

No. 1106

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

**and
EGYPT**

**Financial Agreement (with exchanges of letters). Signed at
Cairo, on 31 March 1949**

Official text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland on 20 March
1951.*

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

**et
ÉGYPTE**

**Accord financier (avec échanges de lettres). Signé au Caire,
le 31 mars 1949**

Texte officiel anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 20 mars 1951.

No. 1106. FINANCIAL AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE EGYPTIAN GOVERNMENT. SIGNED AT CAIRO, ON 31 MARCH 1949

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:—

Article I

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, 1947,² shall be No. 2 Accounts for the purpose of the present Agreement.

2. No. 2 Accounts shall be operated upon in accordance with the provisions of paragraphs 3 and 4 of this Article and the balances on such Accounts shall only be available in accordance with the provisions of those paragraphs.

3. 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) Transfers from No. 1 Accounts in accordance with Article X of the present Agreement.
- (v) Such other transfers as may be agreed between the two Governments.

4. No. 2 Accounts shall be debited with—

- (i) Releases in accordance with Article VII of the present Agreement.
- (ii) Transfers to other No. 2 Accounts.

¹ Deemed to have come into force on 1 January 1949, in accordance with article XVI.

² United Kingdom: *Treaty Series No. 51 (1947)*, Cmd. 7163.

- (iii) Transfers to No. 1 Accounts in accordance with Article X of the present Agreement.
- (iv) Payments in respect of investments made in accordance with established custom.
- (v) Such other transfers as may be agreed between the two Governments.

Article II

1. 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 Accounts opened in the name of those banks with banks in the United Kingdom (hereinafter referred to as No. 1 Accounts).

2. The No. 1 Accounts of such banks in Egypt as may, from time to time, be specifically agreed between the Government of the United Kingdom and the Royal Egyptian Government shall be designated "Egyptian Transferable Accounts".

3. The No. 1 Accounts of all banks in Egypt (other than those accounts designated Egyptian Transferable Accounts under paragraph 2 of this Article) together with the accounts with banks in the United Kingdom of residents of Egypt other than banks in Egypt, shall be designated "Egyptian Accounts."

Article III

1. The Government of the United Kingdom shall take the necessary steps to ensure that sterling standing to the credit of Egyptian Transferable Accounts shall be available for the purpose of payments for current transactions with any of the Scheduled Territories and for such capital transactions with these Territories as may be permitted by agreement.

2. The Government of the United Kingdom shall place no restrictions on and shall facilitate the transferability of sterling standing to the credit of Egyptian Transferable Accounts for payments for direct current transactions to Transferable Accounts of any other country.

3. The Government of the United Kingdom shall use their best endeavours to ensure that sterling standing to the credit of Egyptian Transferable Accounts shall be available, to the widest possible extent, for payments for direct current transactions with countries which are neither Scheduled Territories nor have Transferable Accounts.

4. The Government of the United Kingdom shall not restrict the availability of sterling standing to the credit of any Egyptian Account for making payments to residents of the Scheduled Territories or for transfer to an Egyptian Transferable Account or to another Egyptian Account.

Article IV

The Government of the United Kingdom shall make available to the Royal Egyptian Government, against sterling standing to the credit of Egyptian Transferable Accounts, the equivalent of £5 million sterling in United States dollars. This sum shall be made available in two equal instalments payable on 31st March and 30th June, 1949.

Article V

1. Accounts in Egypt of residents of the Scheduled Territories shall be known as "Scheduled Territory Accounts." New accounts of this type will be allowed by the Egyptian Exchange Control on the merits of individual cases.

2. Scheduled Territory Accounts may be credited with—

- (i) the proceeds in Egyptian pounds of transfers from Egyptian Accounts or Egyptian Transferable Accounts;
- (ii) payments by residents of Egypt approved by the Egyptian Exchange Control;
- (iii) transfers from other Scheduled Territory Accounts;
- (iv) proceeds of purchases of sterling payable to Egyptian Accounts or of other foreign currencies purchased in accordance with Exchange Control regulations in force in Egypt.

