ceded to the Schmid-  
heiny Group;  
approximately

LE 306'000.--
LE 882'177.--

Reduction to 65% ("present value");  
amount to be included into the official  
Transfer Agreement on Nationalizations  
to be concluded between the Governments  
of the United Arab Republic and Switzerland

LE 573'415.--
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The amount indicated in the above calculation for the indebtedness of the Soudan Portland Cement Comp., Ltd., towards Société Egyptienne de Ciment Portland Tourah and Helwan Cement Comp., is an estimate. The exact amount to be taken into consideration will be mutually established by the interested parties. In case the Government of the Soudan

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should not authorize the direct transfer from the Soudan to Switzerland, the amount in question so established will be transferred from the Soudan to the United Arab Republic and credited here to a non-resident C-account in the name of Mr. Max Schmidheiny.

The claim of the Alexandria Commercial Comp. against Comoditex S.A. in Geneva and U.B.S. is not included in solution II. In case this solution is finally applied, the Alexandria Commercial claim will be completely dropped as well from the arrangement with Mr. Max Schmidheiny, as from the official negotiations on the nationalization question between the United Arab Republic and Switzerland. The Alexandria Commercial Comp. will stay free, of course, to continue its legal procedure pending before the Swiss Courts or to seek any kind of other settlement direct with the interested Swiss private parties.

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It is understood that both sides will have the option between the two above mentioned solutions within a period of not more than 60 days from the signature of this protocol. This period shall enable the Schmidheiny Group to clarify its position with regard to the Soudan Authorities. In case the Government of the Soudan should recognize the cession of the approximately 519'200 shares of the SoSdan Portland Cement Comp., Ltd., to the Schmidheiny Group and accordingly authorize the transfer of the dividends of this Swiss investment direct to Switzerland, and in case the Schmidheiny Group should choose this solution (i.e. solution II of the present agreement), this will be equally acceptable to the Government of the United Arab Republic. Otherwise solution I of the present agreement would be given the preference. Mr. Max

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Schmidheiny will inform the United Arab Republic Ministry of Economy of his option as soon as possible.

It is further understood that all above-mentioned operations will be free of all UAR taxes and duties.

As far as there are certain questions still pending between the nationalized Tourah and Montanbedarf, Branche d'Egypte, on the one side, and the Schmidheiny Group and the A.G. für Montanbedarf, Vaduz, on the other side, they will be cleared in the same spirit of mutual understanding.

Cairo, April 12, 1964

signé par MM. Schmidheiny et Hassan Boghdadi (pour Tourah)  
paraphé par MM. Probst et Zakaria Tewfik.