



Treaty Series No. 83 (1947)

MONETARY AGREEMENT

BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE GOVERNMENT OF BELGIUM

LONDON, 14TH NOVEMBER, 1947

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

LONDON
HIS MAJESTY'S STATIONERY OFFICE

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

London, 14th November, 1947

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

ARTICLE 1

(i) The rate of exchange between the Belgian franc and the £ sterling shall be BFcs. 176·625 = £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 the National Bank of Belgium, 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 Government of the United Kingdom) shall sell sterling to the National Bank of Belgium (acting as agents of the Belgian Government) as may be required for payments which residents of the Belgian monetary area, under the exchange regulations in force in that area, are permitted to make to residents of the scheduled territories—

(a) against Belgian francs to be credited at the official rate to the Bank of England's No. 1 Account with the National Bank of Belgium, provided that the balance standing to the credit of that Account is not thereby increased above a maximum of BFcs. 2,119,500,000; or

(b) if the balance standing to the credit of the Bank of England's No. 1 Account with the National Bank of Belgium amounts to BFcs. 2,119,500,000, against gold to be set aside in the Bank of England's name at the National Bank of Belgium, Brussels.

(ii) The National Bank of Belgium (acting as agents of the Belgian Government) shall sell Belgian francs 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 the Belgian monetary area—

(a) against sterling to be credited at the official rate to the National Bank of Belgium'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 £12 million plus the additional sum defined in paragraph (iii) below; or

(b) if the balance standing to the credit of the National Bank of Belgium's No. 1 Account with the Bank of England amounts to £12 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 Belgium at the Bank of England, London.

(iii) The Contracting Governments agree that the additional sum referred to in paragraph (ii) above shall be related to the ascertained liabilities of the Belgian Government to the Government of the United Kingdom and shall be fixed provisionally at £15 million. As and when payments are made by the Belgian Government to the Government of the United Kingdom in respect of those ascertained liabilities, the amount of the additional sum shall be correspondingly reduced.

(iv) As the National Bank of Belgium is desirous of utilising sterling balances as part of its reserves it will use its best endeavours not to request payment in gold of any sums to which it may be entitled under paragraph (ii) (b) above, until such gold is required for the payment of current transactions.

ARTICLE 3

Belgian francs held by the Bank of England and sterling held by the National Bank of Belgium (other than that coming within the category of the additional sum as defined in Article 2 (iii) above) shall be covered by a reciprocal exchange guarantee on terms to be agreed between the Bank of England and the National Bank of Belgium.

ARTICLE 4

(i) The Bank of England shall have the right at any time to sell to the National Bank of Belgium, against all or part of the sterling balances held by that Bank, either Belgian francs at the official rate acquired if necessary under the regulations of the International Monetary Fund, or gold to be set aside at the Bank of England in London.

(ii) The National Bank of Belgium shall have the right at any time to sell to the Bank of England, against all or part of the Belgian franc balances held by that Bank, either sterling at the official rate acquired if necessary under the regulations of the International Monetary Fund, or gold to be set aside at the National Bank of Belgium in Brussels.

ARTICLE 5

(i) Gold set aside in Brussels in accordance with the provisions of Articles 2 (i) (b) and 4 (ii) 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 (ii) (b) and 4 (i) shall be at the National Bank of Belgium's free disposal and may be exported.

ARTICLE 6

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

- (a) transfers to other residents of the Belgian monetary area;
- (b) payments to residents of the scheduled territories; or
- (c) payments in respect of current transactions to residents of countries outside the Belgian monetary area and the scheduled territories as may be agreed between the Contracting Governments.

(ii) The Belgian Government shall not restrict the availability of Belgian francs at the disposal of residents of the scheduled territories for making—

- (a) transfers to other residents of the scheduled territories ;
- (b) payments to residents of the Belgian monetary area ; or
- (c) payments in respect of current transactions to residents of countries outside the scheduled territories and the Belgian monetary area as may be agreed between the Contracting Governments.

(iii) As opportunity offers, the Contracting Governments shall seek with the consent of the other interested parties to enable residents of countries outside the scheduled territories and the Belgian monetary area to use sterling at their disposal to make payments of a current nature to residents of the Belgian monetary area, and to use Belgian francs at their disposal to make payments of a current nature to residents of the scheduled territories.

ARTICLE 7

(i) To the extent to which the National Bank of Belgium requires currencies of the scheduled territories, other than sterling, for the purpose of providing for payments in the countries where such currencies are legal tender, the National Bank of Belgium shall purchase them through the Bank of England against payment in sterling.

(ii) To the extent to which the Bank of England require Congolese francs for the purpose of providing for payments in the Belgian Congo and the Mandated Territory of Ruanda Urundi, the Bank of England shall purchase them through the National Bank of Belgium against payment in Belgian francs.

ARTICLE 8

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 9

Any sterling held by the National Bank of Belgium shall be held and invested only as may be agreed by the Bank of England and any Belgian francs held by the Bank of England shall be held and invested only as may be agreed by the National Bank of Belgium.

ARTICLE 10

(i) 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 Belgium, 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.

(ii) 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—

(i) The expression "scheduled territories" shall have the meaning from time to time assigned to it under the Exchange Control Act, 1947.

(ii) The expression "the Belgian monetary area" shall include the following territories:—

Belgium,
Luxembourg,
Belgian Congo, and the
Mandated Territory of Ruanda Urundi.

(iii) Transactions between the Bank of England and the National Bank of Belgium are to be considered as transactions between the scheduled territories and the Belgian monetary area.

(iv) Transactions entered into by the Government of any territory within one of the two areas described above are to be considered as transactions entered into by a resident of that area.

ARTICLE 12

The Monetary Agreement signed between the Government of the United Kingdom and the Government of Belgium in London on the 5th October, 1944,⁽¹⁾ and the Agreement Supplementary to the Monetary Agreement signed between the two Governments in London on the 26th February, 1947,⁽²⁾ are hereby abrogated.

ARTICLE 13

The present Agreement, which shall be subject to review and adjustment after mutual consultation, shall be deemed to have come into force on the 5th October, 1947. 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, being duly authorised by their respective Governments, have signed the present Agreement and have affixed thereto their seals.

Done in London, in duplicate, this 14th day of November, 1947.

(L.S.) ERNEST BEVIN.

(L.S.) OBERT DE THIEUSIES.

(1) "Belgium No. 1 (1944)," Cmd. 6557.

(2) "Treaty Series No. 8 (1947)," Cmd. 7057.

LONDON

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