3. Scheduled Territory Accounts may be debited with—

- (i) transfers to other Scheduled Territory Accounts;
- (ii) payments to residents of Egypt (including payments for exports from Egypt);
- (iii) remittances of sterling or other foreign currencies sold in accordance with Exchange Control regulations in force in Egypt.

Article VI

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.

Article VII

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 £12 million sterling.

2. There shall also be released from the No. 2 Account of the National Bank of Egypt to the No. 1 Account of that Bank, whenever the total of balances on No. 1 Accounts is less than £45,000,000 sterling, a sum of £3,000,000 sterling, provided the total released under this paragraph shall not exceed £18,000,000 sterling during the validity of the present Agreement.

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 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 or an Egyptian Transferable 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 of 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 or Egyptian Transferable 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.

4. 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 such releases in accordance with this sub-paragraph the Royal Egyptian Government will submit a statement of the securities in respect of which claims may be made.

Article VIII

1. Trade and financial payments between residents of Egypt and residents of the Scheduled Territories shall be settled in sterling or Egyptian pounds according to established custom.

2. Payments expressed in currencies other than sterling or Egyptian pounds, which have necessarily to be settled in sterling or Egyptian pounds, shall be converted into and settled in sterling or Egyptian pounds, as the case may be, on the basis of the official rates in London or Cairo respectively.

3. The Royal Egyptian Government shall take the necessary measures to secure quotations for buying and selling rates for sterling and United States dollars which shall be related to one another at the Bank of England's middle rate for the United States dollar.

4. All sterling payments to residents of Egypt, which residents outside Egypt are permitted to make to Egypt under the United Kingdom Exchange Control Act, 1947, shall be made to Egyptian Accounts or to Egyptian Transferable Accounts.

5. All payments to residents of the Scheduled Territories, which residents of Egypt are permitted to make under the Exchange Control regulations in force in Egypt, shall be effected either—

- (a) by a credit in Egyptian pounds to a Scheduled Territory Account in Egypt;

- (b) by the debit of sterling to an Egyptian Account or an Egyptian Transferable Account; or
- (c) by the debit of currency of any other Scheduled Territory to an account of a resident of Egypt in that currency.

Article IX

1. Except as stated in paragraph 2 of this Article the Royal Egyptian Government shall not restrict the acceptance by residents of Egypt, in settlement of payments for direct current transactions, of sterling at the disposal of residents outside Egypt, which may be paid to an Egyptian Account or to an Egyptian Transferable Account.

2. If residents of any country outside Egypt are restricted in any way in the acceptance of sterling at the disposal of residents of Egypt in settlement of payments for current transactions, the Royal Egyptian Government may restrict the acceptance by residents of Egypt of sterling at the disposal of residents of that country.

3. The Royal Egyptian Government shall not restrict the availability of any Egyptian pounds, arising from permitted current transactions and accruing to residents of any of the Scheduled Territories, for any payments inside Egypt or for purchase of sterling, provided that reciprocal treatment is extended by that Scheduled Territory to amounts of its currency similarly accruing to residents of Egypt.

Article X

1. To the extent that transfers of capital from the Scheduled Territories to Egypt or *vice versa* may be permitted by agreement between the contracting Governments, transfers shall be made in accordance with the provisions of paragraphs 2 and 3 of this Article unless otherwise agreed between them. To this end the contracting Governments shall arrange at intervals of not more than three months to determine statistically the net capital movements from the Scheduled Territories to Egypt or *vice versa*.

2. If the net movement so determined shows an inflow into Egypt from the Scheduled Territories, the National Bank of Egypt shall, at the request of the Bank of England, transfer an equivalent amount from its No. 1 Account to its No. 2 Account.

