



TREATY SERIES No. 20 (1925).

AGREEMENT

BETWEEN

GREAT BRITAIN AND GERMANY

FOR

Amending the Method of Administering
"The German Reparation (Recovery) Act,
1921."

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

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1925

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Agreement between Great Britain and Germany for Amending the Method of Administering "The German Reparation (Recovery) Act, 1921."

Agreement for Amending the Method of Administering "The German Reparation (Recovery) Act, 1921."

WHEREAS it is desired to reduce the burden and to remove the disabilities which the present method of administering "The German Reparation (Recovery) Act, 1921" (hereinafter referred to as "the Recovery Act"), places upon trade and commerce between Germany and Great Britain; and

Whereas it is also desired to assure to the Transfer Committee the jurisdiction over payments under the Recovery Act contemplated by the plan of the First Committee of Experts (hereinafter referred to as "the Dawes Plan") and the London Protocol executed on the 30th August, 1924;

Now, therefore, it is agreed between the Government of His Britannic Majesty and the Government of the German Reich that the present method of administration shall be suspended and replaced, as from a date not later than the 1st May, 1925, to be mutually agreed, by a procedure substantially as follows:—

(1.) The present procedure under the Recovery Act by which a proportion of the value of German goods imported into Great Britain is collected by the British customs from the British importers will be replaced by a system under which an equivalent amount of sterling will be surrendered, of their free consent, by the German exporters in accordance with the provisions of paragraph (2) of this agreement.

The amount of sterling to be surrendered by the German exporters during each month shall be equivalent to 26 per cent. (or such other proportion as may from time to time be in force) of the value of German imports into Great Britain during the preceding month.

The value of German imports shall be calculated on the basis of the statistics supplied by the British customs and established on the same principles as are at present in force in regard to the definition of German goods to which the Recovery Act applies.

(2.) Out of the sterling proceeds accruing from German exports to Great Britain, the principal German exporting firms, to a number of not less than eight hundred (800) whose names and designations will be communicated to the British Government and to the Agent-General for Reparation Payments within fifteen days of the putting into force of this Agreement, will each give an individual declaration to the Reich Minister of Finance, in the terms of the specimen declaration annexed hereto, undertaking to surrender in sterling to the Reichsbank each month, beginning with the 1st May, 1925,

thirty per cent. (30 per cent.) of the invoice value of the exports of the firm in question to Great Britain during the previous month. (It is estimated that 30 per cent. of the value of the exports consigned by these firms should be approximately equivalent to 26 per cent. of the value of the total exports from Germany to Great Britain.)

(3.) Out of the sterling sums thus surrendered, the Reichsbank will deposit during each month, at such intervals as may be agreed, to the account of the Agent-General at the Bank of England an amount in sterling equivalent to the Reichsmark credit held by him for account of the British Government and available for payments under the Recovery Act in accordance with the programme established by the Reparation Commission for the particular month after consultation with the Transfer Committee as contemplated by the Dawes Plan.

(4.) It is understood that, against telegraphic advice that the sums referred to in paragraph (3) have been duly deposited to his account at the Bank of England, the Agent-General will reimburse the German exporters through the Reichsbank with the equivalent in Reichsmarks of the sterling thus deposited. The equivalent in Reichsmarks will be calculated at the average rate of exchange in Berlin on the date of such deposit.

(5.) It is further understood that, subject to the approval of the Transfer Committee, the Agent-General will pay over to the British Government the sterling sums deposited under paragraph (3) above.

(6.) If during the first or any subsequent month after the coming into force of this agreement the sterling sums surrendered by the German exporters are in excess of the amounts deposited by the Reichsbank to the account of the Agent-General under paragraph (3) above, the Reichsbank will transfer the surplus sterling (Überschuss devisen) surrendered to the Devisenbeschaffungsstelle G.m.b.H.* to be placed in a special reserve fund up to an amount equivalent to 10 million Reichsmarks. On the coming into force of this agreement, the Devisenbeschaffungsstelle G.m.b.H. shall forthwith pay into this fund the above-mentioned sum in sterling, out of the sterling accruing from exports already in its hands, and it will undertake to secure that the fund is maintained at this level as provided below. The fund shall be under the supervision of the Reichs Finance Ministry, and it shall be open to the British Government and to the Agent-General to ask and obtain at all times any information regarding this fund which they may desire.

If in any month the sterling surrendered by the German exporters is less than the amount which should be deposited to the account of the Agent-General at the Bank of England under paragraph (3) above, the Devisenbeschaffungsstelle G.m.b.H. shall draw the sum necessary to cover the deficiency out of the Special Reserve Fund and deposit it to the credit of the Agent-General at

* The Devisenbeschaffungsstelle G.m.b.H. is the agency through which the German Government obtains the foreign currencies it requires.

