



Treaty Series No. 67 (1951)

Sterling Releases Agreement

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

[With Exchange of Letters]

Cairo, 1st July, 1951

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

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

Cairo, 1st July, 1951

STERLING RELEASES 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:—

PART I.—*Egyptian No. 1 and No. 2 Accounts :*

ARTICLE 1

1. No. 2 Accounts, opened by banks in Egypt under the Financial Agreement between the Government of the United Kingdom and the Royal Egyptian Government signed in London on 30th June, 1947,⁽¹⁾ shall be No. 2 Accounts for the purpose of Part I of the present Agreement.

2. (a) No. 2 Accounts shall be credited with—

- (i) Transfers from other No. 2 Accounts ;
- (ii) Any sums paid to the Royal Egyptian Government by the Government of the United Kingdom on or after 14th July, 1947, for services rendered to the United Kingdom Forces before 14th July, 1947 ;
- (iii) The proceeds at maturity or on realisation of any investments purchased in accordance with established custom with funds standing to the credit of a No. 2 Account ;
- (iv) Such other transfers as may be agreed between the two Governments ;

(b) No. 2 Accounts shall be debited with—

- (i) Releases in accordance with Article 3 of the present Agreement ;
- (ii) Transfers to other No. 2 Accounts ;
- (iii) Payments in respect of investments made in accordance with established custom ;
- (iv) Such other transfers as may be agreed between the two Governments.

ARTICLE 2

Any sterling received on or after 14th July, 1947, by banks in Egypt in respect of current transactions, together with any sums released from No. 2 Accounts, shall be credited to No. 1 Accounts opened in the names of those banks with banks in the United Kingdom.

ARTICLE 3

1. There shall be released forthwith from the No. 2 Account of the National Bank of Egypt to the No. 1 Account of that Bank the sum of £25 million sterling.

⁽¹⁾ "Treaty Series No. 51 (1947)," Cmd. 7163.

2. In each of the years 1952 to 1960 there shall be released from the No. 2 Account of the National Bank of Egypt to the No. 1 Account of that Bank a sum of £10 million sterling.

3. There shall also be released from the No. 2 Account of the National Bank of Egypt to the No. 1 Account of that Bank £5 million sterling per annum commencing in 1951 whenever the total balance on all No. 1 Accounts is less than £45 million sterling, provided that the total releases under this paragraph and under paragraphs 5 and 6 below shall not exceed £35 million sterling during the validity of the present Agreement.

4. Should any part of the £35 million sterling referred to in the preceding paragraph remain outstanding at the end of 1960, it shall be released at a rate of £10 million sterling per annum commencing on 1st January, 1961, with a final payment, if necessary, on 1st July, 1963.

5. There shall also be released from the No. 2 Account of the National Bank of Egypt to the No. 1 Account of that Bank during the period of validity of the present Agreement—

(a) the equivalent of any sums paid after 14th July, 1947, by the Royal Egyptian Government to the Government of the United Kingdom from an Egyptian Account—

- (i) in respect of military supplies purchased before 14th July, 1947, and not paid for before that date; and
- (ii) in respect of surplus stores, equipment or fixed assets in Egypt disposed of by the Government of the United Kingdom to the Royal Egyptian Government either before or after 14th July, 1947;

(b) the equivalent in sterling of any sums realised by the Government of the United Kingdom in Egyptian currency after 14th July, 1947, from the sale of surplus stores, equipment or fixed assets now in Egypt, other than to the Royal Egyptian Government;

(c) the equivalent of such amounts as may be paid from Egyptian Accounts to the Government of the United Kingdom by the Royal Egyptian Government for the section of the Palestine Railway situated in Egyptian territory, should an Agreement be made to transfer that section to the Royal Egyptian Government.

The releases under (a) and (c) of this paragraph shall be made at the time the payment is made by the Royal Egyptian Government. The releases under (b) shall be made as soon as practicable after the end of each month in which a sum is realised.

6. There may also be released from the No. 2 Account of the National Bank of Egypt to the No. 1 Account of that Bank—

(a) the equivalent of any sums paid by banks in Egypt in currencies other than Egyptian pounds to persons resident outside Egypt in respect of past due coupons or redeemed bonds of the Egyptian Public Debt which have not been paid by reason of war measures or interruption of communications due to the war; and

(b) the equivalent of any sums paid by banks in Egypt in currencies other than Egyptian pounds to persons resident outside Egypt in respect of past due coupons or redeemed bonds of Egyptian undertakings which have not been paid before 14th July, 1947, by reason of war measures or interruption of communications due to the war. At the time of making any claims for releases in accordance with this subparagraph the Royal Egyptian Government will submit a statement of the securities in respect of which claims may be made.

7. Discussions on the disposal of the remainder of the accumulated sterling balances shall take place before the expiry of this Agreement.

ARTICLE 4

If balances on accounts with banks in the United Kingdom on 14th July, 1947, held by residents of Egypt other than banks in Egypt are at any time requisitioned by the Royal Egyptian Government, these balances shall, to the extent that they are paid over to the Royal Egyptian Government (either directly or through the National Bank of Egypt or other agencies), be credited to the No. 2 Account of the National Bank of Egypt.

PART II.—*Miscellaneous Provisions*

ARTICLE 5

The Government of the United Kingdom shall forthwith make available to the Royal Egyptian Government, against sterling standing to the credit of Egyptian Accounts, the equivalent of £14 million sterling in United States dollars.

ARTICLE 6

The Government of the United Kingdom shall make such arrangements as will ensure that payment for petroleum products up to a total of £11 million sterling value c.i.f. per annum in each of the ten years 1951-1960 may be made in sterling from Egyptian No. 1 Account.

ARTICLE 7

For the purposes of the present Agreement—the expression “petroleum products” means motor spirit, kerosene, gas oil, diesel oil, fuel oil, aviation spirit, and lubricants from sterling sources.

ARTICLE 8

The present Agreement shall be deemed to have come into force on 1st January, 1951, and shall continue in force until the releases provided for in Article 3, paragraphs 1 to 4, shall have been completed.

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, 1st July, 1951, in duplicate.

For the Government of the United Kingdom:

RALPH SKRINE STEVENSON.

For the Royal Egyptian Government:

M. SALAH EL DIN.

625

EXCHANGE OF LETTERS

No. 1

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

*British Embassy,
Alexandria, 1st July, 1951.*

Dear Younes Bey,

With reference to the Sterling Releases Agreement signed to-day, I am authorised to state that the Government of the United Kingdom have no intention of scaling down unilaterally the total amount of Egypt's sterling balances.

I am, &c.
LEONARD WAIGHT.

No. 2

*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. 1]

I am glad to receive this assurance.

Yours, &c.
M. T. YOUNES.

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