# No. 801

## UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
## and
## ITALY

**Exchange of notes constituting financial agreements concerning sterling payments and post-liberation debts and claims. Rome, 17 April 1947**

*Official texts : English and Italian.*
*Registered by the United Kingdom of Great Britain and Northern Ireland on 25 May 1950.*

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## ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD
## et
## ITALIE

**Echange de notes constituant des accords financiers relatifs aux paiements en livres sterling et aux créances et réclamations nées après la libération. Rome, 17 avril 1947**

*Textes officiels anglais et italien.*
*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 25 mai 1950.*

# No. 801. EXCHANGE OF NOTES CONSTITUTING FINANCIAL AGREEMENTS[1] BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF ITALY CONCERNING STERLING PAYMENTS AND POST-LIBERATION DEBTS AND CLAIMS. ROME, 17 APRIL 1947

## Agreement No. I. — Sterling Payments

I

*Sir Noel Charles to Count Sforza*

BRITISH EMBASSY

Rome, 17th April, 1947

Dear Count Sforza,

The discussions which have taken place recently between the Italian and United Kingdom authorities with a view to the conclusion of a Payments Agreement between the Italian Government and the Government of the United Kingdom resulted in agreement, subject to the approval of the two Governments, on the provisions annexed to this note, viz :—

(i) Anglo-Italian Sterling Payments Agreement;

(ii) Aide-mémoire regarding the interpretation and implementation of Art. VIII of the Anglo-Italian Sterling Payments Agreement.

I am glad to be able to inform you that these provisions have now been approved by the Government of the United Kingdom for their part and I understand that they have similarly been approved by the Italian Government. I would therefore propose that the present communication together with your reply to the effect that these provisions are likewise acceptable to the Italian Government, shall be regarded as constituting an Agreement between our two Governments on this matter; the Agreement to take effect forthwith.

The Government of the United Kingdom would also propose that the amount of the minimum balance referred to in Article III of the Agreement shall be determined at £10,000,000.

Believe me, &c.

*(Signed)* Noel Charles

[1] Came into force on 17 April 1947 by the exchange of the said notes.

## ANNEX I TO NOTE I

### Anglo-Italian Sterling Payments Agreement

*Article I*

(i) All trade and financial payments between residents of Italy and residents of the sterling area shall be settled in sterling.

(ii) Payments due to or from residents of the sterling area which have to be made in lire shall be settled by the purchase or sale of sterling by residents of Italy, in accordance with the provisions of Article II.

(iii) All other payments expressed in currencies other than sterling and lire which are due to be settled in sterling shall be converted into and settled in sterling on the basis of the official rates in London.

*Article II*

The Italian Government and the Ufficio Italiano dei Cambi (hereinafter referred to as " the Ufficio ") shall take the necessary measures to secure quotations for buying and selling rates for sterling and for United States dollars, which shall be related to one another at the Bank of England's middle rate for the United States dollar.

*Article III*

(i) The Ufficio shall open a No. 1 Account at the Bank of England; and this shall be an Italian Account.

(ii) The Ufficio shall maintain on the said No. 1 Account at the Bank of England a minimum balance, the amount of which shall be determined by agreement between the Government of the United Kingdom and the Italian Government.

*Article IV*

All sterling payments to residents of Italy which residents of the sterling area or outside the sterling area are permitted to make to Italy under the exchange regulations in force in the United Kingdom shall be made to Italian Accounts.

*Article V*

Subject to the provisions of Article III (ii), sums standing to the credit of an Italian Account may be freely transferred to any other Italian Account or to residents of the sterling area.

*Article VI*

The Italian Government shall not restrict the acceptance by residents of Italy of sterling at the disposal of residents outside Italy in settlement of payments for current transactions.

*Article VII*

(i) The Ufficio shall, on the basis of the rates fixed under Article II—

*(a)* purchase, when required, sterling transferred to the credit of any Italian Account against disbursement of the lire equivalent;

*(b)* sell to residents of Italy such sterling at its disposal as may be required for any payments which residents of Italy are permitted to make to residents of the sterling area under the Exchange Control Regulations in force in Italy from time to time.

(ii) The Italian Government shall not restrict the availability of any lire arising from permitted current transactions and accruing to residents of the sterling area.

*Article VIII*

The Government of the United Kingdom shall not restrict the availability of sterling on the No. 1 Account of the Ufficio at the Bank of England in excess of the agreed minimum balance established under Article III for making payments for current transactions to residents of countries outside Italy and the sterling area.

*Article IX*

Any sterling held by the Ufficio shall be held and invested only as may be agreed with the Bank of England.

*Article X*

(i) If either Government changes its monetary policy in such a way as to affect the provisions of the present Agreement, the two Governments shall review the Agreement with a view to making any amendments that may be required.

(ii) While the present Agreement remains in force, the two Governments shall co-operate to apply it with the necessary flexibility according to circumstances. The Bank of England and the Ufficio, 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.

*Article XI*

For the purposes of the present Agreement—

*(a)* 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;

*(b)* the expression " Italian Account " shall mean an account of a resident of Italy which is for the time being recognised by the Bank of England as an Italian Account for the purposes of this Agreement.

*Article XII*

The provisions of this Agreement shall, pending the establishment of a separate currency in the Free Territory of Trieste, apply to residents of the Free Territory in the same manner as to residents of Italy, subject, however, to any agreement which may be entered into by Italy and the Free Territory.

*Article XIII*

The present Agreement, which shall be subject to review and adjustment after mutual consultation, shall come into force on a date to be agreed between the two Governments. At any time after the termination of one year from that date either 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 in any case terminate three years after the date of its coming into force unless the two Governments agree otherwise.

## ANNEX 2 TO NOTE I

### AIDE-MÉMOIRE REGARDING THE INTERPRETATION AND IMPLEMENTATION OF ARTICLE VIII OF THE ANGLO-ITALIAN STERLING PAYMENTS AGREEMENT

In Article VIII of the Anglo-Italian Sterling Payments Agreement the Government of the United Kingdom undertakes not to restrict the availability of sterling held on the No. 1 Account of the Ufficio Italiano dei Cambi at the Bank of England in excess of an agreed minimum balance; and under Article V of the same Agreement sterling on any other Italian Account may be transferred to the No. 1 Account of the Ufficio. The purpose and effect of these provisions is that the Government of the United Kingdom undertakes not to restrict the availability of *all* Italian sterling (over the minimum balance mentioned above on the Ufficio's No. 1 Account) for transfer outside the sterling area and Italy; but that at the request of the Italian Government this facility will for the time being be exercised only through the No. 1 Account of the Ufficio. In other words, the No. 1 Account will be a Transferable Account; and no other Transferable Accounts will be opened in the names of Italian banking organisations and of other residents of Italy without prior consultation between, and approval by, the Ufficio and the Bank of England.

The Government of the United Kingdom's undertaking not to restrict availability in any country is subject to one important qualification which needs elaborating. The aim of the Government of the United Kingdom is to arrange as soon as possible with the monetary authorities of all other couutries outside the sterling area that they will accept (and/or that they will permit residents in their territories to accept) sterling from the Ufficio in respect of current transactions. For reasons of time and distance, however, these arrangements can only be concluded gradually : and it is not possible to say whether or when all countries will take the necessary measures to make sterling availability effective throughout the entire world. Nevertheless, from the date on which the new Payments Agreement