



Treaty Series No. 68 (1951)

Sterling Payments Agreement

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

[with Exchanges of Letters]

Cairo, 1st July, 1951

*Presented by the Secretary of State for Foreign Affairs to Parliament
by Command of His Majesty
August 1951*

LONDON
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STERLING PAYMENTS AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE EGYPTIAN GOVERNMENT

Cairo, 1st July, 1951

STERLING PAYMENTS AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM AND THE ROYAL EGYPTIAN GOVERNMENT

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Royal Egyptian Government have agreed as follows:—

ARTICLE 1

All payments between residents of Egypt and residents of the Scheduled Territories shall be settled in sterling or Egyptian pounds according to established custom.

ARTICLE 2

The National Bank of Egypt shall buy and sell sterling and its rates for sterling and United States dollars shall be related to one another at the middle rate quoted by the Bank of England for the United States dollar.

ARTICLE 3

Except as provided in the Sterling Releases Agreement of 1951:—⁽¹⁾

- (i) The Government of the United Kingdom shall not restrict the transfer of sterling which is at the disposal of residents of Egypt to other residents of Egypt or to residents of the Scheduled Territories.
- (ii) The Government of the United Kingdom shall not restrict the availability of sterling which is under the control of the National Bank of Egypt for making payments in respect of direct current transactions to residents of such countries (other than Egypt and the Scheduled Territories) as may be agreed between the Bank of England and the National Bank of Egypt acting as agents of their respective Governments.

ARTICLE 4

The Royal Egyptian Government shall not restrict the transfer of any Egyptian pounds arising from permitted current transactions which are at the disposal of residents of a Scheduled Territory to other residents of the Scheduled Territories or to residents of Egypt, or for purchase of sterling from the Egyptian exchange control, provided that reciprocal treatment is extended by that Scheduled Territory in respect of amounts of its currency accruing to residents of Egypt.

ARTICLE 5

The Royal Egyptian Government shall not restrict the acceptance by residents of Egypt of sterling from residents of the Scheduled Territories and, as regards payments in respect of direct current transactions, from residents of such countries (other than Egypt and the Scheduled Territories) as may be agreed between the Bank of England and the National Bank of Egypt acting as agents of their respective Governments.

⁽¹⁾ "Treaty Series No. 67 (1951)," Cmd. 8336.

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ARTICLE 6

The Royal Egyptian Government shall not restrict the payment or receipt of sterling by residents of the Sudan.

ARTICLE 7

The contracting Governments shall keep each other informed on matters affecting their respective exchange control and shall consult together as often as may be necessary with a view to ensuring the smooth working of the present Agreement.

ARTICLE 8

For the purposes of the present Agreement—

- (a) The expression "Scheduled Territories" shall have the meaning from time to time assigned to it under the United Kingdom Exchange Control Act, 1947;
- (b) The expressions "residents of Egypt" and "residents of the Scheduled Territories" shall have the meanings from time to time assigned to them under the United Kingdom Exchange Control Act, 1947, and by the Exchange Control Regulations in Egypt as the case may require;
- (c) The expression "payments in respect of direct current transactions" means payments in respect of 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 exclusively—
 - (1) to goods (other than gold bullion, gold coin or gold either in semi-manufactured or fully manufactured form) imported into, and for use or consumption in, that country and originating in the country to which payment is made, or
 - (2) to services rendered to residents in the former country by residents of the latter country.

ARTICLE 9

1. The present Agreement shall be deemed to have come into force on 1st January, 1951.
2. It shall terminate on 31st December, 1951.
3. The contracting Governments will consult together before the termination of the present Agreement with a view either to extending the Agreement or replacing it by another Agreement.

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

Done at Alexandria, this first day of July, 1951, in duplicate.

For the Government of the United Kingdom :

RALPH SKRINE STEVENSON.

For the Royal Egyptian Government :

M. SALAH EL DIN.

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

EXCHANGES OF LETTERS

No. 1

*The Under-Secretary of State, Egyptian Ministry of Finance, to the
Middle East Representative of His Britannic Majesty's Treasury*

Dear Mr. Waight,

Alexandria, 1st July, 1951.

