

No. 849

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
SPAIN**

**Monetary Agreement (with Protocol). Signed at London,
on 28 March 1947**

**Agreement supplementary to the Monetary Agreement of
28 March 1947. Signed at London, on 26 June 1947**

Official texts : English and Spanish.

*Registered by the United Kingdom of Great Britain and Northern Ireland
on 30 June 1950.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
ESPAGNE**

**Accord monétaire (avec Protocole). Signé à Londres, le
28 mars 1947**

**Accord complémentaire de l'accord monétaire du 28 mars
1947. Signé à Londres, le 26 juin 1947**

Textes officiels anglais et espagnol.

*Enregistrés par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord
le 30 juin 1950.*

No. 849. MONETARY AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE SPANISH STATE. SIGNED AT LONDON, ON 28 MARCH 1947

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom"), of the one part, and the Government of the Spanish State (hereinafter referred to as "the Spanish Government"), of the other part, have agreed as follows:—

Article 1

(i) The official rate of exchange between the peseta and the £ sterling shall be 44 pesetas = £1.

(ii) This 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 Instituto Español de Moneda Extranjera (hereinafter referred to as "the Instituto"), 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 Instituto (acting as agents of the Spanish Government) as may be required for payments which residents of the Spanish monetary area are permitted, under the exchange regulations in force in that area, to make to residents of the sterling area—

- (a) against pesetas to be credited at the official rate to the Bank of England's No. 1 Account with the Instituto, provided that the balance standing to the credit of that Account is not thereby increased above a maximum of 88 million pesetas, or

¹ Came into force on 8 April 1947, in accordance with article 12.

(b) if the balance standing to the credit of the Bank of England's No. 1 Account with the Instituto amounts to 88 million pesetas, against gold to be set aside in the name of the Bank of England at the Instituto in Madrid.

(ii) The Instituto (acting as agents of the Spanish Government) shall sell pesetas 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 sterling area are permitted, under the exchange regulations in force in that area, to make to residents of the Spanish monetary area—

(a) against sterling to be credited at the official rate to the Instituto'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 £2 million, plus such additional sum as may be determined by the Contracting Governments in the light of the estimated balance of payments between the sterling area and the Spanish monetary area, or

(b) if the balance standing to the credit of the Instituto's No. 1 Account with the Bank of England amounts to £2 million, plus the additional sum referred to in sub-paragraph (a) above, against gold to be set aside in the name of the Instituto at the Bank of England, London.

(iii) The Instituto shall at all times maintain on their No. 1 Account with the Bank of England a minimum balance, the amount of which will be determined in agreement with the Bank of England.

(iv) The Bank of England shall at all times maintain on their No. 1 Account with the Instituto a minimum balance, the amount of which will be determined in agreement with the Instituto.

Article 3

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

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

Article 4

(i) Gold set aside in Madrid in accordance with the provisions of Articles 2 (i) (b) and 3 (ii) of this Agreement 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 3 (i) of this Agreement shall be at the Instituto's free disposal and may be exported.

Article 5

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

(a) transfers to other residents of the Spanish monetary area;

(b) payments to residents of the sterling area; or

(c) transfers to residents of countries outside the Spanish monetary area 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 9 (iii) hereof.

(ii) The Spanish Government shall not restrict the availability of pesetas 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 the Spanish monetary area; or

(c) transfers to residents of countries outside the sterling area and the Spanish monetary area to the extent to which these may be authorised by the Spanish Government under the arrangements contemplated in Article 9 (iii) hereof.

Article 6

To the extent to which the Instituto requires sterling area currencies, other than sterling, for the purpose of providing for payments in the countries where such currencies are legal tender, the Instituto shall purchase them through the Bank of England against payment in sterling at the current market selling rates.

Article 7

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 8

Any sterling held by the Instituto shall be held and invested only as may be agreed by the Bank of England, and any pesetas held by the Bank of England shall be held and invested only as may be agreed by the Instituto.

Article 9

(i) If either Government changes its monetary policy in such a way that the provisions of the present Agreement would be affected, the two Governments shall review the Agreement with a view to making any amendments that may be required. In any event, discussions between representatives of the two Contracting Parties shall be held for the purpose of making such a review not later than twelve months after the date of the coming into force of the present Agreement.

(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 Instituto, 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 pesetas at the disposal of residents of the sterling area and sterling at the disposal of residents of the Spanish monetary area available for payments of a current nature to residents of countries outside the sterling area and the Spanish monetary area; and
- (b) to enable residents of countries outside the sterling area and the Spanish monetary area to use sterling at their disposal to make payments of a current nature to residents of the Spanish monetary area, and to use pesetas 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 10

The Trade and Payments Agreement signed between the Government of the United Kingdom and the Spanish Government in Madrid on the 18th March, 1940,¹ and the Financial Agreement signed between the two Governments in Madrid on 2nd December, 1940, are hereby abrogated.

