



Treaty Series No. 7 (1945)

MONETARY AGREEMENT

BETWEEN

THE GOVERNMENT OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND AND
THE ROYAL NETHERLANDS GOVERNMENT

LONDON, 7TH SEPTEMBER, 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

Cmd. 6681

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

London, 7th September, 1945.

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

ARTICLE 1.

(i) The rate of exchange between the Netherlands guilder and the £ sterling shall be Netherlands guilders 10·691 = £1.

(ii) This rate (hereinafter referred to as “the official rate”) shall not be varied by either of the Contracting Governments except after mutual consultation.

(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 De Nederlandsche Bank, 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 United Kingdom Government) shall sell sterling to De Nederlandsche Bank (acting as agents of the Royal Netherlands Government) as may be required for payments which residents of the Netherlands Monetary Area, under the exchange regulations in force in that area, are permitted to make to residents of the sterling area—

(a) against Netherlands guilders to be credited at the official rate to the Bank of England’s No. 1 Account with De Nederlandsche Bank, provided that the balance standing to the credit of that Account is not thereby increased above 53,450,000 Netherlands guilders; or

(b) if the balance standing to the credit of the Bank of England’s No. 1 Account with De Nederlandsche Bank amounts to 53,450,000 Netherlands guilders, against gold to be set aside in the name of the Bank of England at De Nederlandsche Bank, Amsterdam.

(ii) De Nederlandsche Bank (acting as agents of the Royal Netherlands Government) shall sell Netherlands guilders to the Bank of England (acting as agents of the United Kingdom Government) 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 the Netherlands Monetary Area—

(a) against sterling to be credited at the official rate to De Nederlandsche Bank’s No. 1 Account with the Bank of England, provided that the balance standing to the credit of that Account is not thereby increased above £5 million plus such additional sum as the

contracting parties shall have agreed to recognise as equivalent to the net amount of sterling owned at the date of this Agreement by residents of the Netherlands Monetary Area; or

- (b) if the balance standing to the credit of De Nederlandsche Bank's No. 1 Account with the Bank of England amounts to £5 million plus the additional sum referred to in sub-paragraph (a) above, against gold to be set aside in the name of De Nederlandsche Bank at the Bank of England, London.

(iii) De Nederlandsche Bank shall at all times maintain on their No. 1 Account with the Bank of England a minimum balance the amount of which will be determined in agreement with the Bank of England.

(iv) The Bank of England shall at all times maintain on their No. 1 Account with De Nederlandsche Bank a minimum balance the amount of which will be determined in agreement with De Nederlandsche Bank.

ARTICLE 3.

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

(ii) De Nederlandsche Bank shall have the right at any time to sell to the Bank of England, against all or part of the Netherlands guilder balances held by that Bank, either sterling at the official rate or gold to be set aside at De Nederlandsche Bank in Amsterdam.

ARTICLE 4.

(i) Gold set aside in Amsterdam in accordance with the provisions of Articles 2 and 3 of the present Agreement shall be at the Bank of England's free disposal and may be exported.

(ii) Gold set aside in London in accordance with the provisions of Articles 2 and 3 of the present Agreement shall be at De Nederlandsche Bank's free disposal and may be exported.

ARTICLE 5.

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

- (a) transfers to other residents of the Netherlands Monetary Area;
- (b) payments to residents of the sterling area; or
- (c) transfers to residents of countries outside the Netherlands Monetary Area and the sterling area to the extent to which these may be authorised by the United Kingdom Government under the arrangements contemplated in Article 8 (iii) hereof.

(ii) The Royal Netherlands Government shall not restrict the availability of Netherlands guilders 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 the Netherlands Monetary Area; or
- (c) transfers to residents of countries outside the sterling area and the Netherlands Monetary Area to the extent to which these may be authorised by the Royal Netherlands Government under the arrangements contemplated in Article 8 (iii) hereof.

ARTICLE 6.

The two 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 their areas which do not serve direct and useful economic or commercial purposes.

ARTICLE 7.

Any sterling held by De Nederlandsche Bank shall be held and invested only as may be agreed by the Bank of England and any Netherlands guilders held by the Bank of England shall be held and invested only as may be agreed by De Nederlandsche Bank.

ARTICLE 8.

(i) If during the currency of this Agreement the Contracting Governments adhere to a general international Monetary Agreement they will review the terms of the present Agreement with a view to making any amendments that may be required.

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

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

(a) to make Netherlands guilders at the disposal of residents of the sterling area and sterling at the disposal of residents of the Netherlands Monetary Area available for making payments of a current nature to residents of countries outside the sterling area and the Netherlands Monetary Area; and

(b) to enable residents of countries outside the sterling area and the Netherlands Monetary Area to use sterling at their disposal to make payments of a current nature to residents of the Netherlands Monetary Area, and to use Netherlands guilders 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 9.

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 “the Netherlands Monetary Area” shall include the following territories:—

Netherlands Territory in Europe (the Netherlands), Islands of the Netherlands Archipelago in Asia (Netherlands Indies), and Territories of Curaçao and Surinam.

(iii) Transactions between the Bank of England and De Nederlandsche Bank are to be considered as transactions between the sterling area and the Netherlands Monetary Area.

(iv) Transactions entered into by the Government of any territory included in one of the two areas defined above shall be regarded as transactions entered into by a resident of the said area.

ARTICLE 10.

While the Anglo-Netherlands Agreement of the 14th June, 1940, continues in force, the provisions of the present Agreement shall not modify the arrangements set out in that Agreement for payments between the sterling area and the Netherlands Indies. On the expiry or abrogation of that Agreement the Contracting Parties will review the terms of the present Agreement with a view to making any amendment that may be required. Meanwhile, sterling balances which have already accrued or may hereafter accrue under the terms of the 1940 Agreement mentioned above and which are at the disposal of residents of the Netherlands Indies shall be available in accordance with the provisions of Article 5 (i) of the present Agreement.

ARTICLE 11.

Upon the signature of the present Agreement, the Anglo-Netherlands Agreement (Curaçao and Surinam) of the 25th July, 1940, shall be abrogated and the balances which have accrued thereunder shall be available in accordance with the provisions of Article 5 (i) of the present Agreement.

ARTICLE 12.

The present Agreement, which shall be subject to review and adjustment after mutual consultation, especially in connection with the operation of Article 2 (ii) (a) and Article 10, shall come into force on the day of its signature. At any time thereafter either Contracting Government may give 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 three years after the date of its coming into force unless the two Contracting Governments agree otherwise.

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

Done in London in duplicate this 7th day of September, 1945.

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

(L.S.) HUGH DALTON.

On behalf of the Royal Netherlands Government:

(L.S.) P. LIEFTINCK.

