No 213.

ROYAUME-UNI
DE GRANDE-BRETAGNE ET
D'IRLANDE ET FRANCE

Convention concernant l'application
du paragraphe «f» de l'article 296
du Traité de Versailles (dettes ennemies), signée à Londres le 20
juillet 1921.

UNITED KINGDOM
OF GREAT BRITAIN AND
IRELAND AND FRANCE

Convention relative to the application
of paragraph "f" of Article 296
of the Treaty of Versailles (enemy
debts), signed at London July 20,
1921.
No. 213. — CONVENTION¹ BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND IRELAND AND FRANCE RELATIVE TO THE APPLICATION OF PARAGRAPH "F" OF ARTICLE 296 OF THE TREATY OF VERSAILLES (ENEMY DEBTS), SIGNED AT LONDON JULY 20, 1921¹.

English and French official texts communicated by His Britannic Majesty's Foreign Office and by the "Service français de la Société des Nations." The registration of this Convention took place on January 9, 1922.

HIS MAJESTY THE KING OF THE UNITED KINGDOM OF GREAT BRITAIN AND IRELAND AND OF THE BRITISH DOMINIONS BEYOND THE SEAS, EMPEROR OF INDIA, and the PRESIDENT OF THE FRENCH REPUBLIC, with a view to the settlement of certain matters arising under Article 296 of the Treaty of Peace² between the Allied and Associated Powers and Germany signed at Versailles on June 28, 1919, have named as their Plenipotentiaries:

HIS MAJESTY THE KING OF THE UNITED KINGDOM OF GREAT BRITAIN AND IRELAND AND OF THE BRITISH DOMINIONS BEYOND THE SEAS, EMPEROR OF INDIA:

The Right Honourable Earl CURZON OF KEDLESTON, K.G., His Majesty's Principal Secretary of State for Foreign Affairs;

And:

For the DOMINION OF CANADA:

The Honourable Sir George Halsey PERLEY, K.C.M.G., High Commissioner for the Dominion of Canada in the United Kingdom;

For the DOMINION OF NEW ZEALAND:

The Honourable Sir James ALLEN, K.C.B., High Commissioner for the Dominion of New Zealand in the United Kingdom; and

For INDIA:

Sir William Stevenson MEYER, G.C.I.E., K.C.S.I., High Commissioner for India;

THE PRESIDENT OF THE FRENCH REPUBLIC:

His Excellency Count de SAINT-AULAIRE, Ambassador Extraordinary and Plenipotentiary of the French Republic at London;

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed as follows:

Article 1.

The provisions of Section III of Part X of the Treaty of Versailles of June 28, 1919, so far as they relate to enemy debts, shall apply, subject to the provisions of the present Convention,

¹ The exchange of ratifications took place at London, September 30, 1921.
² See foot-note 4 page 47 of this Series.
to French nationals resident within the United Kingdom, Canada, New Zealand, Newfoundland and India, British Colonies not possessing responsible Government and British Protectorates (with the exception of Egypt) in the same way and under the same conditions as to British nationals residing within these territories.

Article 2.

Similarly, the provisions of Section III of Part X of the Treaty of Versailles of June 28, 1919, so far as they relate to enemy debts, shall apply, subject to the provisions of the present Convention, to British nationals resident in France (including Alsace and Lorraine), Algeria, French Colonies and Protectorates in the same way and under the same conditions as to French nationals residing within these territories.

Article 3.

Each of the High Contracting Parties is authorised to collect the debts of the nationals of the other High Contracting Party resident within its territory to German nationals admitted or found due in accordance with the provisions of Article 296 and the annex thereto, and shall be responsible for accounting to Germany for such debts.

Each of the High Contracting Parties shall effect payment to the nationals of the other High Contracting Party resident within its territory. of the debts admitted or found due to them in accordance with the provisions of Article 296 and the annex thereto. Payment in full shall be effected upon admission subject to deduction of 2½ per cent.; or in the case of Dominions, Colonies and Protectorates, such other percentage as may under local regulations be chargeable to nationals of the High Contracting Party effecting payment.

Article 4.

This Convention is only applicable to the payment of enemy debts coming within § 1 and 2 of Article 296.

Article 5.

Difficulties arising in the application of the present Convention shall be settled by direct agreement between the Controllers of the two Clearing Offices. In case of disagreement the difficulty will be submitted to arbitration.

Article 6.

