

TREATY SERIES. 1921.**No. 12.****PROTOCOL**

MODIFYING ANNEX II TO PART VIII OF THE
TREATY OF VERSAILLES OF JUNE 28, 1919.

Signed at London, May 5, 1921.

Presented to Parliament by Command of His Majesty.



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PROTOCOL MODIFYING ANNEX II TO PART VIII
OF THE TREATY OF VERSAILLES OF JUNE 28,
1919.

Signed at London, May 5, 1921.

THE Undersigned, duly authorised to that effect, have agreed as follows:—

The Governments of Belgium, France, Great Britain, Italy and Japan, being the Governments represented on the Reparation Commission, unanimously decide, in application of paragraph 22 of Annex II to Part VIII of the Treaty of Versailles, to amend as follows the paragraphs of the said Annex hereafter mentioned.

This decision shall be notified to the Powers signatory of the said Treaty and to the Reparation Commission.

Modifications made in Annex II to Part VIII of the Peace Treaty.

Paragraph 12 (a).

(a). Notwithstanding the stipulations of sub-paragraph (c) of paragraph 12 of Annex II to Part VIII, the Reparation Commission shall have power to increase the rate of interest from 2½ per cent. to 5 per cent. for the period from the 1st May, 1921, to the 1st May, 1926, on bonds issued or to be issued under sub-paragraphs (1) and (2) of paragraph 12 (c), and to provide for the commencement of the sinking fund payments on such bonds as from the 1st May, 1921, provided that any additional sums required for such increase of interest and payment of sinking fund shall be compensated by the reduction below 5 per cent. of the rate of interest to be debited under paragraph 16 of Annex II to Germany as from the 1st May, 1921, in respect of debt not covered by bonds.

Power is given to the Reparation Commission to call upon Germany for the issue of new bonds bearing 5 per cent. interest and 1 per cent. sinking fund from the 1st May, 1921, in exchange for the surrender by the Reparation Commission of bonds already issued under paragraph c (1) and (2).

Power is given to the Reparation Commission to defer from the 1st May to the 1st November, 1921, the date of commencement of interest and of sinking fund on the whole or any part of the new bonds to be issued in exchange for bonds issued under paragraph (c) (1) and (2).

Power is given to the Reparation Commission to consolidate with the general bond issue the special-issue of bonds in respect of Belgian debt provided for in Article 232 of the Treaty.

Power is given to the Reparation Commission to divide the total amount of the bonds into series having different priorities of charge.

(b.) Power is given to the Reparation Commission to require Germany to assign certain revenues and assets to be specified to the service of the bonds either as a whole or as to separate series.

(c.) Power is given to the Reparation Commission to require such assignment of specific revenues and assets to be specified in the terms of the bonds to be issued under paragraph 12 (c); bonds in which such assignment is specified shall, notwithstanding anything contained in paragraph 12 (b), be deemed to remain part of the reparation indebtedness of Germany, even though disposed of outright to persons other than the several Governments in whose favour Germany's original reparation indebtedness was created.

(d.) Power is given to a Committee of Guarantees, to be appointed by the Reparation Commission under paragraph 7 of Annex II, to supervise the application of the assigned revenues and to prescribe the dates and manner of payment of sums due for the service of the bonds or other payments in respect of the German debt.

The revenues to be assigned by the German Government shall be:—

- (1.) The proceeds of all German maritime and land customs and duties and in particular the proceeds of all import and export duties;
- (2.) The proceeds of the levy of 25 per cent. on the value of all exports from Germany, except those exports upon which a levy of not less than 25 per cent. is applied under the legislation of any Allied Power;
- (3.) The proceeds of such direct or indirect taxes or any other funds as may be proposed by the German Government and accepted by the Committee of Guarantees in addition to or in substitution for the funds specified in (1) or (2) above.

The Committee of Guarantees shall not be authorised to interfere in German administration.

(e.) Power is given to the Reparation Commission to require the issue of bonds without coupons in respect of any part of the debt not for the time being covered by bonds issued in accord with paragraph 12 (c) as amended. The German Government shall be required to issue coupons in respect of such bonds as from such subsequent date as may be determined by the Reparation Commission as and when the Commission is satisfied that Germany can meet interest and sinking fund obligations; the sinking fund payments shall begin at the same date.

Bonds for which coupons have not been issued shall be deemed to be debt not covered by bonds for the purpose of debiting interest under paragraph 16 of Annex II as amended.

Paragraph 19 (2).

Germany shall on demand provide such material and labour as any of the Allied Powers may, with the prior approval of the Reparation Commission, require towards the restoration of the

devastated areas of that Power, or to enable any Allied Power to proceed with the restoration or development of its industrial or economic life. The value of such material and labour shall be determined by a valuer appointed by Germany and a valuer appointed by the Power concerned, and in default of agreement by a referee nominated by the Reparation Commission.

✓ HENRI JASPAR.

AR. BRIAND.

✓ D. LLOYD GEORGE.

C. SFORZA.

✓ HAYASHI.