

future receipts arising out of military expenditure by the Government of the United Kingdom to the extent to which they are treated on the same basis by agreement with the countries concerned). The settlements with the sterling area countries will be on the basis of dividing these accumulated balances into three categories:

(a) Balances to be released at once and convertible into any currency for current transactions,

(b) Balances to be similarly released by instalments over a period of years beginning in 1951, and

(c) Balances to be adjusted as a contribution to the settlement of war and post-war indebtedness and in recognition of the benefits which the countries concerned might be expected to gain from such a settlement. The Government of the United Kingdom will make every endeavour to secure the early completion of these arrangements.

(ii) In consideration of the fact that an important purpose of the present line of credit is to promote the development of multilateral trade and facilitate its early resumption on a non-discriminatory basis, the Government of the United Kingdom agrees that any sterling balances released or otherwise available for current payments will, not later than one year after the effective date of this Agreement, unless in special cases a later date is agreed upon after consultation, be freely available for current transactions in any currency area without discrimination.

#### 11. Definitions

For the purposes of this Agreement:

(i) The term "current transactions" shall have the meaning prescribed in Article XIX (i) of the Articles of Agreement of the International Monetary Fund.

(ii) The term "sterling area" means the United Kingdom and the other territories declared by the Defence (Finance) (Definition of sterling area) (No. 2) Order, 1944, to be included in the sterling area, namely, "the following territories excluding Canada and Newfoundland, that is to say—

(a) Any Dominion,

(b) Any other part of His Majesty's Dominions,

(c) Any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty and is being exercised by His Majesty's Government in the United Kingdom or in any Dominion,

(d) Any British Protectorate or Protected State,

(e) Egypt, the Anglo-Egyptian Sudan and Iraq,

(f) Iceland and the Faroe Islands."

#### 12. Consultation on Agreement

Either Government shall be entitled to approach the other for a reconsideration of any of the provisions of this Agreement, if in its opinion the prevailing conditions of international exchange justify such reconsideration, with a view to agreeing upon modifications for presentation to their respective Legislatures.

Signed in duplicate at Washington, District of Columbia, this 6th day of December, 1945.

For the Government of the United States,  
(Signature)

For the Government of the United Kingdom,  
(Signature)