3. If the net movement so determined shows an inflow of capital into the Scheduled Territories from Egypt, the Bank of England shall, at the request of the National Bank of Egypt, transfer an equivalent amount from the No. 2 Account of the National Bank of Egypt to its No. 1 Account.

Article XI

The Royal Egyptian Government shall not restrict the payment or receipt of sterling by residents of Sudan. The contracting Governments shall consult together at the termination of the present Agreement in order to determine what is the net effect of the provision of this Article upon Egypt's sterling position during the validity of the present Agreement.

Article XII

The contracting Governments shall keep each other informed on matters affecting their respective Exchange Controls.

Article XIII

In so far as authority shall be delegated by the Government of the United Kingdom to the Bank of England, on the one hand, and by the Royal Egyptian Government to the National Bank of Egypt, on the other hand, the Bank of England and the National Bank of Egypt shall act as the agents of their respective Governments for the execution of this agreement.

Article XIV

The contracting Governments shall as often as may be necessary consult together with a view to enduring the smooth working of the present Agreement.

Article XV

For the purpose of the present Agreement—

- (a) The expression "Scheduled Territories" shall have the meanings from time to time assigned to it under the United Kingdom Exchange Control Act, 1947.
- (b) The expressions "residents of Egypt" and "residents of the Scheduled Territories" shall have the meanings from time to time assigned to them by the United Kingdom Exchange Control Act, 1947, and by the Exchange Control Regulations in Egypt as the case may require.
- (c) The expression "payments for direct current transactions" means payments for transactions of the type defined in Article XIX (i) of the Articles of Agreement of the International Monetary Fund¹ which are made by a principal in the paying country and which relate solely to goods imported into that country and originating in the country to which payment is made or to services rendered to that country by residents of the country to which payment is made.

¹ United Nations, *Treaty Series*, Vol. 4, p. 39, and Vol. 19, p. 280.

Article XVI

1. The present Agreement shall be deemed to have come into force on 1st January, 1949.

2. It shall terminate on 31st December, 1949.

3. The contracting Governments will consult together before the termination of the present Agreement with a view either to extending the Agreement or replacing it by another Agreement.

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 Cairo this 31st day of March, 1949, in duplicate.

For the Government of the United Kingdom:
[L.S.] Ronald CAMPBELL

For the Royal Egyptian Government:
[L.S.] A. M. KACHABA

EXCHANGE OF LETTERS

I

*The Chairman of the Egyptian Financial and Trade Delegation to the
Chairman of the British Delegation*

MINISTRY OF FINANCE

Cairo, 31st March, 1949

Dear Mr. Waight,

It gives me great satisfaction that our two Delegations, after arduous labours, were able to reach a provisional agreement on the Egyptian sterling balances to cover the period from 1st January to 31st December, 1949.

For their part, the Egyptian Government wish to put on record that the Egyptian Delegation have put forward during the negotiations two claims, resulting from Egypt's departure from the Sterling Area, namely—

1. That Egypt should be allocated a share of the United Kingdom gold reserves, these reserves being accumulated in fact on behalf of the whole Sterling Area to which Egypt was a party.

2. That Egypt's sterling balances should have the benefit of a gold clause identical to that granted to some other countries.

In view of the vital importance of these two questions, the Royal Egyptian Government reserve their right to raise them again in any future negotiations regarding the sterling balances.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

II

*The Chairman of the British Financial and Trade Delegation to the
Chairman of the Egyptian Delegation*

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

I have to acknowledge your letter of to-day's date, reading as follows:—

[See letter I]

On behalf of the Government of the United Kingdom, I take note of the reservation by the Royal Egyptian Government.

I, too, wish to express my satisfaction that our two Delegations have been able to reach agreement with regard to the handling of Egyptian sterling balances during 1949.

I am, &c.

(Signed) Leonard WAIGHT

III

*The Chairman of the British Delegation to the Chairman of the
Egyptian Delegation*

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

The Financial Agreement signed to-day still leaves unsettled for the time being one subject, namely, an adjustment of sterling balances accumulated during the war.

