



Treaty Series No. 17 (1954)

Sterling Payments Agreement

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of Japan

[with Exchange of Notes]

London, January 29, 1954

*Presented by the Secretary of State for Foreign Affairs to Parliament
by Command of Her Majesty
February 1954*

LONDON
HER MAJESTY'S STATIONERY OFFICE
THREEPENCE NET

Cmd. 9073

STERLING PAYMENTS AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF JAPAN

London, January 29, 1954

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Government of Japan

Have agreed as follows:—

ARTICLE 1

All payments between residents of Japan and residents of the Scheduled Territories, other than such as must necessarily be made in yen, shall be settled in sterling.

ARTICLE 2

The Government of Japan will ensure that their appropriate authorities shall buy and sell sterling and that the rates of those authorities for sterling and for the United States dollar shall be related to one another at the current middle market rate quoted in London for the United States dollar.

ARTICLE 3

All sterling payments to residents of Japan which residents of the Scheduled Territories or of countries outside the Scheduled Territories are permitted to make under the Exchange Control Regulations in force in the United Kingdom shall be made to Japanese Accounts.

ARTICLE 4

(1) The Government of the United Kingdom shall not restrict the transfer of sterling which is at the disposal of residents of Japan to other residents of Japan or to residents of the Scheduled Territories.

(2) The Government of the United Kingdom shall not restrict the availability of sterling under the control of the Japanese Ministry of Finance for making payments in respect of direct current transactions to residents of such countries (other than Japan and the Scheduled Territories) as may be agreed between the Government of the United Kingdom and the Government of Japan.

ARTICLE 5

The Government of Japan shall not restrict the acceptance by residents of Japan of sterling from residents of the Scheduled Territories and, as regards payments in respect of direct current transactions, from residents of such countries (other than Japan and the Scheduled Territories) as may be agreed between the Government of the United Kingdom and the Government of Japan.

ARTICLE 6

In so far as the Japanese Exchange Control regulations from time to time permit, the Government of Japan will facilitate the transfer of yen accruing to residents of the Scheduled Territories from permitted current transactions to other residents of the Scheduled Territories or to residents of Japan, and the transfer of such yen into sterling.

ARTICLE 7

For the purposes of the present Agreement—

- (a) the expression "the Scheduled Territories" shall have the meaning from time to time assigned to it under the United Kingdom Exchange Control Act, 1947;
- (b) the expression "Japanese Account" shall mean an account of a resident of Japan which is for the time being recognised by the Bank of England as a Japanese Account for the purposes of the present Agreement;
- (c) the expression "payments in respect of direct current transactions" means payments in respect of transactions of the type defined in Article XIX (i) of the Articles of Agreement of the International Monetary Fund⁽¹⁾ which are made by a principal resident in the country from which payment is made and which relate exclusively (1) to goods (other than gold bullion, gold coin or gold, either in semi-manufactured or fully-manufactured form) imported into, and for use or consumption in, that country and originating in the country to which payment is made; or (2) to services rendered to residents in the former country by residents of the latter country.

ARTICLE 8

For the purposes of the present Agreement the Bank of England shall act as agent of the Government of the United Kingdom and the Bank of Japan as agent of the Government of Japan.

ARTICLE 9

The present agreement shall come into force on the 1st of February, 1954. At any time after the entry into force of the present Agreement either Contracting Party may give notice to the other of its intention to terminate it and the present Agreement shall cease to have effect three months after the date of such notice. It shall terminate, unless both Contracting Parties agree to the contrary, on the 31st of December, 1954.

In witness whereof the undersigned, being duly authorised by their respective Governments, have signed the present Agreement and have affixed thereto their seals.

Done in duplicate at London this twenty-ninth day of January, 1954.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

(L.S.) SELWYN LLOYD.

For the Government of Japan:

(L.S.) S. MATSUMOTO.

(1) "Treaty Series No. 21 (1946)," Cmd. 6885.

EXCHANGE OF NOTES

No. 1.

*The Secretary of State for Foreign Affairs to the Japanese
Ambassador at London*

*Foreign Office, S.W. 1,
January 29, 1954.*

Your Excellency,

With reference to the Payments Agreement signed to-day between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Japan, I have the honour to set out below the understanding which has been reached on the subject of consultation between the two Governments during the currency of the agreement in order to assist in its satisfactory operation.

To ensure the smooth working of the Agreement, the Government of the United Kingdom and the Government of Japan mutually recognise the desirability of Japan holding sufficient sterling to meet her requirements at all times, without, however, accumulating an excessive amount. Having regard to all the circumstances, both parties will take all reasonable measures to prevent, or correct should it occur, any chronic imbalance of payments in either direction.

With this intention in mind the two parties have agreed, in addition to the informal consultation which will take place between the Government of the United Kingdom and the Government of Japan or their Agents under the Agreement in the normal course of its current operation, to meet at short notice, which may be given by either party, in order to discuss any aspect of the development of the payments relationship between the two countries which may appear to call for special consideration.

I shall be grateful for your Excellency's confirmation of this understanding.

I have, &c.
(For the Secretary of State)
SELWYN LLOYD.

No. 2

*The Japanese Ambassador at London to the Secretary of State
for Foreign Affairs*

*Japanese Embassy,
London, January 29th, 1954.*

Sir,

I have the honour to acknowledge receipt of your Excellency's Note of to-day's date which reads as follows:—

[As in No. 1.]

I have pleasure in confirming that the understanding of your Government as set out in that Note corresponds to that of the Government of Japan.

I avail, &c.
S. MATSUMOTO.