

5. If at any time while the payments under Article 2 of this Agreement are continuing it appears that the aggregate payments effectively received by Great Britain under Allied War Debt Funding Agreements and on account of Reparations or of Liberation Bonds exceed the aggregate payments effectively made by Great Britain to the Government of the United States of America in respect of war debts, an account shall be drawn up by the British Treasury, interest at 5 per cent. being allowed on both sides of the account; and if that account shows that the receipts exceed the payments, Great Britain will credit Portugal against the payments next due by Portugal under Article 2 of this Agreement with such proportion of that excess as the payments effectively made by Portugal under Article 2 of this Agreement bear to the aggregate sums effectively received by Great Britain under all Allied War Debt Funding Agreements. Thereafter a similar account will be drawn up by the British Treasury each year, and any further excess of the receipts over the payments shall each year give rise to a credit to Portugal of a proportion of such excess calculated in the manner indicated above. On the other hand, any deficit shall be made good by an increase in the payments next due by Portugal, up to a similar proportion of such deficit, within the limit of the total amount of the credits already allowed to Portugal under this Article.

6. The accounts relating to the War Debt of Portugal to Great Britain shall be finally closed and Great Britain shall be entitled to retain any sums credited or to be credited to Portugal in respect of such accounts. Save as provided in this Agreement, the Contracting Parties and their agents reciprocally renounce all claims or counter-claims against the other Contracting Party or their agents in respect of the above-mentioned accounts or the services or supplies to which they relate, including all services or supplies rendered by either of the Contracting Parties to the other in connection with the War.

7. Upon the execution of this Agreement, the payment of the sum due for 1926 and the delivery to Great Britain of the bonds to be delivered under Article 3 of this Agreement, duly executed, Great Britain will cancel and return to Portugal the Portuguese Treasury Bills held by Great Britain.

8. The Portuguese Government shall have the right to discharge all outstanding payments due under this Agreement by the payment in sterling at the Bank of England on or before the 31st December, 1927, of the sum of £5,500,000.

Signed in duplicate at London on the thirty-first day of December, 1926.

On behalf of Great Britain :

WINSTON S. CHURCHILL.

On behalf of Portugal :

JOÃO J. SINEL DE CORDES.