The Government of the United Kingdom has made plain its attitude towards these heavy debts which stand against us as a result of the war and will raise the matter again at the right time.

For the present the Government of the United Kingdom reserve their standpoint on this question.

I am, &c.

(Signed) Leonard WAIGHT

IV

*The Chairman of the Egyptian Delegation to the Chairman of the
British Delegation*

MINISTRY OF FINANCE

Cairo, 31st March, 1949

Dear Mr. Waight,

I have to acknowledge your letter of to-day's date reading as follows:—

[See letter III]

For their part, the Royal Egyptian Government remain convinced that there is no case in law, equity or as a matter of practical politics, for reducing the sterling balances of Egypt.

I would like to make it clear that, in view of the purely temporary and provisional character of the Agreement, we have not deemed it necessary to insist on a settlement, at this stage, of matters of great importance, which are relevant to a settlement of the balances for a longer duration than the present Agreement. I reserve, therefore, the right of my Government to raise those matters when the discussions are resumed, as soon as possible.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

V

*The Chairman of the Egyptian Delegation to the Chairman of the
British Delegation*

MINISTRY OF FINANCE

Cairo, 31st March, 1949

Dear Mr. Waight,

With reference to the Financial Agreement of 30th June, 1947, which applies only to sterling assets held by banks in Egypt and to the letters exchanged on 30th June, 1947, between the Chancellor of the Exchequer

and the Egyptian Ambassador in London regarding the special treatment to be accorded to sterling securities held for account of Sinking Funds of Egyptian National Loans, the Egyptian Government desire to reiterate their view, as expressed in their letter dated 4th January, 1948, that, by "special treatment," it was intended to provide not only that the securities in question could be freely realised, but also that these securities, or the proceeds of their sale, when realised, should not be included in the No. 2 Account.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

VI

*The Chairman of the British Delegation to the Chairman of the
Egyptian Delegation*

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

I have to acknowledge your letter of to-day's date reading as follows:—

[See letter V]

I have taken note of the Royal Egyptian Government's view in the matter and I shall convey it to the Government of the United Kingdom.

I am, &c.

(Signed) Leonard WAIGHT

VII

*The Chairman of the Egyptian Delegation to the Chairman of the
British Delegation*

MINISTRY OF FINANCE

Cairo, 31st March, 1949

Dear Mr. Waight,

With reference to Article III of the Agreement signed to-day, the Royal Egyptian Government desire to put on record—

1. That, in their view, so long as the undertaking to make sterling freely expendable for current transactions in any currency area cannot be implemented, any arrangement entered into between the United Kingdom and any third country which has important trade relations

with Egypt ought to provide that sterling standing to the credit of Egyptian Transferable Account should be given rights of transfer not less favourable than those afforded to sterling of any other country; and

2. That, if any country should no longer maintain a Transferable Account during the currency of the Agreement, the Egyptian Government must reserve the right to claim an additional release of hard currencies to meet any deficit in their balance of payments with that country.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

VIII

*The Chairman of the British Delegation to the Chairman of the
Egyptian Delegation*

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

I have to acknowledge your letter of to-day's date reading as follows:—

[See letter VII]

With reference to paragraph 1 of your letter, I take note of the view of the Royal Egyptian Government, which I shall convey to the Government of the United Kingdom.

With reference to paragraph 2 of your letter, I have the honour to inform Your Excellency that, in the event of the Transferable Account arrangements ceasing to apply to any particular country during 1949, the Government of the United Kingdom will raise no objection to transfers of sterling from Egyptian Transferable Account to the Sterling Accounts of residents of the particular country concerned (or *vice versa*), provided that the transfers relate to payments in respect of genuine trade or financial transactions outstanding between Egypt and the particular country concerned at the date on which the Transferable Account arrangements cease to apply, and which fall into one of the three following categories:—

- (a) payment of cheques, bills or drafts already drawn,
- (b) payments under instructions already given, and
- (c) payments under credits already established and already confirmed by an officer in the United Kingdom of any bank.