This Convention, when duly ratified, shall be notified to Germany, and the period of six months referred to in paragraph 5 of the annex to Section III of the Treaty shall begin to run as from the date of such notification.

In witness whereof the undersigned have signed the present Convention and have affixed thereto their seals.

Done in duplicate at London the 20th day of July, 1921.

(L. S.) CURZON OF KEDLESTON.
(L. S.) GEORGE H. PERLEY.
(L. S.) JAMES ALLEN.
(L. S.) WILLIAM MEYER.
(L. S.) SAINT-AULAIRE.

Copie certifiée conforme:

Le Ministre Plénipotentiaire,
Chef du Service du Protocole,
(Signed) P. de FOQUÈRES.

No. 213.
PROTOCOL.

On proceeding to the signature of the above Convention, the undersigned Plenipotentiaries agree that the formalities relating to the application of the Convention shall be left to the respective Clearing Offices, and that such application shall be in conformity with the conditions agreed upon in the notes exchanged between the Directors of those Offices, dated the 8th, December 1920, the 27th January, the 23rd March, the 26th April, and the 2nd May, 1921, which are annexed thereto.

The present Protocol, which shall be ratified at the same time as the Convention, shall be considered as forming an integral part of, and shall have the same force, validity and duration as, the said Convention.

Done in duplicate at London the 20th day of July, 1921.

CURZON OF KEDLESTON.
GEORGE H. PERLEY.
JAMES ALLEN.
WILLIAM MEYER.
SAINT-AULNAIRE.

Copie certifiée conforme:

Le Ministre Plénipotentiaire,
Chef du Service du Protocole,
(Signed) P. de FOUGUIÈRES.

No. 213.
ANNEXES.

(1)

MR. GREY TO M. ALPHAND, DIRECTEUR DE L'OFFICE DES BIENS ET INTÉRÊTS PRIVÉS.

THE CLEARING OFFICE
(ENEMY DEBTS).

SIR,

With reference to the proposed reciprocal Agreement to be entered into between France and Great Britain under Article 296 (f) of the Treaty of Peace with Germany, I desire to set out the arrangements which have been agreed upon between us as those to be observed by each of the two countries in its dealings with the other regarding the operation of that Agreement.

2. The basic principle of the Agreement is to be that neither country is to make any profit or incur any loss by reason of its adopting for the purpose of Article 296 the nationals of the other, and that accordingly, as between the two countries, each accepts full responsibility for its nationals in the country of the other, and merely acts as agent for the other in the collection and payment of debts, and will look to the other for a complete indemnity.

3. For this purpose it will be necessary that three accounts should be kept between the two countries; these accounts will be rendered monthly, and will consist of:

1. A monthly account showing all payments made by each country to the nationals of the other country (whom I will hereinafter refer to as "adopted nationals") and all debts collected by each country from adopted nationals. To this account will be carried monthly any balance paid by or credited to Germany in respect of account No. 2 next mentioned.

2. A monthly account showing all the transactions between each of the two countries on the one hand and Germany on the other hand on behalf of adopted nationals. This account will thus set out the debts admitted or found due from or to adopted nationals, as the case may be, under Article 296 and the annex to Section III (hereinafter referred to as "admitted debts") between the country rendering the account on the one hand and Germany on the other hand. So long as Germany pays the monthly balance of this No. 2 account, such balance will be carried to account No. 1.

3. A monthly account, called "uncollected debts", to which shall be transferred the difference between the admitted debts to German nationals and the sum collected in respect thereof, as set out below.

4. It follows that, so long as Germany continues duly to pay the balances as they become due from her under paragraph II of the annex to Section III, and except in so far as bad debts referred to later are concerned, the settlement of the accounts between the two countries will not involve any cash payment by either of the two countries to the other.

5. In the event of Germany making complete default on any account in the fulfilment of her obligations under paragraph II of the annex to Section III, each country will have to pay to the other the amount of admitted claims paid to adopted nationals and shown on No. 1 account, less the amounts collected from adopted nationals in respect of admitted debts.

6. If Germany should make only a partial payment of the amount due from her under paragraph II of the annex to Section III on any account, then the amount that would have become payable between the two countries if nothing had been paid by Germany will be reduced in a pro rata proportion.

7. If Germany, having made default in her obligations under paragraph II of the said annex, commences later on to make further payments, such payments shall be considered as attributable to the earliest unsatisfied balance or balances in respect of which she shall have made default, and the necessary refunds will have to be made in cash between the two countries entering into the said Agreement.

