



Treaty Series No. 35 (1949)

Exchange of Notes

between His Majesty's Government in the United Kingdom
of Great Britain and Northern Ireland and
the Egyptian Government

establishing Equality of Treatment in regard
to War Damage Compensation

[with Memoranda]

Cairo, 6th/17th April, 1949

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

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**EXCHANGE OF NOTES BETWEEN HIS MAJESTY'S GOVERNMENT
IN THE UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND AND THE EGYPTIAN GOVERNMENT
ESTABLISHING EQUALITY OF TREATMENT IN REGARD
TO WAR DAMAGE COMPENSATION.**

Cairo 6th/17th April, 1949

No. 1

*His Majesty's Ambassador at Cairo to the Egyptian
Acting Minister for Foreign Affairs*

British Embassy,

M. le Ministre,

Cairo, 6th April, 1949.

I HAVE the honour to inform your Excellency that His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland are prepared to enter into an agreement based on Unanimous Resolution No. 3 included in the Final Act of the Paris Conference on Reparation dated the 21st of December, 1945⁽¹⁾, the English text of which, for convenience of reference is given hereunder:—

"Equality of Treatment regarding Compensation for War Damage

"The Conference unanimously resolves that, in the administration of reconstruction or compensation benefits for war damage to property, the treatment accorded by each Signatory Government to physical persons who are nationals and to legal persons who are nationals of or are owned by nationals of any other Signatory Government, so far as they have not been compensated after the war for the same property under any other form or on any other occasion, shall be in principle not less favourable than that which the Signatory Government accords to its own nationals. In view of the fact that there are many special problems of reciprocity related to this principle, it is recognised that in certain cases the actual implementation of the principle cannot be achieved except through special agreements between Signatory Governments."

2. Under United Kingdom war damage legislation, Egyptian nationals and corporations having suffered war damage in the United Kingdom are already entitled to compensation, as will be seen from the enclosed memoranda:—

- (i) Compensation for War Damage to business stocks and equipment, and private chattels in the United Kingdom.
- (ii) Compensation for War Damage to land and buildings in the United Kingdom.

3. I therefore have the honour to request that the Royal Egyptian Government will confirm their readiness, in accordance with the terms of the aforesaid Unanimous Resolution No. 3, to grant to physical persons who are British nationals and to legal persons who are, or are owned by British nationals, treatment not less favourable than that which the Egyptian Government accords to Egyptian nationals.

⁽¹⁾ "Miscellaneous No. 1 (1946)," Cmd. 6721.

4. For purposes of this Note and of your Excellency's reply:—

- (a) the expression "British nationals" means all citizens of the United Kingdom and Colonies and all British-protected persons belonging to territories for whose international relations His Majesty's Government in the United Kingdom is responsible.
- (b) The term "British nationals" also includes all legal persons, partnerships or associations deriving their status as such from the laws in force in any of the territories of the United Kingdom mentioned in sub-paragraph (a) above.

5. I would be grateful if your Excellency would signify the Royal Egyptian Government's agreement with the above at an early date since the settlement of certain claims advanced by British nationals in respect of damage to their property in Egypt is in suspense pending the conclusion of such an agreement. I would suggest that the present Note and your Excellency's reply be regarded as constituting a special agreement of the kind referred to in Unanimous Resolution No. 3 quoted above.

I have, &c.

(Sgd.) RONALD CAMPBELL.

COMPENSATION FOR WAR DAMAGE TO BUSINESS STOCKS AND EQUIPMENT AND PRIVATE CHATTELS IN THE UNITED KINGDOM

The "Commodity Insurance Scheme," the "Business Scheme" and the "Private Chattels Scheme," based on the War Risks Insurance Act, 1939 (as amended by defence regulations and by the War Damage Act, 1941), the War Damage Act, 1941, the War Damage (Amendment) Act, 1942, and the War Damage Act, 1943, cover compensation for war damage to business stocks and equipment and to private chattels in the United Kingdom.

Compensation for commodities destroyed has always been conditional on insurance under the "Commodity Insurance Scheme." In the case of business equipment, compensation has been conditional on insurance since the inception of the "Business Scheme" (17th April, 1941). War damage which occurred before that date to this class of property has been subject in reality to compensation without insurance, though a small sum in lieu of premium was deducted from any compensation. It may be noted that by far the greater part of the damage which occurred in this class during the war was incurred before the inception of the "Business Scheme" under the War Damage Act.