I am, &c.

(Signed) Leonard WAIGHT

IX

*The Chairman of the British Delegation to the Chairman of the
Egyptian Delegation*

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

I have the honour to refer to paragraphs 1, 2 and 3 of Article III of the Anglo-Egyptian Financial Agreement signed to-day.

As you know, it is the constant aim of the Government of the United Kingdom to extend the use of sterling for settlement of current transactions over as wide a field as possible. But to avoid any future misunderstanding I wish to put on record what the Government of the United Kingdom regards as the meaning of the above-mentioned paragraphs.

Under paragraph 1, the Government of the United Kingdom will take the necessary steps to ensure that sterling standing to the credit of Egyptian Transferable Accounts shall be available for the purpose of payments of current transactions with any of the Scheduled Territories.

Under paragraph 2, the Government of the United Kingdom will place no restriction on and will facilitate transfer of sterling standing to the credit of Egyptian Transferable Accounts to accounts of residents of any other Transferable Account country in settlement of direct current transactions.

The two paragraphs referred to above give the Royal Egyptian Government a considerable degree of freedom in the use of sterling for current transactions without the need for prior reference to the Bank of England on each occasion and it is the earnest desire of the Government of the United Kingdom to increase facilities of this kind available to Egypt under paragraph 2 of Article III. At the same time, the Government of the United Kingdom request the Royal Egyptian Government to restrict their use of facilities to transfer under paragraph 2 from Egyptian Transferable Accounts to residents in other Transferable Account countries in settlement of direct current transactions between Egypt and other countries in the Transferable Account Area and also to avoid the use of such facilities in such a way as to place funds at the disposal of a country outside the Scheduled Territories and Transferable Account Area.

In regard to sterling payments to other countries, paragraph 3 of Article III gives effect to the desire of the Government of the United Kingdom to do all in their power to make sterling available for settlement of direct current transactions over as wide a range of countries as possible. But it is also the effect of this paragraph to reserve to the Government of the United Kingdom the right

to take all the necessary steps to protect sterling by restricting its transfer whenever they deem it necessary to do so for this purpose. In particular it may be necessary to restrict transfer to countries which permit their exchange markets to operate in sterling on the basis of cross rates which do not conform with the London official rate for the United States dollar or to countries which allow merchanting transactions in goods based on such cross rates.

I am, &c.

(Signed) Leonard WAIGHT

X

*The Chairman of the Egyptian Delegation to the Chairman of the
British Delegation*

MINISTRY OF FINANCE

Cairo, 31st March, 1949

Dear Mr. Waight,

I have to acknowledge your letter of to-day's date reading as follows:—

[See letter IX]

I have noted and agreed to its contents on behalf of the Royal Egyptian Government.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

XI

*The Chairman of the British Delegation to the Chairman of the
Egyptian Delegation*

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

Our Delegations have reviewed the course of trade between the United Kingdom and Egypt with particular regard to the level of exports from the United Kingdom since the full operation of open general licences in March 1948.

On the assumption that open general licences are retained and that over the range of United Kingdom exports Egyptian demand is maintained, our Delegations agreed that, on the information at their disposal, the level of United Kingdom exports to Egypt in 1949 might be in accordance with the estimate set out in the Annex to this letter and undertook that the respective authorities of the two Governments would continue to use their best endeavours to ensure that this result should be realised.

I am, &c.