N° 213.
8. To meet a request that, until a debt is recognised as irrecoverable, it shall be treated as good, the difference between the admitted debts and the sum collected in respect thereof will be credited or debited to No. 1 account and transferred to No. 3 account. All sums collected in respect of debts so transferred will be credited to this account, and when any debt is ascertained to be irrecoverable, as mentioned below, it will be redebited to No. 1 account.

9. Each country shall use its best endeavours to recover all debts due from adopted nationals, and a certificate by the Controller of either of the two Clearing Offices that he considers any such debt irrecoverable shall be accepted by the other country as sufficient evidence thereof.

10. To illustrate the practical working out of the above proposals, I attach hereto certain examples of the accounts to be kept between our two Offices and a memorandum explaining their operation.

11. Settlements of account No. 1 between the two countries shall be made within three months after such account shall have been rendered.

12. The expression “national”, for the purposes of Article 296, shall be deemed to include any company or corporation incorporated within the territories of either of the two countries in accordance with the law of the State, and, in the case of a Protectorate, the natives thereof. The foreign branch of any such company or corporation shall be considered as of the same nationality and residence as that of the company or corporation itself, and any debts owing to German nationals by such branch shall not be treated as subject to the charge conferred by paragraph 4 of the annex to Section IV of the Treaty in favour of the country in which the branch is established.

13. Where, however, under the laws of either country, a debt due from such a branch is collected and retained by the liquidator of a German business wound up under war legislation, nothing contained in this Agreement shall interfere with such collection or retention.

14. Each country shall pay to adopted nationals the amount of their admitted debts, together with interests as provided by the Treaty, in the month following the date on which such debts shall have been notified by Germany as admitted or shall have been found due, and each country shall be entitled to deduct a commission from all payments made to adopted nationals to cover office and other expenses, as provided by Article 3 of the Agreement.

15. I shall be glad to hear from you that the above correctly sets out the arrangements to be carried out between the two Offices.

I have, etc.  
(Signed) E. S. GREY,  
Controller.

ENCLOSURE IN (1).

Illustrations of how Transactions would work out in the Accounts to be kept under the Agreement.

The transactions assumed for the sake of illustration are as follows:

In December 1920.

Germany admits claims by French nationals resident in Great Britain to the amount of £500. Great Britain admits in favour of Germany debts due by French nationals for the amount of £300. Great Britain collects from debtors of French nationality, resident within its territory, £200 out of the £300 admitted, leaving £100 to be collected. Germany pays to Great Britain, for its balance of indebtedness in respect of French nationals resident in Great Britain, £200.

In January 1921.

Germany admits claims by French nationals resident in Great Britain to the amount of £800. Great Britain admits in favour of Germany, debts due by French nationals for the amount of £400. Great Britain collects from debtors of French nationality, resident within its territory, £490, being £90 more than the debt admitted for the month. This £90 represents the collection of some of the December debts
which were not collected in that month. Germany pays to Great Britain, for its balance of indebtedness in respect of French nationals resident in Great Britain, £400.

A certificate is issued by the Controller, under the terms of the paragraph of the proposed letter, that £10 of the indebtedness of French nationals is irrecoverable.

The attached accounts show how these transactions would work out in the accounts.

In December, it will be seen that Nos. 1 and 2 accounts are balanced, the net result of the whole month's transactions being that £100 of French indebtedness is carried forward to the next month for collection.

Since in January the collection of French debts exceeds the admissions, the difference of £90 between the collections and admissions is debited to No. 1 account under the terms of the paragraph of the proposed letter; and since, as shown above, this £90 represents the collection in respect of previously admitted debts, it is necessarily carried to the credit of No. 3 (Uncollected Debts) account.

---

### Specimens of Accounts between the French and British Clearing Offices in respect of French Nationals resident in British Territory.

**No. 1 Account. December 1920.**

<table>
<thead>
<tr>
<th>£</th>
<th>By cash collected of French debtors ...</th>
<th>200</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>„ No. 3 Account : Transfer of balance of admitted debts not yet collected ...</td>
<td>100</td>
</tr>
<tr>
<td>To cash paid to French claimants ... ...</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>By No. 2 Account : Cash paid by Germany ... ... ... ... ... ...</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>500</td>
<td>500</td>
</tr>
</tbody>
</table>

**No. 2 Account (Account of Admissions). December 1920.**

<table>
<thead>
<tr>
<th>£</th>
<th>To debts admitted against French debtors ... ... ... ... ... ...</th>
<th>300</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>„ No. 1 Account : Transfer of amount of cash paid by Germany ... ... ... ... ... ...</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>500</td>
<td>500</td>
</tr>
</tbody>
</table>

