

MAR 30 1945

BANKS GET TERMS ON MONETARY PACT

Pound-Franc Agreement Sets
Up Credits on 200-to-1 Basis,
Exchange Market Told

The Foreign Exchange Committee of New York banks, over the signature of R. F. Loree, chairman, informed the foreign exchange market yesterday of the principal terms of the financial agreement signed between Great Britain and France on March 27, which stabilized the franc at a rate of 200 to the pound sterling.

A summary of the terms was cabled yesterday to the Federal Reserve Bank of New York by the Bank of England. Details of the agreement are contained in a White Paper being mailed to the bank.

The principal feature of the plan is that the two Governments granted each other credits in the amounts of £100,000,000 and 20,000,000,000 francs, respectively, establishing the basis for a renewal of financial relations between the sterling area and the French franc area.

The agreement takes effect immediately except in the case of Indo-China, which continues to be fully subject to the Trading With the Enemy Act, the Bank of England announced. All other French territory, colonies and protectorates are covered by its terms.

Sterling accounts of residents of the French franc area will be known as French accounts and will not ordinarily be available for the receipt of sterling transferred from other nonresident accounts, except other French accounts. The sterling on French accounts is available only for payment in the sterling area or for transfer to another French account.

All the currency of the area must be offered for sale to the Bank of England by residents of the United Kingdom. Control is being imposed on the foreign exchange proceeds of exports from United Kingdom to the French franc area.

The effect of the arrangements is that Great Britain will have available in French areas throughout the world 20,000,000,000 francs of credits with which to finance purchases of needed goods, while France will have an equal sum of £100,000,000 available in the sterling area for the acquisition of supplies.