



Treaty Series No. 8 (1945)

MONETARY AGREEMENT

BETWEEN

THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE GOVERNMENT OF THE
CZECHOSLOVAK REPUBLIC

LONDON, 1ST NOVEMBER, 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. 6694

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

London, 1st November, 1945.

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

ARTICLE 1.

(i) The rate of exchange between the Czechoslovak crown and the £ sterling shall be Kcs.201·50 = £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 Parties 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 the National Bank of Czechoslovakia, 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 the National Bank of Czechoslovakia (acting as agents of the Czechoslovak Government) as may be required for payments which residents of Czechoslovakia, under the exchange regulations there in force, are permitted to make to residents of the sterling area—

(a) against Czechoslovak crowns to be credited at the official rate to the Bank of England's No. 1 Account with the National Bank of Czechoslovakia, provided that the balance standing to the credit of that Account is not thereby increased above a maximum of Kcs.200 million; or

(b) if the balance standing to the credit of the Bank of England's No. 1 Account with the National Bank of Czechoslovakia amounts to Kcs.200 million, against gold to be set aside in the Bank of England's name at the National Bank of Czechoslovakia, Prague.

(ii) The National Bank of Czechoslovakia (acting as agents of the Czechoslovak Government) shall sell Czechoslovak crowns 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 Czechoslovakia—

(a) against sterling to be credited at the official rate to the National Bank of Czechoslovakia'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 a maximum of £1 million plus such additional sum as the Contracting Governments shall have agreed to recognise as equivalent to the net amount of sterling owned by residents of Czechoslovakia at the date on which this Agreement enters into force; or

(b) if the balance standing to the credit of the National Bank of Czechoslovakia's No. 1 Account with the Bank of England

amounts to £1 million plus the additional sum referred to in sub-paragraph (a) above, against gold to be set aside in the name of the National Bank of Czechoslovakia at the Bank of England, London.

(iii) The Bank of England and the National Bank of Czechoslovakia shall maintain minimum balances upon their No. 1 Accounts with each other, the amounts of which shall be determined by agreement between them.

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

(v) Gold set aside in London in accordance with the provisions of this Article shall be at the National Bank of Czechoslovakia's free disposal and may be exported.

ARTICLE 3.

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

(ii) The National Bank of Czechoslovakia shall have the right at any time to sell to the Bank of England, against all or part of the Czechoslovak crown balances held by that Bank, either sterling at the official rate or gold to be set aside at the National Bank of Czechoslovakia in Prague.

ARTICLE 4.

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

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

(ii) The Czechoslovak Government shall not restrict the availability of Czechoslovak crowns 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 Czechoslovakia; or
- (c) transfers to residents of countries outside the sterling area and Czechoslovakia to the extent to which these may be authorised by the Czechoslovak Government under the arrangements contemplated in Article 7 (iii) hereof.

ARTICLE 5.

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 6.

Any sterling held by the National Bank of Czechoslovakia shall be held and invested only as may be agreed by the Bank of England and any Czechoslovak crowns held by the Bank of England shall be held and invested only as may be agreed by the National Bank of Czechoslovakia.

ARTICLE 7.

(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 the National Bank of Czechoslovakia, 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 two areas.

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

- (a) to make Czechoslovak crowns at the disposal of residents of the sterling area and sterling at the disposal of residents of Czechoslovakia available for payments of a current nature to residents of countries outside the sterling area and Czechoslovakia; and
- (b) to enable residents of countries outside the sterling area and Czechoslovakia to use sterling at their disposal to make payments of a current nature to residents of Czechoslovakia, and to use Czechoslovak crowns 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) transactions between the Bank of England and the National Bank of Czechoslovakia are to be considered as transactions between the sterling area and Czechoslovakia;
- (iii) transactions entered into by the Government of any territory within the sterling area or by the Czechoslovak Government are to be considered as transactions entered into by a resident of that area or of Czechoslovakia respectively.

ARTICLE 9.

The present Agreement, which shall be subject to review and adjustment after mutual consultation, shall come into force on the 5th November, 1945. 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 Contracting Governments agree otherwise.

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

Done in London, in duplicate, this 1st day of November, 1945.

For the Government of the United Kingdom of
Great Britain and Northern Ireland:

(L.S.) ERNEST BEVIN.

For the Government of the Czechoslovak
Republic:

(L.S.) DR. RUDOLF KURAŽ.