**No. 3 Account (Uncollected Debts). December 1920.**

| £ | To No. 1 Account : Balance of debts uncollected ... ... ... ... ... ... | 100 |
|   | By balance carried to the next account ... ... ... ... ... ... | 100 |
|   | 100 | 100 |

**No. 1 Account. January 1921.**

<table>
<thead>
<tr>
<th>£</th>
<th>To cash paid to French claimants ... ... ... ... ... ...</th>
<th>800</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>„ No. 3 Account : Difference between the debts admitted and the cash collected in respect of them ... ... ... ... ... ...</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>„ No. 3 Account : Transfer of irrecoverable debts ... ... ... ... ... ...</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>„ No. 2 Account : Transfer of cash paid by Germany ... ... ... ... ... ...</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>„ No. 3 Account : Transfer of balance payable by France, being the amount of debts irrecoverable ... ... ... ... ... ...</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>900</td>
<td>900</td>
</tr>
</tbody>
</table>

No 213
### COMPTE N° 2 (compte des dettes reconnues). — Janvier 1921.

<table>
<thead>
<tr>
<th></th>
<th>£</th>
<th></th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>A dettes de débiteurs français reconnues</td>
<td>400</td>
<td>Par créances reconnues en faveur de créanciers français</td>
<td>800</td>
</tr>
<tr>
<td>A compte N° 1, virement du montant du versement effectué par l'Allemagne</td>
<td>400</td>
<td></td>
<td>800</td>
</tr>
</tbody>
</table>

### COMPTE N° 3 (dettes non recouvrées). — Janvier 1921.

<table>
<thead>
<tr>
<th></th>
<th>£</th>
<th>Par compte N° 1, virement de l’excédent des recouvrements sur le montant des dettes reconnues pour le mois</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>A solde reporté du dernier compte</td>
<td>100</td>
<td>Par compte N° 1, virement des dettes non recouvrables</td>
<td>100</td>
</tr>
</tbody>
</table>

---

(2)

**Mr. Alphand to Mr. Grey.**

**Clearing Office for Private Property and Private Interests.**

**Paris, January 27, 1921.**

Dear Mr. Grey,

I must apologize once more for having been so long in replying to your letter of December 8. It was necessary for me to await the replies of the different Departments which I had consulted.

You will see from the letter which I enclose—and which is simply a translation of your own letter—that we are in agreement on all the points, with one exception. I have deleted the following passage:

"Where, however, under the laws of either country, a debt due from such a branch is collected and retained by the liquidator of a German business, wound up under war legislation, nothing contained in this Agreement shall interfere with such collection or retention."

In regard to these points, I would desire that we should retain the right to investigate individual cases.

What objection can there be to such debts being transferred to our account; and would it not be unjust that a branch which had conformed to the instructions of the Public Trustees, who had demanded payment of the debt, should now be accorded worse treatment than a branch which had refused compliance?

I am convinced that you will be able to find a solution for this last—and unimportant—difficulty and that it will finally be possible to conclude the Agreement in question.

I am, etc.

(Signed) ALPHAND.

3. **M. Grey a M. Alphand,**

**Londres, le 23 mars 1921.**

Cher Monsieur Alphand,

Veuillez m’excuser d’avoir tardé si longtemps à répondre à votre lettre du 27 janvier au sujet de la Convention réciproque mentionnée à la lettre (f). J’ai consulté les diverses administrations intéressées et je regrette de vous dire qu’il nous paraît impossible d’éliminer de la lettre explicative les mots contre No. 213.
you take exception. It is a great disappointment to me not to be able to accede to your request. The words in question are a declaration of our right to retain debts collected in the course of the liquidation of an enemy business. These debts, when collected, have been merged in the general proceeds of liquidation which have been applied in payment of the liabilities of the business. We contend, and Germany agrees, that amounts so collected have lost their character of debts and have become proceeds of liquidation and, as such, must be credited through the Liquidation Account. It would be impossible for us to vary this method of treatment by a mutual agreement between us in the case of debts collected by the liquidator from the branch of a French business, for the proceeds of the liquidation of the business assets of which they formed part have been distributed amongst the creditors, and there is no fund remaining out of which they could be repaid to you. The liquidation of enemy businesses has been practically completed in this country, and we quite recognise that this ought not to give us an advantage over you, and for that reason, amongst others, we inserted the words in the letter to which you object. I am endeavouring to see whether we cannot make some concession to you on other points where we may have gained an advantage by reason of the fact of the earlier liquidation, by us, of German property. I hope to have an opportunity of discussing the matter with you in Rome.

