

BOTSWANA



Treaty Series No. 124 (1969)

Exchange of Letters

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of the Republic of Botswana
concerning the Guarantee by the
United Kingdom and the Maintenance
of Reserves in Sterling by the
Government of Botswana

(Sterling Area Agreement)

Gaborones, 1 September 1969

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
December 1969*

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**EXCHANGE OF LETTERS
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM
OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
GOVERNMENT OF THE REPUBLIC OF BOTSWANA
CONCERNING THE GUARANTEE BY THE UNITED KINGDOM
AND THE MAINTENANCE OF RESERVES IN STERLING
BY THE GOVERNMENT OF BOTSWANA**

No. 1

*The British High Commissioner at Gaberones to the Minister of Finance
of Botswana*

*British High Commission,
Gaberones.*

Sir,

1 September, 1969.

I have the honour to 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 Republic of Botswana, and to 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 the Republic of Botswana.

(1) *The Guarantee*

The Government of the United Kingdom of Great Britain and Northern Ireland undertake without charge to maintain the sterling value, in terms of the United States dollar, of the balances eligible for guarantee, provided that the Government of the Republic of Botswana undertake:

- (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.

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 per cent of total external reserves, held in the name or on behalf of the Government of the Republic of Botswana, 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 25 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 25 September, 1971, and may be extended for a further two years by agreement between both parties.

2. If the Government of the Republic of Botswana agree that the foregoing correctly sets out the points agreed between the two Governments, I have the honour to 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 the Republic of Botswana.

I have the honour to be,

Sir,

Your obedient Servant,

J. S. GANDEE.

No. 2

*The Minister of Finance of Botswana to the British High Commissioner
at Gaborones*

FIN. C14/18.

*Ministry of Finance,
Gaborones.*

1st September, 1969.

Sir,

I have the honour to 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 the Republic of Botswana which reads as follows:—

[As in No. 1]

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 the Republic of Botswana.

I have the honour to be,

Sir,

Your obedient Servant,

M. K. SEGOKGO.

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