

No. 10699

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

**Exchange of letters constituting an agreement concerning
the guarantee by the United Kingdom and the
maintenance of reserves in sterling by the Govern-
ment of Lesotho (Sterling Area Agreement). Maseru,
6 January 1970**

Authentic text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland
on 2 September 1970.*

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

**Échange de lettres constituant un accord relatif à la
garantie par le Royaume-Uni et au maintien par le
Gouvernement du Lesotho de réserves en sterling
(Accord de la zone sterling). Maseru, 6 janvier 1970**

Texte authentique : anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord
le 2 septembre 1970.*

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF THE UNITED KING-
DOM OF GREAT BRITAIN AND NORTHERN IRELAND
AND THE GOVERNMENT OF LESOTHO CONCERNING
THE GUARANTEE BY THE UNITED KINGDOM AND
THE MAINTENANCE OF RESERVES IN STERLING BY
THE GOVERNMENT OF LESOTHO (STERLING AREA
AGREEMENT)

I

*The United Kingdom High Commissioner at Maseru to the Minister
of Finance, Commerce and Industry of Lesotho*

BRITISH HIGH COMMISSION

Maseru, 6 January 1970

Dear Minister,

I refer to previous correspondence between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Lesotho, and record below the points which have been agreed between the two governments on the Guarantee by the Government of the United Kingdom and related assurances by the Government of Lesotho.

(1) *The Guarantee*

The United Kingdom Government undertake to maintain the sterling value, in terms of the United States dollar, of the balances eligible for guarantee provided that the Lesotho Government undertake for the same period:

- (a) Not to hold assets in any currencies other than sterling and South African rand;
- (b) To limit transfers of sterling assets into South African rand to the amounts required for day-to-day business.

¹ Came into force on 6 January 1970, in accordance with the provisions of the said letters.

The circumstances in which the guarantee would be implemented and the terms of implementation shall be defined in consultation between the two Governments.

(2) *Balances eligible for guarantee*

The balances eligible for guarantee shall be that part of the sterling reserves which exceeds 10 % of the total external reserves, held in the name or on behalf of the Lesotho Government, except that no part of these reserves held in or bearing a right to conversion into either

(a) Common or ordinary stock and shares and preferred stock and shares on which capital moneys and dividends are payable solely in sterling, or

(b) Units in Unit Trusts on which, under the terms of issue, capital moneys are payable solely in sterling on liquidation or realisation,

shall be eligible for guarantee.

(3) *Review*

(a) The provisions of the Agreement may be reviewed at any time by agreement between both parties.

(b) The provisions of the Agreement shall be reviewed within six months prior to the 25th of September, 1971.

(4) *Entry into force and duration*

The Agreement shall enter into force on the date of your reply to this Letter in the terms mentioned below and shall remain in force until the 25th of September, 1971, and may be extended for a further two years by agreement between both parties.

2. If the Government of Lesotho agree that the foregoing correctly sets out the points agreed between the two Governments I propose that this letter and your reply to that effect shall constitute an agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Lesotho.

Yours sincerely,

Ian WATT

II

*The Minister of Finance, Commerce and Industry of Lesotho
to the United Kingdom High Commissioner at Maseru*

MINISTRY OF FINANCE, COMMERCE AND INDUSTRY

Maseru, 6 January, 1970

Dear High Commissioner,

I refer to your letter of today's date recording the points which have been agreed between our two Governments on the guarantee by the Government of the United Kingdom and related assurances by the Government of Lesotho which reads as follows:

[*See note 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 constitute an Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Lesotho.

Yours sincerely,

P. N. PEETE