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the Bank of England, being reimbursed by him with the equivalent in Reichsmarks. Further, in that event, it will take steps to expedite the surrender by the German exporters of the sterling accruing from exports (Uberschuss devisen), so as to make up the fund again in sterling to the original level of 10 million Reichsmarks.

It is understood that the surplus sterling surrendered by the exporters to the Devisenbeschaffungsstelle G.m.b.H. and deposited in the Special Reserve Fund shall not be reimbursed by the Agent-General nor be credited on account of the Dawes annuity, except as and to the extent that such sterling shall actually be drawn upon and used by the Agent-General for payments to the British Government under paragraph (5).

(7.) It is understood and agreed that this Agreement merely provides for amending the method of collection of the levy on exports prescribed by the Recovery Act, that the payments made according to its terms shall accordingly be regarded for all purposes as a delivery pursuant to the terms of that Act, and that its provisions are without prejudice to any rights which may be enjoyed by the British Government in respect of that Act under the Dawes Plan, the London Protocol of the 30th August, 1924, or otherwise.

(8.) The British and German Governments both recognise the desirability of relieving trade and commerce from the burden of collecting a 26 per cent. levy from each transaction and of substituting for the system at present in force a method of administration which will permit the collection of the levy on a statistical basis. If the present agreement should not prove satisfactory in its operation, both Governments agree that in order to avoid reverting to the system at present in force, they will appoint a joint committee of experts to explore and report on any other available and practical solutions which will meet the defects which may be revealed. Both Governments agree to use their best endeavours to overcome the difficulties which may arise on the introduction of the new system during 1925.

(9.) This agreement shall not come into force unless and until appropriate resolutions, giving effect to its provisions, have been passed by the Transfer Committee and by the Reparation Commission. Subject to the adoption of such resolutions, the British and German Governments will immediately take the necessary steps to put it into effect.

In witness whereof the undersigned, duly authorised to that effect by their respective Governments, have signed the present agreement.

Done at Berlin, the 3rd April, 1925.

D'ABERNON,

His Britannic Majesty's Ambassador Extraordinary and Plenipotentiary to the German Republic.

C. v. SCHUBERT,

Secretary of State in German Ministry of Foreign Affairs.

ANNEX.

Draft Declaration by the German Exporter.

The undersigned firm undertakes herewith to surrender immediately to the Reichsbank in sterling, against reimbursement of the counter-value in Reichsmarks, 30 per cent. of the amount of the invoice arising from every export transaction to Great Britain and upon delivery of such sterling proceeds to fill in a form whereon there is to be found the name of the firm surrendering the foreign currencies, the date of the surrender and the amount in question.

Notes exchanged between His Majesty's Ambassador in Berlin and the Secretary of State in the German Ministry of Foreign Affairs.

No. 1.

British Embassy, Berlin,

April 3, 1925.

Dear Secretary of State,

I HAVE the honour to inform you that I have been authorised by His Majesty's Government to sign the agreement, for amending the method of administering the German Reparation (Recovery) Act of 1921, which was recently initialled.

His Majesty's Government hope that the new arrangement will work smoothly and will conduce to the improvement of the commercial relations between the two countries. No effort to attain this result will be lacking on their part. Should—contrary to expectation—difficulties of execution present themselves, which make the new plan unsatisfactory or unworkable, His Majesty's Government reserve the right, as set forth in the agreement, to revert to the existing procedure. But they count upon the efficient co-operation of the exporting firms and the administrative ability of the German Government to avoid the necessity of recourse to this undesirable contingency.

I shall be glad if your Excellency, in answering this communication, will propose an hour for official signature.

Yours sincerely,

D'ABERNON.

No. 2.

(Translation.)

Ministry of Foreign Affairs, Berlin,

April 3, 1925.

Dear Lord D'Abernon,

I HAVE the honour to acknowledge the receipt of your letter of to-day, from which I see your Excellency has been empowered by the British Government to sign the agreement, regarding the Reparation (Recovery) Act, recently initialled.

The Acting President of the Reich has likewise empowered me to sign the agreement. Consequently, I propose that signature

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should take place at 6 o'clock this evening, in the Ministry of Foreign Affairs.

At the same time, I have noted that the British Government expect an improvement of the economic relations between our two countries from the conclusion of this agreement, and I welcome your renewed assurance that you, for your part, will spare no pains to achieve that aim. May I, in the name of the German Government, give the same assurance that they fully realise the import and significance of the agreement as set out by your Excellency, and will make every effort on their side to secure that the agreement in question will be put speedily and smoothly into practice.

Yours sincerely,

C. v. SCHUBERT.