Article 11

For the purpose 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) The expression "the Spanish monetary area" shall mean the territories of the Peninsula, the Canary Isles and the Balearic Isles, Ceuta and Melilla, the Spanish Zone of Morocco and the Spanish Colonies.
- (iii) Transactions between the Bank of England and the Instituto are to be considered as transactions between the sterling area and the Spanish 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 present Agreement, which shall be subject to review and adjustment after mutual consultation, shall come into force on 8th April, 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 two 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 28th day of March, 1947, in the English and Spanish languages, both texts being equally authentic.

[L.S.] O. G. SARGENT

[L.S.] SANTA CRUZ

¹ League of Nations, *Treaty Series*, Volume CCIII, page 157.

P R O T O C O L

At the moment of signing the Anglo-Spanish Monetary Agreement of this day's date, the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Spanish State have agreed on the following measures for winding up the Anglo-Spanish Clearing established in accordance with the provisions of the Trade and Payments Agreement of 18th March, 1940 (hereinafter referred to as "the Clearing Agreement").

1. The Clearing Office will cease operations on the Sterling Current Account, the Sterling Arrears Sub-Account, and Sub-Accounts A, B and C, after 7th April, 1947, except for such adjusting entries as may be agreed with the Instituto Español de Moneda Extranjera (hereinafter referred to as "the Instituto"), and will then transfer any balances remaining on the said Accounts and Sub-Accounts to the Instituto's No. 1 Account at the Bank of England.

2. Orders of payment drawn on any of the Accounts or Sub-Accounts referred to in paragraph 1 above, but not delivered to the Clearing Office by 7th April, 1947, shall be forwarded to the Bank of England and shall be discharged from the Instituto's No. 1 Account.

3. The Clearing Office shall furnish the Instituto, in such form as may be agreed between them, with particulars of any sums which they may recover in respect of orders of payment executed by them during the currency of the Clearing Agreement. Any such sums will be transferred by the Clearing Office to the Instituto's No. 1 Account at the Bank of England.

4. The Clearing Office shall also furnish the Instituto, in such form as may be agreed between them, with particulars of sums which they may collect in respect of any debts as defined in Article 2 of the Clearing Agreement which were due and owing before 8th April, 1947. Any such sums will be transferred by the Clearing Office to the Instituto's No. 1 Account at the Bank of England.

5. The provisions of this Protocol shall be reviewed not later than 31st March, 1948, with the object of making such arrangements as may be necessary to enable the Clearing to be terminated.

IN WITNESS WHEREOF, the Undersigned, being duly authorised to that effect, have signed the present Protocol and have affixed thereto their seals.

DONE in London, in duplicate, this 28th day of March, 1947, in the English and Spanish languages, both texts being equally authentic.

[L.S.] O. G. SARGENT

[L.S.] SANTA CRUZ

AGREEMENT¹ SUPPLEMENTARY TO THE MONETARY AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE SPANISH GOVERNMENT DATED 28 MARCH 1947. SIGNED AT LONDON, ON 26 JUNE 1947

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Government of the Spanish State (hereinafter referred to as "the Spanish Government"),

Desiring to extend the scope of the arrangements resulting from the Monetary Agreement signed in London on 28th March, 1947² (hereinafter referred to as the "Principal Agreement"), with a view to facilitating trade and payments and the avoidance of unnecessary restrictions,

Have agreed as follows :—

Article 1

(a) The Government of the United Kingdom shall not restrict the availability of sterling at the disposal of the Instituto Español de Moneda Extranjera for making payments for current transactions to residents of countries outside the Spanish monetary area. These payments shall be deemed to be authorised in pursuance of Article 5 (i) (c) of the Principal Agreement.

(b) The Spanish Government shall not restrict the acceptance by residents of the Spanish monetary area of sterling at the disposal of residents outside that area in settlement of payments for current transactions.

Article 2

The present Agreement shall come into force on 1st July, 1947. It shall cease to have effect three months after the date on which either contracting party has given notice to the other of its intention to terminate the Agreement.

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 26th day of June, 1947, in the English and Spanish languages, both texts being equally authentic.

[L.S.] O. G. SARENT

[L.S.] SANTA CRUZ

¹ Came into force on 1 July 1947, in accordance with article 2.

² See page 92 of this volume.