(Signed) Leonard WAIGHT

ANNEX TO LETTER XI

The total value of the goods expected to be imported from the United Kingdom during 1949 amounts to £ sterling 47,430,000 of which the principal items are the following:—

		<i>Approx. Value c.i.f. £ sterling</i>
Coal	450,000	2,125,000
Other raw materials	—	225,000
Iron and steel and manufactures thereof	—	2,565,000
Non-ferrous metals and manufactures thereof	—	900,000
of which—		
Copper or brass sheet squares and bottoms	430	—
Cutlery, implements, &c.	—	1,125,000
Electrical goods and apparatus	—	2,815,000
Machinery	—	9,000,000
of which—		
Boilers, water tube		
Boilers, shell; and boiler accessories	3,050	—
Pumps, stationary	2,900	—
I.C. engines, stationary	12,000	—
Textile machinery	300	—
Machinery for flour milling	50	—
Machinery for alimentary paste	—	6,750,000
Vehicles	—	6,750,000
of which—		
Rubber tyres and tubes	2,500	—
Waggons and trucks	6,000	—
Railway carriages	5,500	—
Railway locomotives	1,200	—
Tractors (number)	2,100	—
Woollen manufactures—		
of which—		
approximately 8 million square yards cloth	—	4,330,000
Chemicals, drugs, dyes and colours	—	4,500,000
of which—		
Caustic soda	5,000	—
Drugs, medicines and medical preparations	1,600	—
Indigo	60	—
Ink, printing	375	—
Alum	1,200	—
Ammonia gas	100	—
Chloride of ammonia	420	—
Pottery, &c.		900,000
Oils, fats, resins, &c.		170,000
Paper		550,000
Rubber		225,000
Total	£ sterling	36,180,000

The balance, amounting to £ sterling 11,250,000 covers all other commodities including food, drink, tobacco, cotton, silk, rayon and leather manufactures and apparel.

XII

*The Chairman of the Egyptian Delegation to the Chairman of the
British Delegation*

MINISTRY OF FINANCE

Cairo, 31st March 1949,

Dear Mr. Waight,

I have to acknowledge your letter of to-day's date reading as follows:—

[See letter XI]

I have noted and agreed to its contents.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

XIII

*The Chairman of the British Delegation to the Chairman of the
Egyptian Delegation*

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

I have the honour to inform you that the Government of the United Kingdom declare their readiness to facilitate the supply during 1949 of petroleum products particularly requested by the Royal Egyptian Government to an amount up to £5,000,000 valuc c.i.f.

I am sure you will realise that it would not be practicable at this stage to translate this arrangement into fixed and final tonnages product by product. There are readily recognisable factors each of which must, in some degree, contribute to determining the final analysis of products whose import into Egypt, through the customary channels of trade, up to a total fixed value, namely, £5,000,000 c.i.f., is to be facilitated. Such factors are fluctuations in the world market prices of this or that product or ocean freight; the relative availability of individual products; the actual requirements of Egypt product by product in so far as they may vary as against the estimates submitted as a basis for discussion.

I am, however, able to provide you below with a rough analysis of oil supplies to be imported into Egypt under the arrangement given in my first paragraph as far as can at present be foreseen:—

	£	= approx.	Tons
Motor Spirit	150,000	=	16,000
Kerosine	1,600,000	=	180,000
Gas Oil	1,055,000	=	130,000
Gas Oil/Kerosine*	730,000	=	85,000
Diesel Oil	1,260,000	=	195,000
Aviation Spirit for Egyptian Airlines	80,000	=	5,000
Lubricants from Sterling Sources .	125,000	=	6,250
	<u>5,000,000</u>		

* Additional kerosine and gas oil in quantities to be arranged locally. 85,000 tons above, assumes equal quantities of both products; but it might, e.g., be 62,000 tons kerosine, 20,000 tons gas oil, or 50,000 tons gas oil and 36,000 tons kerosine, &c., &c.

I am, &c.

(Signed) Leonard Waight

XIV

*The Chairman of the Egyptian Delegation to the Chairman of the
British Delegation*

MINISTRY OF FINANCE

Cairo, 31st March, 1949

Dear Mr. Waight,

I have to acknowledge your letter of to-day's date reading as follows:—

[See letter XIII]

I am glad to receive this assurance.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

XV

*The Chairman of the British Delegation to the Chairman of the
Egyptian Delegation*

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

I am happy to inform Your Excellency that the Government of the United Kingdom will provide during 1949 the dollars as may be necessary to purchase essential equipment only available from dollar sources for Anglo-

Egyptian Oilfields and Shell provided that such essential equipment found to be surplus to Egyptian requirements can be re-exported as and when these Companies require against payment in sterling.

