

**No. 3503**

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

**Sterling Releases Agreement. Signed at Cairo, on 1 July  
1951**

**Exchange of notes constituting an agreement amending  
the above-mentioned Agreement. Cairo, 30 August  
1955**

*Official text: English.*

*Registered by the United Kingdom of Great Britain and Northern Ireland on  
29 August 1956.*

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

**Accord relatif au déblocage des avoirs en sterling. Signé au  
Caire, le 1<sup>er</sup> juillet 1951**

**Échange de notes constituant un accord modifiant l'Accord  
susmentionné. Le Caire, 30 août 1955**

*Texte officiel anglais.*

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le  
29 août 1956.*

No. 3503. STERLING RELEASES AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE ROYAL EGYPTIAN GOVERNMENT. SIGNED AT CAIRO, ON 1 JULY 1951

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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<sup>2</sup> 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.

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<sup>1</sup> Deemed to have come into force on 1 January 1951, in accordance with article 8.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 93, p. 165.

*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.

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

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup>  
BETWEEN THE GOVERNMENT OF THE UNITED  
KINGDOM OF GREAT BRITAIN AND NORTHERN  
IRELAND AND THE GOVERNMENT OF EGYPT AMEND-  
ING THE STERLING RELEASES AGREEMENT OF  
1 JULY 1951.<sup>2</sup> CAIRO, 30 AUGUST 1955

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I

*Her Majesty's Ambassador at Cairo to the Egyptian Minister of Finance*

BRITISH EMBASSY

Cairo, August 30, 1955

Your Excellency,

I have the honour to refer to the discussions which have taken place in accordance with paragraph 7 of Article 3 of the Sterling Releases Agreement of 1st July, 1951<sup>2</sup> (hereinafter referred to as "the Agreement"), and to make the following proposals :

(i) Paragraphs 3 and 4 of Article 3 of the Agreement shall cease to have effect.

(ii) In addition to the releases provided for in the Agreement as amended by sub-paragraph (i) above, there shall also be released from the No. 2 Account of the National Bank of Egypt to the Transferable Account of that Bank :

(a) In 1955 the sum of £5 million;

(b) In each of the years 1956 to 1962 inclusive the sum of £10 million;

(c) In 1963 such assets on the No. 2 Account of the National Bank of Egypt as may not by then have been released.

(iii) The release provided for in sub-paragraph (ii) (a) above shall be made, on receipt of an application by the National Bank of Egypt to the Bank of England, on 2nd September, 1955. The releases provided for in sub-paragraph (ii) (b) and (c) above, together with the releases provided for in paragraph 2 of Article 3 of the Agreement, shall be made, on receipt of a like application, on 1st January (or on the 2nd January when the 1st January is a Sunday) in each year.

(iv) Paragraph 5 of the Notes numbered 9 (a) and 9 (b) exchanged between His Excellency the Minister for Foreign Affairs and Sir Ralph Stevenson on the 19th October, 1954,<sup>3</sup> shall cease to have effect.

(v) Notwithstanding the provisions of Article 8 of the Agreement, it shall continue in force, as amended by sub-paragraph (i) above, until the assets on the No.2 Account of the National Bank of Egypt have been released.

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<sup>1</sup> Came into force on 30 August 1955 by the exchange of the said notes.

<sup>2</sup> See p. 126 of this volume.

<sup>3</sup> United Nations, *Treaty Series*, Vol. 225, p. 336 (notes XVII and XVIII).

2. If the Government of the Republic of Egypt agree to these proposals, I have the honour to suggest that the present Note and your Excellency's reply thereto shall constitute an agreement between our two Governments which shall enter into force immediately.

I avail, &c.

Humphrey TREVELYAN

II

*The Egyptian Minister of Finance to Her Majesty's Ambassador at Cairo*

MINISTRY OF FINANCE AND ECONOMY

Cairo, August 30, 1955

Your Excellency,

I have the honour to acknowledge receipt of your Note of to-day's date referring to the discussions which have taken place in accordance with paragraph 7 of Article 3 of the Sterling Releases Agreement of 1st July, 1951, and setting out the following proposals :

[See note I]

2. In reply I have the honour to inform your Excellency that these proposals are satisfactory to the Government of Egypt and accordingly that your Note, together with this reply, shall constitute an agreement between our two Governments which shall enter into force immediately.

I avail, &c.

A. KAISSOUNI

III

*Her Majesty's Ambassador at Cairo to the Egyptian Minister of Finance*

BRITISH EMBASSY

Cairo, August 30, 1955

Your Excellency,

With reference to the Exchange of Notes signed to-day, amending the Sterling Releases Agreement of 1st July, 1951, I have the honour to make the following further proposals :

(i) The terms of the Exchange of Letters Nos. 1 and 2 annexed to the Sterling Payments Agreement of 1st July, 1951,<sup>1</sup> shall continue in force.

(ii) The contracting Governments shall continue to authorise transfers of United Kingdom capital from Egypt and of Egyptian capital from the United Kingdom for agreed purposes.

<sup>1</sup> See p. 126 of this volume.

(iii) (a) Authorised capital transfers to the Scheduled Territories made by debit of Transferable Accounts of banks in Egypt (formerly Egyptian No. 1 Accounts) shall continue to be the subject of periodic adjustment from the No. 2 Account to the Transferable Account of the National Bank of Egypt, in so far as agreed between the United Kingdom and Egyptian Exchange Controls. Releases from No. 2 Account under this sub-paragraph shall be additional to all other releases agreed between the contracting Governments.

(b) Authorised capital transfers from the Scheduled Territories to Egypt shall not be the subject of subsequent adjustments to Egyptian No. 2 Account.

(iv) The application of the foregoing paragraphs shall be delegated to the Egyptian and United Kingdom Exchange Controls.

2. If the Government of the Republic of Egypt agree to these proposals, I have the honour to suggest that the present Note and your Excellency's reply thereto shall constitute an agreement between our two Governments which shall enter into force immediately.

I avail, &c.

Humphrey TREVELYAN

#### IV

*The Egyptian Minister of Finance to Her Majesty's Ambassador at Cairo*

MINISTRY OF FINANCE AND ECONOMY

Cairo, August 30, 1955

Your Excellency,

I have the honour to acknowledge receipt of your Note of to-day's date, which refers to the Exchange of Notes signed to-day, amending the Sterling Releases Agreement of 1st July, 1951, and makes the following further proposals :

[*See note III*]

2. In reply I have the honour to inform your Excellency that these proposals are satisfactory to the Government of Egypt and accordingly that your Note, together with this reply, shall constitute an agreement between our two Governments which shall enter into force immediately.

I avail, &c.

A. KAISSOUNI



## V

*The Egyptian Minister of Finance to Her Majesty's Ambassador at Cairo*

MINISTRY OF FINANCE AND ECONOMY

Cairo, August 30, 1955

Your Excellency,

With reference to recent discussions which have been held between a United Kingdom Delegation and a Delegation of the Egyptian Government in regard to the revision of the Sterling Releases Agreement of 1951, I have the honour to state that the Government of the Republic of Egypt have no intention of adopting any currency measures which will give Sterling Area suppliers of goods and services to Egypt less favourable opportunities than those enjoyed by other suppliers of goods and services.

I avail, &amp;c.

A. KAISSOUNI

## VI

*Her Majesty's Ambassador at Cairo to the Egyptian Minister of Finance*

BRITISH EMBASSY

Cairo, August 30, 1955

Your Excellency,

I have the honour to acknowledge the receipt of your Note of to-day's date which states :

[See note V]

I avail, &amp;c.

Humphrey TREVELYAN