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No. 9821

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

**Exchange of letters constituting an agreement concerning the
Guarantee by the Government of the United Kingdom and
the maintenance of the Minimum Sterling Proportion by
the Government of the Commonwealth of Australia.
London, 25 September 1968, and Washington, 3 October
1968**

Authentic text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
26 August 1969.*

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

**Échange de lettres constituant un accord relatif à la garantie
par le Gouvernement du Royaume-Uni et au maintien par
le Gouvernement du Commonwealth d'Australie
d'un pourcentage minimum de réserves en sterling.
Londres, 25 septembre 1968, et Washington, 3 octobre
1968**

Texte authentique: anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
26 août 1969.*

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA CONCERNING THE GUARANTEE BY THE GOVERNMENT OF THE UNITED KINGDOM AND THE MAINTENANCE OF THE MINIMUM STERLING PROPORTION BY THE GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA

I

The Chancellor of the Exchequer to the Treasurer of the Commonwealth of Australia

TREASURY CHAMBERS

Great George Street, S.W.1

25th September 1968

My dear Treasurer,

I refer to discussions which have taken place between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Commonwealth of Australia and record below the points which have been agreed between the two Governments on the Guarantee by the Government of the United Kingdom, the maintenance of the Minimum Sterling Proportion by the Commonwealth of Australia, and related matters :

(1) Australia accepts that during the operation of this Agreement it will aim to hold in sterling about the same proportion of its total overseas reserves as it now holds in sterling. Australia undertakes to maintain a Minimum Sterling Proportion of 40 per cent of total reserves.

(2) The United Kingdom undertakes to maintain during the operation of this Agreement the sterling value in terms of the United States dollar of all sterling held by Australia in excess of 10 per cent of Australia's total overseas reserves.

¹ Came into force on 3 October 1968 with retroactive effect from 25 September 1968, in accordance with the provisions of the said letters.

(3) If, during the operation of the Agreement, the United Kingdom imposes further restrictions on the flow of capital from the United Kingdom to Australia, there shall be immediate consultation between the parties.

(4) The net proceeds of official borrowings overseas by Australia, in currencies other than sterling, shall not be counted as part of total overseas reserves for the purpose of calculating the minimum proportion of sterling to be held by Australia until three months after the proceeds are received.

(5) This Agreement shall remain in force for a period of three years and may be extended for a further two years with the agreement of the parties.

2. If this proposal is acceptable to the Government of the Commonwealth of Australia, I suggest that his letter and your reply to that effect shall be regarded as constituting an Agreement between our two Governments in this matter, which shall enter into force on 25th September 1968.

Yours sincerely,

Roy JENKINS

II

*The Treasurer of the Commonwealth of Australia
to the Chancellor of the Exchequer*

AUSTRALIAN EMBASSY

Washington, D.C., 3rd October 1968

My dear Chancellor,

I refer to your letter of 25th September 1968 recording the points which have been agreed between our two Governments on the Guarantee by the Government of the United Kingdom, the maintenance of the Minimum Sterling Proportion by the Commonwealth of Australia, and related matters, which reads as follows :

[See letter I]

2. I confirm that your letter correctly sets out the points agreed between our two Governments and that your letter and this reply shall accordingly be regarded as constituting an Agreement between our two Governments, which shall enter into force on 25th September 1968.

Yours sincerely,

William McMAHON