



Treaty Series No. 2 (1946)

# FINANCIAL AND ECONOMIC AGREEMENT

BETWEEN

HIS MAJESTY'S GOVERNMENT IN THE UNITED  
KINGDOM AND THE GREEK GOVERNMENT

LONDON, 24<sup>TH</sup> JANUARY, 1946

*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. 6733

FINANCIAL AND ECONOMIC AGREEMENT BETWEEN HIS MAJESTY'S  
GOVERNMENT IN THE UNITED KINGDOM AND THE GREEK  
GOVERNMENT.

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London, 24th January, 1946.

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No. 1.

*Mr. Ernest Bevin to M. Tsouderos.*

*Foreign Office, S.W. 1,  
24th January, 1946.*

Your Excellency,

I HAVE much pleasure in placing on record the agreement which has been reached between His Majesty's Government and the Greek Government in regard to the decision of the Greek Government to put into force a detailed and comprehensive programme to re-establish confidence, to restore industrial and agricultural production and to make it possible to take progressive steps to reduce the deficit on the Greek Budget; and also the financial and economic assistance which His Majesty's Government have, as part of this programme, decided to give to Greece.

2. I have the honour to confirm that the financial and economic assistance which His Majesty's Government have decided to give to Greece as part of this comprehensive plan will be as follows:—

(a) His Majesty's Government will ask Parliament to approve a credit of £10 million for the stabilisation of the Greek currency which, as described below, will have a definite and specific cover of £25 million in all. This cover will be held in a special account of the Bank of Greece at the Bank of England and will be invested in agreement with the Bank of England. The credit of £10 million will be repaid without interest in ten equal annual instalments beginning on the 1st July, 1951.

(b) His Majesty's Government will waive repayment of the sum of £46 million loaned to Greece in 1940–41. This will enable the reserves of the Bank of Greece to be available free of all charges or encumbrances as additional cover for the Greek currency and for the purchase of essential imports.

(c) The two Governments have agreed in principle on the release of property in the two countries which has been the subject of special régimes during the war, and will concert together with a view to such release.

(d) His Majesty's Government will make available immediately, for sale to the Greek Government, consumer goods at a cost price of £500,000. These goods which will be provided in spite of the acute shortage in the United Kingdom will comprise clothing and certain agricultural implements.

(e) His Majesty's Government will make available for service in Greek waters additional shipping and also dock and salvage material in order to restore the Greek coastal trade and to ensure that both U.N.R.R.A. supplies and local agricultural and industrial produce are rapidly and efficiently distributed.

(f) His Majesty's Government will release from British military stocks, for sale to the Greek Government at disposal prices, material for the

reconstruction of Greek land communications. His Majesty's Government have particularly in mind the provision of Bailey Bridges for the repair of the road system.

(g) His Majesty's Government will endeavour, in consultation with the Government of the United States and U.N.R.R.A., to make available without delay the necessary spare parts and tyres to enable the 4,000 lorries imported into Greece by the military authorities and by U.N.R.R.A., to be kept on the roads. In addition, His Majesty's Government will endeavour to provide materials for sale to the Greek Government, to overcome certain other shortages which may be holding up the immediate reconstruction programme. His Majesty's Government have particularly in mind the rebuilding of houses, the repair of industrial plant and the restoration of road, rail and sea communications and of port facilities.

(h) His Majesty's Government will provide to the Greek Government technical assistance over a wide field. A highly qualified consultative mission on financial, economic and industrial matters has been formed under Lieutenant-General Clark, C.B., M.C. In addition, on the invitation of the Greek Government, British advisers will be appointed to work in certain Greek Ministries and be responsible to the Greek Ministers concerned. The two Governments agree that this assistance should be of a temporary nature and should not extend over more than eighteen months or, by agreement between the two Governments, two years.

(i) His Majesty's Government are ready, in concert with the French Government, to negotiate with the Greek Government with a view to the termination of the International Financial Commission of 1898.

3. The Greek Government have stressed the need for a longer term reconstruction plan covering a period of say five years and they estimate that to carry through such a plan Greece will need foreign financial assistance on a large scale. His Majesty's Government do not dispute this need and they suggest that the Greek Government should submit proposals to the Bretton Woods Reconstruction Bank to cover the period when U.N.R.R.A. supplies will have ceased.

4. The Greek Government have emphasised the great importance of increasing the supplies of food to be imported into Greece. His Majesty's Government, while they have stressed the acute difficulties of the world food position, will examine with sympathy any possibility of increasing these supplies.

5. The Greek Government for their part will take the following measures:—

(1) An early announcement will be made by the Greek authorities fixing a new rate of exchange between Greek currency, on the one hand, and sterling, United States dollars and other foreign currencies on the other hand.

(2) The Greek Government will deposit as cover for the currency in the special account referred to above £15 million or the equivalent thereof from the foreign exchange resources of the Bank of Greece in addition to the £10 million to be contributed by His Majesty's Government.

(3) The Greek Government, as a further measure to establish confidence in the currency, will by Greek law set up a Currency Committee which will have statutory management of the note issue. The Committee will consist of the Greek Minister for Co-ordination as president, the Greek Minister of Finance, the governor of the Bank of Greece, a member of United Kingdom nationality and a member of United States nationality, whom the Greek Government will invite to act as members of the Committee. New issues of currency will only be made with the unanimous approval of the Committee.

The two Governments agree that the functions of this Committee will not extend over more than eighteen months or, by agreement, two years.

(4) Foreign exchange received from exports and in respect of remittances will continue to be offered for sale to the Bank of Greece.

(5) The Bank of Greece will convert Greek currency into foreign exchange for imports and for other approved purposes including approved capital transactions.

(6) The Greek Government will frame a programme for progressively reducing and as soon as possible eliminating the Budget deficit by increasing the proceeds of taxation and reducing non-productive expenditure. The Greek Government will publish monthly statements showing the progress made in carrying out this programme.

(7) Wages and salaries will be readjusted in the light of the new rate of exchange and will be kept stable.

(8) A system of price control over rationed items and allocated materials will be established.

(9) The Greek Government will work out in agreement with U.N.R.R.A. plans for increasing the price of U.N.R.R.A. goods and reducing the number of indigents who receive free rations. So far as possible, the Greek Government will require indigents to work in exchange for their U.N.R.R.A. rations.

(10) All possible measures will be taken to restore industrial and agricultural production, so that the standard of living may be improved and a basis may be afforded for adequate and equitable taxation.

6. I suggest that this letter and your Excellency's reply thereto shall be regarded as constituting an agreement between our two Governments.

I have, &c.

(Signed) ERNEST BEVIN.

No. 2.

*M. Tsouderos to Mr. Ernest Bevin.*

Your Excellency, ✓

24th January, 1946.

I HAVE the honour to acknowledge receipt of your Excellency's letter of to-day's date which reads as follows:—

[As in No. 1.]

I have the honour to confirm to your Excellency that your letter and this reply will be regarded as constituting an agreement between our two Governments.

I have, &c.

(Signed) E. TSOUDEROS.