



Treaty Series No. 4 (1945)

Monetary Agreement

between the Government of the United Kingdom
of Great Britain and Northern Ireland and
the Government of Denmark

London, 16th August, 1945

*Presented by the Secretary of State for Foreign Affairs
to Parliament by Command of His Majesty*

LONDON

HIS MAJESTY'S STATIONERY OFFICE

ONE PENNY NET

MONETARY AGREEMENT BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND AND THE GOVERNMENT OF DENMARK.

London, 16th August, 1945.

THE Government of the United Kingdom of Great Britain and Northern Ireland of the one part, and the Government of Denmark of the other part, have agreed as follows:—

ARTICLE 1.

(i) The rate of exchange between the Danish krone and the £ sterling shall be Danish kroner 19·34 = £1.

(ii) This rate (hereinafter referred to as “the official rate”) shall not be varied by either of the Contracting Governments except after giving to the other as much notice as may be practicable.

(iii) In all territories where they have jurisdiction the Contracting Governments shall enforce the use of the official rate as the basis of all transactions involving a relationship between the two currencies.

(iv) The Bank of England and Danmarks Nationalbank, as agents of their respective Governments, shall fix by mutual agreement the maximum spread above or below the official rate which will be authorised on the markets which they control.

ARTICLE 2.

(i) The Bank of England (acting as agents of the Government of the United Kingdom) shall sell to Danmarks Nationalbank (acting as agents of the Danish Government), against Danish kroner to be credited at the official rate to the Bank of England’s No. 1 Account with Danmarks Nationalbank, such sterling as may be required for payments which residents of Denmark, under the exchange regulations in force in Denmark, are permitted to make to residents of the sterling area.

(ii) Danmarks Nationalbank (acting as agents of the Danish Government) shall sell to the Bank of England (acting as agents of the Government of the United Kingdom), against sterling to be credited at the official rate to Danmarks Nationalbank’s No. 1 Account with the Bank of England, such Danish kroner as may be required for payments which residents of the sterling area, under the exchange regulations in force in that area, are permitted to make to residents of Denmark.

ARTICLE 3.

(i) The Bank of England shall have the right at any time to sell to Danmarks Nationalbank, against all or part of the sterling balances held by that Bank, either Danish kroner at the official rate or gold to be set aside at the Bank of England in London.

(ii) Danmarks Nationalbank shall have the right at any time to sell to the Bank of England, against all or part of the Danish kroner balances held by that Bank, either sterling at the official rate or gold to be set aside at Danmarks Nationalbank in Copenhagen.

(iii) Gold set aside in Copenhagen in accordance with the provisions of this Article shall be at the Bank of England's free disposal and may be exported.

(iv) Gold set aside in London in accordance with the provisions of this Article shall be at Danmarks Nationalbank's free disposal and may be exported.

ARTICLE 4.

(i) The Government of the United Kingdom shall not restrict the availability of sterling at the disposal of residents of Denmark for making—

- (a) transfers to other residents of Denmark;
- (b) payments to residents of the sterling area; or
- (c) transfers to residents of countries outside Denmark and the sterling area to the extent to which these may be authorised by the United Kingdom Government under the arrangements contemplated in Article 7 (iii) hereof.

(ii) The Danish Government shall not restrict the availability of Danish kroner at the disposal of residents of the sterling area for making—

- (a) transfers to other residents of the sterling area;
- (b) payments to residents of Denmark; or
- (c) transfers to residents of countries outside the sterling area and Denmark to the extent to which these may be authorised by the Danish Government under the arrangements contemplated in Article 7 (iii) hereof.

ARTICLE 5.

The Contracting Governments shall co-operate with a view to assisting each other in keeping capital transactions within the scope of their respective policies, and in particular with a view to preventing transfers between the sterling area and Denmark which do not serve direct and useful economic or commercial purposes.

ARTICLE 6.

Any sterling held by Danmarks Nationalbank shall be held and invested only as may be agreed by the Bank of England, and any Danish kroner held by the Bank of England shall be held and invested only as may be agreed by Danmarks Nationalbank.

ARTICLE 7.

(i) If, during the currency of this Agreement, either of the Contracting Governments adheres to a general international monetary agreement, the terms of the present Agreement shall be reviewed with a view to making any amendments that may be required.

(ii) While the present Agreement continues in force the Contracting Governments shall co-operate to apply it with the necessary flexibility according to circumstances. The Bank of England and Danmarks Nationalbank, as agents of their respective Governments, will maintain contact on all technical questions arising out of the Agreement and will collaborate closely on exchange control matters affecting the sterling area and Denmark.

(iii) As opportunity offers the Contracting Governments shall seek with the consent of the other interested parties—

- (a) to make Danish kroner at the disposal of residents of the sterling area and sterling at the disposal of residents of Denmark available for making payments of a current nature to residents of countries outside the sterling area and Denmark; and

(b) to enable residents of countries outside the sterling area and Denmark to use sterling at their disposal to make payments of a current nature to residents of Denmark and to use Danish kroner at their disposal to make payments of a current nature to residents of the sterling area.

(iv) Notwithstanding that each of the Contracting Governments shall be alone responsible for its monetary relations with third parties, they shall maintain contact wherever the monetary relations of the one affect the interests of the other.

ARTICLE 8.

For the purposes of the present Agreement—

- (i) The expression “the sterling area” shall have the meaning from time to time assigned to it by the exchange control regulations in force in the United Kingdom.
- (ii) The expression “Denmark” shall include Greenland.
- (iii) Transactions between the Bank of England and Danmarks Nationalbank are to be considered as transactions between the sterling area and Denmark.
- (iv) Transactions entered into by the Government of any territory within the sterling area or by the Danish Government are to be considered as transactions entered into by a resident of the sterling area or Denmark, as the case may be.

ARTICLE 9.

The present Agreement shall not apply to the Faroe Islands until a date to be agreed between the two Contracting Governments.

ARTICLE 10.

The present Agreement, which shall be subject to review and adjustment after mutual consultation, shall enter into force on the 20th August, 1945. At any time thereafter either Contracting Government may give written notice to the other of its intention to terminate the Agreement and the Agreement shall cease to have effect three months after the date of such notice. It shall terminate five years after the date of its coming into force unless the two Contracting Governments agree otherwise.

In witness whereof, the undersigned plenipotentiaries, being duly authorised thereto by their respective Governments, have signed the present Agreement and have fixed thereto their seals.

Done in duplicate in London, this 16th day of August, 1945.

On behalf of the Government of the United Kingdom of Great Britain and Northern Ireland:

(L.S.) ERNEST BEVIN.

On behalf of the Royal Danish Government:

(L.S.) GUSTAV RASMUSSEN