In the case of private chattels there has been free compensation for householders (£200 for an unmarried householder and £300, if married, with an additional allowance of £25 for every child under sixteen). Beyond these amounts, compensation has, since the 1st May, 1941, been conditional on insurance being effected under the "Private Chattels Scheme." Losses which arose before the 1st May have been met by compensation without insurance though a small sum in lieu of premium has been deducted from amounts exceeding £300.

There has been no differentiation in principle between British companies and foreign companies or between British subjects and foreign nationals.

The insurance of the assets of French-owned businesses which continued in operation by authority given under the Trading with the Enemy Act, 1939, was effected without impediment. In the case of other French-owned assets, licences under this Act were given, on application, to cover the effecting of insurance for the benefit of persons in France, and the use for this purpose of moneys paid over to the Custodian of Enemy Property was authorised where necessary. The utmost consideration has been given to all cases, whether of British subjects or of foreigners, where insurance was not effected through some circumstances beyond the control of the would-be insured.

Thus French nationals and companies have been and are, entitled in the matter of war damage compensation to the same treatment as British subjects and companies.

COMPENSATION FOR WAR DAMAGE TO LAND AND BUILDINGS IN THE UNITED KINGDOM

The first legislation providing for compensation for war damage to land and buildings was contained in Part I of the War Damage Act, 1941, passed on the 26th March, 1941. The Act, provided for payments of two kinds in respect of war damage to land and buildings:—

- (a) A cost-of-works payment representing the actual reasonable cost of re-instating war-damaged buildings in their pre-damage form in cases where the damage did not amount to total loss of the building; and
- (b) A value payment representing the depreciation in the value of the property due to the war damage at March-1939 prices, where the damage caused total loss.

A commission called the War Damage Commission was set up to control payment of compensation. The Act also instituted a scheme for compulsory contribution from all owners of land and buildings. These contributions were fixed at the rate of 50 per cent. of the annual value of the property, as determined for income tax purposes, to be levied in five annual instalments. The Act also provided that, if the net receipts from the contributions fell short of half the expected compensation, the Treasury might require further contributions. But though it is now apparent that the compensation will, in fact, be greater than twice the total amount of the contributions, no further contributions will be required.

Amending Acts entitled the War Damage (Amendment) Act, 1942, and the War Damage (Amendment) Act, 1943, were passed in August 1942 and March 1943. A further Act entitled the War Damage Act, 1943, was passed on the 3rd June, 1943. This was purely a consolidating Act, designed to put into one Statute what was contained in the three earlier Acts. It did not change the existing law.

Aliens, whether individuals or corporations, are treated on the same basis as British nationals, in respect to both compensation and payment of war contributions; but under Section 78 of the War Damage Act, 1943, no contributions are required from a foreign State, the Sovereign of a foreign State, the Envoy of a foreign State accredited to His Majesty; a member of the retinue of such an Envoy, a person to whom immunities and privileges are for the time being extended, under Section 1 or 2 of the Diplomatic Privileges (Extension) Act, 1941.

*The Egyptian Acting Minister for Foreign Affairs to His Majesty's
Ambassador at Cairo*

Ministère des Affaires Etrangères,

Le Caire, le 17 avril 1949.

M. l'Ambassadeur,

J'ai l'honneur d'accuser réception de la lettre de Votre Excellence en date du 6 avril 1949 ainsi conçue:—

[As in No. 1]

En réponse, je m'empresse de faire savoir à Votre Excellence que le Gouvernement Egyptien est d'accord sur les propositions contenues dans la lettre ci-dessus.

A cette occasion, il convient d'ajouter que les demandes des ressortissants britanniques seront soumises à la législation en vigueur en Egypte.

Cet échange de lettres tient lieu pour les deux Gouvernements de l'accord particulier prévu dans la Résolution Unanime No. 3 dont fait état l'acte final de la Conférence de Paris sur les Réparations du 21 décembre 1945.

Je saisis, etc.

(Ss.) IBRAHIM ABDEL HADI.

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