I am, &c.

(Signed) Leonard WAIGHT

XVI

*The Chairman of the Egyptian Delegation to the Chairman of the
British Delegation*

MINISTRY OF FINANCE

Cairo, 31st March, 1949

Dear Mr. Waight,

I have to acknowledge your letter of to-day's date reading as follows:—

[See letter XV]

to which I agree.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

XVII

*The Chairman of the Egyptian Delegation to the Chairman of the
British Delegation*

MINISTRY OF FINANCE

Cairo, 31st March, 1949

Dear Mr. Waight,

I beg to inform you that it is agreed that the Royal Egyptian Government will allow the Shell Company to export bitumen against payment in sterling up to 60,000 tons in 1949, provided always that Egypt's furnace oil requirements are fully covered either by local production or by imports paid for in sterling.

It is at the same time understood that Shell will give preference and priority for any orders for bitumen against payment in dollars and would, incidentally, increase their production *ad hoc* to make up for such dollar orders as and when received.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

XVIII

The Chairman of the British Delegation to the Chairman of the Egyptian Delegation

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

I have to acknowledge your letter of to-day's date reading as follows:—

[See letter XVII]

I am glad to take note of this assurance.

I am, &c.

(Signed) Leonard WRIGHT

XIX

The Chairman of the Egyptian Delegation to the Chairman of the British Delegation

MINISTRY OF FINANCE

Cairo, 31st March, 1949

Dear Mr. Waight,

With reference to Article X of the Anglo-Egyptian Financial Agreement signed to-day, which provides that certain transfers of capital from the Sterling Area to Egypt or *vice versa* may be permitted by agreement between the two Governments, I have the honour to propose that the following principles be regarded as agreed:—

1. The contracting Governments shall co-operate with a view to keeping capital movements within the scope of their respective policies, and shall permit capital transfers between their areas only in so far as they serve useful economic and commercial purposes.
2. The contracting Governments shall permit transfers of United Kingdom capital from Egypt and of Egyptian capital from the United Kingdom within agreed limits and for agreed purposes.
3. The application of the foregoing principles shall be delegated to the Egyptian and United Kingdom Exchange Controls respectively.

4. The Government of the United Kingdom will draw the attention of the Governments in the other Scheduled Territories to the preceding clauses and invite their adherence to a similar policy, subject to reciprocal arrangements being agreed upon.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

XX

*The Chairman of the British Delegation to the Chairman of the
Egyptian Delegation*

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

I have to acknowledge your letter of to-day's date reading as follows:—

[See letter XIX]

I have the honour to confirm the agreement of the United Kingdom Government with the above principles.

I am, &c.

(Signed) Leonard WAIGHT

XXI

*The Chairman of the Egyptian Delegation to the Chairman of the
British Delegation*

MINISTRY OF FINANCE

Cairo, 31st March, 1949

Dear Mr. Waight,

With reference to Article XI of the Agreement signed to-day, the Royal Egyptian Government desire to put on record that it shall be understood, in the event of a net disbursement by Egypt of U.S.A. dollars or other hard currency on account of residents of the Sudan, that a compensating adjustment in hard currency shall be effected.

I am, &c.

(Signed) ABDEL GALEEL EL-EMARY

XXII

*The Chairman of the British Delegation to the Chairman of the
Egyptian Delegation*

BRITISH EMBASSY

Cairo, 31st March, 1949

Dear El-Emary Bey,

I have to acknowledge your letter of to-day's date reading as follows:—

[*See letter XXI*]

I have pleasure in confirming that the understanding of your Government, as set out in that letter, is accepted by my Government.

I am, &c.

(*Signed*) Leonard WRIGHT