



Treaty Series No. 2 (1950)

Monetary Agreement

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

London, 30th December, 1949

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

LONDON
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Cmd. 7861

**MONETARY AGREEMENT BETWEEN THE GOVERNMENT OF
THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND AND THE GOVERNMENT OF SWEDEN**

London, 30th December, 1949

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Sweden have agreed as follows:—

ARTICLE 1

(a) The rate of exchange between the Swedish krona and the £ sterling shall be Swedish kronor 14·485 = £1.

(b) 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.

(c) The Contracting Governments shall enforce the use of the official rate as the basis of all transactions involving a relationship between the £ sterling and the Swedish krona.

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

ARTICLE 2

(a) The Bank of England, acting as agents of the Government of the United Kingdom, shall sell sterling to Sveriges Riksbank, acting as agents of the Swedish Government, as may be required for payments which residents of Sweden, under the exchange regulations in force in Sweden, are permitted to make to residents of the Scheduled Territories, against Swedish kronor to be credited at the official rate to the No. 1 Account of the Bank of England with Sveriges Riksbank.

(b) Sveriges Riksbank, acting as agents of the Swedish Government, shall sell Swedish kronor to the Bank of England, acting as agents of the Government of the United Kingdom, as may be required for payments which residents of the Scheduled Territories, under the exchange regulations in force in those territories, are permitted to make to residents of Sweden, against sterling to be credited at the official rate to the No. 1 Account of Sveriges Riksbank with the Bank of England.

ARTICLE 3

(a) The Bank of England shall have the right at any time to sell to Sveriges Riksbank, against all or part of the sterling balances held by that Bank, either Swedish kronor at the official rate or gold to be set aside at the Bank of England in London.

(b) Sveriges Riksbank shall have the right at any time to sell to the Bank of England, against all or part of the Swedish kronor balances held by that Bank, either sterling at the official rate or gold to be set aside at Sveriges Riksbank in Stockholm.

(c) Gold set aside in London in accordance with the provisions of this Article shall be at the free disposal of Sveriges Riksbank and may be exported.

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

ARTICLE 4

(a) In addition to the No. 1 Accounts at the Bank of England and Sveriges Riksbank mentioned in Article 2, other accounts may be opened by agreement between the two Contracting Governments.

(b) On 2nd January, 1950, there shall be transferred to the No. 1 Account of Sveriges Riksbank the balances on their No. 2 and Riksgäldskontoret Accounts as at the close of business on 31st December, 1949, and thereupon their No. 2 and Riksgäldskontoret Accounts shall be closed.

(c) On 2nd January, 1950, a sum of £27,000,000 shall be transferred to a new No. 2 Account of Sveriges Riksbank from the No. 1 Account of Sveriges Riksbank with the Bank of England. From that date the guarantee, given under Article 3 of the Anglo-Swedish Supplementary Monetary Agreement, signed in London on 24th November, 1947,⁽¹⁾ hitherto applying to balances on the No. 1 Account shall be transferred to apply to balances on the new No. 2 Account on terms to be agreed between the Bank of England and Sveriges Riksbank.

(d) No further sums shall be placed to the credit of the new No. 2 Account of Sveriges Riksbank with the Bank of England. Balances on the new No. 2 Account may be freely transferred to the No. 1 Account.

ARTICLE 5

(a) (i) The Government of the United Kingdom shall not restrict the availability of sterling at the disposal of residents of Sweden for transfer to other residents of Sweden or to residents of the Scheduled Territories.

(ii) The Government of the United Kingdom shall not restrict the availability of sterling at the disposal of Sveriges Riksbank for making payments in respect of direct current transactions to residents of such countries outside Sweden and the Scheduled Territories as may be agreed between the Bank of England and Sveriges Riksbank acting as agents of their respective Governments.

(b) (i) The Swedish Government shall not restrict the availability of Swedish kronor at the disposal of residents of the Scheduled Territories for transfer to other residents of the Scheduled Territories or to residents of Sweden.

(ii) The Swedish Government shall not restrict the availability of Swedish kronor at the disposal of the Bank of England for making payments in respect of direct current transactions to residents of such countries outside Sweden and the Scheduled Territories as may be agreed between the Bank of England and Sveriges Riksbank acting as agents of their respective Governments.

ARTICLE 6

(a) The Swedish Government shall not restrict the acceptance by residents of Sweden of sterling from residents of the Scheduled Territories and, in respect of direct current transactions, from residents of such countries outside Sweden and the Scheduled Territories as may be agreed between the Bank of England and Sveriges Riksbank acting as agents of their respective Governments.

(b) The Government of the United Kingdom shall not restrict the acceptance by residents of the Scheduled Territories of Swedish kronor from residents of Sweden and, in respect of direct current transactions, from residents of such countries outside Sweden and the Scheduled Territories as may be agreed between the Bank of England and Sveriges Riksbank acting as agents of their respective Governments.

(1) "Treaty Series No. 84 (1947)," Cmd. 7259.

ARTICLE 7

To the extent to which Sveriges Riksbank requires currencies of the Scheduled Territories, other than sterling, for the purpose of providing for payments in the territories where such currencies are legal tender, Sveriges Riksbank shall purchase them through the Bank of England against payment in sterling.

ARTICLE 8

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 which do not serve direct and useful economic or commercial purposes.

ARTICLE 9

Any sterling held by Sveriges Riksbank shall be held and invested only as may be agreed by the Bank of England, and any Swedish kronor held by the Bank of England shall be held and invested only as may be agreed by Sveriges Riksbank.

ARTICLE 10

(a) The Contracting Governments shall co-operate to apply the present Agreement with the necessary flexibility according to circumstances. The Bank of England and Sveriges Riksbank, 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 Scheduled Territories and Sweden.

(b) 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 11

For the purposes of the present Agreement—

- (a) The expression "the Scheduled Territories" shall have the meaning from time to time assigned to it under the United Kingdom Exchange Control Act, 1947.
- (b) Transactions between the Bank of England and Sveriges Riksbank are to be considered as transactions between the Scheduled Territories and Sweden.
- (c) Transactions entered into by the Government of any territory within the Scheduled Territories or by the Swedish Government are to be considered as transactions entered into by a resident of the Scheduled Territories or of Sweden, respectively.
- (d) The expression "payments for direct current transactions" means payments for transactions of the type defined in Article XIX (i) of the Articles of Agreement of the International Monetary Fund⁽²⁾ which are made by a principal resident in the country from which payment is made and which relate solely to goods imported into that country and originating in the country to which payment is made or to services rendered to residents in the former country by residents of the latter country.

(2) "Treaty Series No. 21 (1946)," Cmd. 6885.

ARTICLE 12

The present Agreement, which shall be subject to review and adjustment after consultation between the Contracting Governments, shall come into force on the 1st January, 1950. 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 one year after the date of its coming into force, unless the Contracting Governments agree otherwise.

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

Done in London in duplicate the 30th day of December, 1949.

(L.S.) WILLIAM STRANG.

(L.S.) ÖSTEN LUNDBORG.

LONDON

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