Yours sincerely,

(Signed) E. S. GREY.

4.

M. ALPHAND A M. GREY.

Office des Biens et Intérêts privés.

MON CHER MONSIEUR GREY,

J’ai insisté auprès du Conseil sur les excellents rapports qui ont toujours existé entre nous et sur la confiance que j’avais dans votre bonne volonté pour rechercher les moyens de compenser pour l’Office français les désavantages de notre liquidation tardive. J’ai été assez heureux pour convaincre le Conseil, qui m’a autorisé à accepter votre proposition.
Je vous adresse donc la lettre rectifiée dans ce sens et je la fais officiellement communiquer à l’Ambassade d’Angleterre.
J’ai ainsi l’espoir que l’Accord du paragraphe (f) de l’article 296 sera bientôt signé.

Bien cordialement, votre dévoué,

(Signé) ALPHAND.

5.

M. ALPHAND A M. GREY.

Office des Biens et Intérêts privés,

MONSIEUR LE DIRECTEUR,

Je voudrais préciser, en ce qui concerne la Convention réciproque à conclure entre la France et la Grande-Bretagne, conformément à l’article 296 (f) du Traité de Paix avec l’Allemagne, les arrangements arrêtés entre nous, lesquels devront être observés par chacun des deux pays dans ses tractations avec l’autre, en ce qui concerne l’application de cette Convention.

Le principe fondamental de la Convention est qu’aucun des pays ne doit tirer un bénéfice ou subir une perte, en « adoptant » les ressortissants de l’autre pour l’application de l’article 296 et que, en conséquence, chacun des deux pays accepte la responsabilité entière pour ses nationaux dans l’autre pays, et n’agit simplement que comme agent de l’autre pour le recouvrement et le paiement des dettes, l’autre pays devant, le cas échéant, l’indemniser complètement.

No 213.
lesquels vous soulevez une objection. Je regrette extrêmement de ne pouvoir accéder à votre désir. Les mots en question constituent une affirmation du droit qui est nôtre de retenir le montant des dettes recouvrées au cours de la liquidation d'une entreprise ennemie. Ces dettes une fois recouvrées sont confondues dans la masse générale de la liquidation pour être affectées ensuite à l'extinction du passif de l'entreprise en question. Nous prétendons, et l'Allemagne y consent, que les sommes ainsi perçues ont perdu leur caractère de dettes et font partie des rentrées de la liquidation : comme telles, elles doivent être portées au crédit du compte de liquidation. Il nous serait impossible, par accord entre nous, de nous écarter de cette procédure dans le cas de dettes recouvrées par le liquidateur sur une succursale d'une entreprise française, car les sommes provenant de la liquidation de l'actif de l'entreprise dont elles faisaient partie ont été distribuées aux créanciers ; il ne subsiste donc aucun fonds sur lequel elles pourraient être remboursées. La liquidation d'entreprises ennemies est en fait terminée dans notre pays ; nous sommes d'ailleurs tout prêts à reconnaître que cette situation ne devrait pas nous conférer un avantage sur vous ; c'est pour cette raison, parmi d'autres, que nous avons inséré dans la lettre les mots contre lesquels vous vous éleviez. Je recherche en ce moment s'il ne nous serait pas possible de vous faire quelques concessions sur d'autres points où nous aurions pu obtenir un avantage par suite de la liquidation des biens allemands terminée plus tôt chez nous. J'espère avoir l'occasion de discuter cette question avec vous à Rome.

Veuillez agréer, etc.  

(Signé) E. S. GREY.

(4)  

MR. ALPHAND TO MR. GREY.

OFFICE DES BIENS  
ET INTÉRÊTS PRIVÉS.

DEAR MR. GREY,

I submitted your letter of March 23, 1921 to the Board of Management of this Office. I laid special emphasis, in my remarks to the Board, on the cordial nature of the relations which had always existed between us and on the confidence which I felt in your willingness to discover means to compensate the French office for the disadvantages due to our delay in winding up their affairs. I was fortunately able to convince the Board, who authorised me to accept your proposal.

I am therefore sending you the letter, amended in this sense, and I am causing it to be officially communicated to the British Embassy.