With reference to the letters exchanged to-day between the Bank of England and the National Bank of Egypt⁽³⁾ on the subject of capital transfers between Egypt and the Scheduled Territories, I have the honour to propose that the following principles be regarded as agreed :—

1. Our Governments shall co-operate with a view to keeping capital movements within the scope of their respective policies and shall permit capital transfers between their areas only in so far as they serve useful economic and commercial purposes.
2. The Government of the United Kingdom will keep the Governments of the other Scheduled Territories informed about their policies in respect to capital transfers.

I am, &c.

M. T. YOUNES.

No. 2

*The Middle East Representative of His Britannic Majesty's Treasury
to the Under-Secretary of State, Egyptian Ministry of Finance*

Dear Younes Bey,

British Embassy,

Alexandria, 1st July, 1951.

I have to acknowledge your letter of to-day's date reading as follows :—

[As in No. 1]

I have the honour to confirm the agreement of the Government of the United Kingdom with the above principles.

I am, &c.

LEONARD WAIGHT.

No. 3

*The Middle East Representative of His Britannic Majesty's Treasury
to the Under-Secretary of State, Egyptian Ministry of Finance*

Dear Younes Bey,

British Embassy,

Alexandria, 1st July, 1951.

With reference to the Sterling Payments Agreement signed to-day, I am authorised to state that it is the policy of the Government of the United Kingdom to secure ever greater multilateral use of sterling and that in their future dealings with Egypt this aim will be constantly in their minds.

I am further authorised to state that as far as Egypt is concerned, the Government of the United Kingdom can foresee no particular set of circumstances which would lead to a limitation in Egypt's use of sterling as compared with other Transferable Account area countries and that the Government of the United Kingdom has no intention during the currency of the Sterling Releases Agreement signed to-day⁽¹⁾ of restricting the transfer of sterling from Egypt to the Sterling Area.

I am, &c.

LEONARD WAIGHT.

⁽¹⁾ "Treaty Series No. 67 (1951)," Cmd. 8336.

⁽²⁾ Not printed.

No. 4

The Under-Secretary of State, Egyptian Ministry of Finance, to the Middle East Representative of His Britannic Majesty's Treasury

Dear Mr. Waight,

Alexandria, 1st July, 1951.

I have to acknowledge receipt of your letter of to-day's date reading as follows:—

[As in No. 3]

I am glad to take note of this assurance.

Yours, &c.

M. T. YOUNES.

No. 5

The Under-Secretary of State, Egyptian Ministry of Finance, to the Middle East Representative of His Britannic Majesty's Treasury

Dear Mr. Waight,

Alexandria, 1st July, 1951.

With reference to the Sterling Payments Agreement signed to-day, the Royal Egyptian Government desire to put on record:

1. That, in their view, so long as the undertaking to make sterling freely expendable for current transactions in any currency area cannot be implemented, any arrangement entered into between the United Kingdom and any third country which has important trade relations with Egypt ought to provide that sterling standing to the credit of Egyptian Transferable Account should be given rights of transfer not less favourable than those afforded to sterling of any other country; and

2. That, if any country should no longer maintain a Transferable Account during the currency of the Agreement, the Egyptian Government must reserve the right to claim an additional release of hard currencies to meet any deficit in their balance of payments with that country.

I am, &c.

M. T. YOUNES.

No. 6

The Middle East Representative of His Britannic Majesty's Treasury to the Under-Secretary of State, Egyptian Ministry of Finance

British Embassy,

Dear Younes Bey,

Alexandria, 1st July, 1951.

I have to acknowledge your letter of to-day's date reading as follows:—

[As in No. 5]

With reference to paragraph 1 of your letter, I take note of the view of the Royal Egyptian Government, which I shall convey to the Government of the United Kingdom.

With reference to paragraph 2 of your letter, I have the honour to inform your Excellency that, in the event of the Transferable Account arrangements ceasing to apply to any particular country during the validity of the Sterling Payments Agreement signed to-day, the Government of the United Kingdom will raise no objection to transfers of sterling from Egyptian Transferable

Account to the Sterling Accounts of residents of the particular country concerned (or *vice versa*), provided that the transfers relate to payments in respect of genuine trade or financial transactions outstanding between Egypt and the particular country concerned at the date on which the Transferable Account arrangements cease to apply, and which fall into one of the three following categories:—

- (a) payment of cheques, bills or drafts already drawn ;
- (b) payments under instructions already given ; and
- (c) payments under credits already established and already confirmed by an officer in the United Kingdom of any bank.

I am, &c.

LEONARD WAIGHT.

