



Treaty Series No. 87 (1951)

Sterling Payments Agreement

between the Government of the United Kingdom
of Great Britain and Northern Ireland and the
Supreme Commander for the Allied Powers
acting in respect of Occupied Japan

[With Exchanges of Notes]

Tokyo, 31st August, 1951

*Presented by the Secretary of State for Foreign Affairs to Parliament
by Command of His Majesty
September 1951*

LONDON
HIS MAJESTY'S STATIONERY OFFICE

FOURPENCE NET

STERLING PAYMENTS AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE SUPREME COMMANDER FOR THE ALLIED POWERS ACTING IN RESPECT OF OCCUPIED JAPAN

Tokyo, 31st August, 1951

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Supreme Commander for the Allied Powers acting in respect of Occupied Japan (hereinafter referred to as "SCAP")

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

SCAP will ensure that the appropriate Japanese authorities shall buy and sell sterling and that their rates for sterling and for the United States dollar shall be related to one another at the middle rate quoted by the Bank of England 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 Foreign Exchange Control Board 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 Bank of England and the Japanese Foreign Exchange Control Board.

ARTICLE 5

SCAP will ensure that 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 Bank of England and the Japanese Foreign Exchange Control Board.

ARTICLE 6

SCAP will ensure that, 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 Japanese Foreign Exchange Control Board as agent of SCAP.

ARTICLE 9

The present Agreement shall come into force on 31st August, 1951. At any time thereafter either Contracting Party 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 terminate upon the entry into force of a Peace Treaty between the Governments of the United Kingdom and Japan or, unless both Contracting Parties agree to the contrary, on 31st August, 1952, if a Peace Treaty has not entered into force between the two Governments by that date.

In witness whereof the undersigned, being duly authorised by the Government of the United Kingdom of Great Britain and Northern Ireland and by the Supreme Commander for the Allied Powers respectively, have signed the present Agreement and have affixed thereto their seals.

Done at Tokyo this Thirty-first day of August, 1951, in duplicate.

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

(L.S.) GEORGE CLUTTON.

For the Supreme Commander for the Allied Powers:

(L.S.) C. C. B. WARDEN,
Colonel, AGC,
Adjutant General.

[NOTE.—An Agreement in similar terms between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Japan has been issued as Japan No. 4 (1951), Cmd. 8377.]

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

EXCHANGES OF NOTES

No. 1

*The Acting United Kingdom Political Representative in Japan to the
Supreme Commander for the Allied Powers*

United Kingdom Liaison Mission in Japan,

Sir,

Tokyo, 31st August, 1951.

With reference to the Payments Agreement signed to-day between the Government of the United Kingdom of Great Britain and Northern Ireland and the Supreme Commander for the Allied Powers acting in respect of Occupied Japan, I have the honour to set out the understanding which has been reached on the subject of consultation between the parties to the Agreement during its currency in order to assist in its satisfactory operation.

To ensure the smooth working of the Agreement the Government of the United Kingdom and the Supreme Commander for the Allied Powers mutually recognise the desirability of keeping Japan's sterling balances within reasonable limits. In order that at all times Japan may hold sufficient sterling to meet her requirements, 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 Supreme Commander for the Allied Powers 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 confirmation of this understanding.

I have, &c.

GEORGE CLUTTON.

No. 2

*The Adjutant General to the Supreme Commander for the Allied Powers
in Japan to the Acting United Kingdom Political Representative*

General Headquarters,

Supreme Commander for the Allied Powers,

Sir,

31st August, 1951.

I have been directed by the Supreme Commander for the Allied Powers to acknowledge receipt of your letter of to-day's date reading as follows:—

[As in No. 1.]

I am authorised by the Supreme Commander for the Allied Powers acting in respect of Occupied Japan to confirm that the understanding of your Government, as set out in your letter, corresponds to the understanding of this Headquarters.

Sincerely yours,

C. C. B. WARDEN,
Colonel, AGC,
Adjutant General.

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No. 3

*The Acting United Kingdom Political Representative in Japan to the
Supreme Commander for the Allied Powers*

*United Kingdom Liaison Mission in Japan,
Tokyo, 31st August, 1951.*

Sir,

In connexion with the facilities which will be available to Japan on an administrative basis for transfers of sterling between Japan and countries outside the Scheduled Territories in settlement of direct current transactions during the currency of the Payments Agreement signed to-day between the Government of the United Kingdom of Great Britain and Northern Ireland and the Supreme Commander for the Allied Powers acting in respect of Occupied Japan, I have the honour to inform you that, as an extension of these facilities, the United Kingdom Exchange Control will, so long as that Agreement is in force, be prepared for its part to approve any transfer of sterling in settlement of direct current transactions from Japan to any country in the "transferable account" system (comprising the countries listed in the Third Schedule to the United Kingdom Exchange Control (Payments) Order, 1950, as amended from time to time) or in the group of "Other Countries" (comprising territories outside the Scheduled Territories and outside any of the territories specified in the schedules to the United Kingdom Exchange Control (Payments) Order, 1950, as amended from time to time), provided there is no objection on the part of the authorities in the receiving country to settlement in sterling.

I have, &c.

GEORGE CLUTTON.

No. 4

*The Adjutant General to the Supreme Commander for the Allied Powers
in Japan to the Acting United Kingdom Political Representative*

*General Headquarters,
Supreme Commander for the Allied Powers,*

Sir,

31st August, 1951.

I have been directed by the Supreme Commander for the Allied Powers to acknowledge receipt of your letter of to-day's date reading as follows:—

[As in No. 3.]

I am further directed by the Supreme Commander for the Allied Powers to state that your letter on this subject has been duly noted.

Sincerely yours,

C. C. B. WARDEN,
Colonel, AGC,
Adjutant General.

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