No. 7

The Under-Secretary of State, Egyptian Ministry of Finance, to the Middle East Representative of His Britannic Majesty's Treasury

Dear Mr. Waight,

Alexandria, 1st July, 1951.

With reference to the Financial Agreement of 30th June, 1947,⁽⁴⁾ which applies only to sterling assets held by banks in Egypt and to the letters exchanged on 30th June, 1947,⁽³⁾ between the Chancellor of the Exchequer and the Egyptian Ambassador in London regarding the special treatment to be accorded to sterling securities held for account of Sinking Funds of Egyptian National Loans, the Egyptian Government desire to reiterate their view, as expressed in their letter dated 4th January, 1948,⁽³⁾ that, by "special treatment," it was intended to provide not only that the securities in question could be freely realised, but also that these securities, or the proceeds of their sale, when realised, should not be included in the No. 2 Account.

I am, &c.

M. T. YOUNES.

No. 8

The Middle East Representative of His Britannic Majesty's Treasury to the Under-Secretary of State, Egyptian Ministry of Finance

British Embassy,

Dear Younes Bey,

Alexandria, 1st July, 1951.

I have to acknowledge your letter of to-day's date reading as follows:—

[As in No. 7]

I have taken note of the Royal Egyptian Government's view in the matter and I shall convey it to the Government of the United Kingdom.

I am, &c.

LEONARD WAIGHT.

No. 9

The Middle East Representative of His Britannic Majesty's Treasury to the Under-Secretary of State, Egyptian Ministry of Finance

British Embassy,

Dear Younes Bey,

Alexandria, 1st July, 1951.

With reference to the Agreements signed to-day, it is agreed between the Government of the United Kingdom and the Royal Egyptian Government that all capital remittances to the Scheduled Territories by Debit of Egyptian No. 1 Account permitted by the Egyptian and United Kingdom Exchange Controls will continue to be the subject of periodic adjustment from the

⁽³⁾ Not printed.

⁽⁴⁾ "Treaty Series No. 51 (1947)," Cmd. 7163.

No. 2 Account to the No. 1 Account of the National Bank of Egypt but, during an experimental period covering the year 1951, authorised capital transfers from the Scheduled Territories to Egypt will be effected by payment to Egyptian No. 1 Account without a subsequent request for adjustment to Egyptian No. 2 Account.

It is also agreed that the total of capital transfers from Egypt to the Scheduled Territories qualifying for release from No. 2 Account under the preceding paragraph of this letter shall be in addition to the releases under Article 3 (I) to (IV) of the Sterling Releases Agreement signed to-day.⁽¹⁾

I am, &c.

LEONARD WAIGHT.

No. 10

The Under-Secretary of State, Egyptian Ministry of Finance, to the Middle East Representative of His Britannic Majesty's Treasury

Dear Mr. Waight, Alexandria, 1st July, 1951.

I have to acknowledge your letter of to-day's date reading as follows:—

[As in No. 9]

I am glad to take note of the contents of this letter.

Yours, &c.

M. T. YOUNES.

No. 11

The Middle East Representative of His Britannic Majesty's Treasury to the Under-Secretary of State, Egyptian Ministry of Finance

British Embassy,

Dear Younes Bey, Alexandria, 1st July, 1951.

With reference to the Sterling Payments Agreement between the Government of the United Kingdom and the Royal Egyptian Government signed to-day, I have the honour to inform you that—

- (a) The Government of the United Kingdom will place no restrictions on and will facilitate the transfer of sterling, standing to the credit of Egyptian Transferable Accounts, for payments in respect of direct current transactions to residents of any other Transferable Account country ;
- (b) The Government of the United Kingdom will use their best endeavours to ensure that sterling standing to the credit of Egyptian Transferable Accounts will be available, to the widest possible extent, for payments in respect of direct current transactions to residents of countries outside the Scheduled Territories and the Transferable Account area.

I am, &c.

LEONARD WAIGHT.

No. 12

The Under-Secretary of State, Egyptian Ministry of Finance, to the Middle East Representative of His Britannic Majesty's Treasury

Dear Mr. Waight, Alexandria, 1st July, 1951.

I have to acknowledge receipt of your letter of to-day's date reading as follows:—

[As in No. 11]

I am glad to take note of this assurance.

Yours, &c.

M. T. YOUNES.

⁽¹⁾ "Treaty Series No. 67 (1951)," Cmd. 8336.

PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE

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1951

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PRINTED IN GREAT BRITAIN