I have thus reason to hope that the Agreement under paragraph (f) of Article 296 will shortly be signed.

Yours, etc.,

(Signed) ALPHAND.

(5)  

MR. ALPHAND TO MR. GREY.

OFFICE DES BIENS  
ET INTÉRÊTS PRIVÉS.

SIR,

With reference to the proposed reciprocal Agreement to be entered into between France and Great Britain under Article 296 (f) of the Treaty of Peace with Germany, I desire to set out the arrangements which have been agreed upon between us as those to be observed by each of the two countries in its dealings with the other regarding the operation of that Agreement.

(2) The basic principle of the Agreement is to be that neither country is to make any profit or incur any loss by reason of its adopting for the purpose of Article 296 the nationals of the other, and that accordingly, as between the two countries each accepts full responsibility for its nationals in the country of the other, and merely acts as agent for the other in the collection and payments of debts, and will look to the other for a complete indemnity.
(3) For this purpose it will be necessary that three accounts should be kept between the two countries; these accounts will be rendered monthly, and will consist of:

(1) A monthly account showing all payments made by each country to the nationals of the other country (whom I will hereinafter refer to as "adopted nationals") and all debts collected by each country from adopted nationals. To this account will be carried monthly any balance paid by or credited to Germany in respect of account No. 2 next mentioned.

(2) A monthly account showing all the transactions between each of the two countries on the one hand and Germany on the other hand on behalf of adopted nationals. This account will thus set out the debts admitted or found due from or to adopted nationals, as the case may be, under Article 296 and the annex to Section III (hereinafter referred to as "admitted debts") between the country rendering the account on the one hand and Germany on the other hand. So long as Germany pays the monthly balance of this No. 2 account, such balance will be carried to account No. 1.

(3) A monthly account, called "uncollected debts", to which shall be transferred the difference between the admitted debts to German nationals and the sum collected in respect thereof, as set out below.

(4) It follows that, so long as Germany continues duly to pay the balances as they become due from her under paragraph 11 of the annex to Section III, and except in so far as bad debts referred to later are concerned, the settlement of the accounts between the two countries will not involve any cash payment by either of the two countries to the other.

(5) In the event of Germany making complete default on any account in the fulfilment of her obligations under paragraph 11 of the annex to Section III, each country will have to pay to the other the amount of admitted claims paid to adopted nationals and shown on No. 1 account, less the amounts collected from adopted nationals in respect of admitted debts.

(6) If Germany should make only a partial payment of the amount due from her under paragraph 11 of the annex to Section III on any account, then the amount that would have become payable between the two countries if nothing had been paid by Germany will be reduced in a prorata proportion.

(7) If Germany, having made default in her obligations under paragraph 11 of the said annex, commences later on to make further payments, such payments shall be considered as attributable to the earliest unsatisfied balance or balances in respect of which she shall have made default, and the necessary refunds will have to be made in cash between the two countries entering into the said Agreement.

(8) To meet a request that until a debt is recognised as irrecoverable, it shall be treated as good the difference between the admitted debts and the sum collected in respect thereof will be credited or debited to No. 1 account and transferred to No. 3 account. All sums collected in respect of debts so transferred will be credited to this account, and when any debt is ascertained to be irrecoverable, as mentioned below, it will be debited to No. 1 account.

(9) Each country shall use its best endeavours to recover all debts due from adopted nationals, and a certificate by the Controller of either of the two Clearing Offices that he considers any such debt irrecoverable shall be accepted by the other country as sufficient evidence thereof.

(10) To illustrate the practical working out of the above proposals, I attach hereto certain examples of the accounts to be kept between our two Offices, and a memorandum explaining their operation.

(11) Settlements of account No. 1 between the two countries shall be made within three months after such account shall have been rendered.

(12) The expression "national" for the purposes of Article 296 shall be deemed to include any company or corporation incorporated within the territories of either of the two countries in accordance with the law of the State, and in the case of a Protectorate, the natives thereof. The foreign branch of any such company or corporation shall be considered as of the same nationality and residence as that of the company or corporation itself, and any debts owing to German nationals by such branch shall not be treated as subject to the charge conferred by paragraph 4 of the annex to Section IV of the Treaty in favour of the country in which the branch is established.

(13) Where, however, under the laws of either country a debt due from such a branch is collected and retained by the liquidator of a German business wound up under war legislation, nothing contained in this Agreement shall interfere with such collection or retention.

---

1 These enclosures correspond to the enclosures in Annex I of this print.
Chaque pays paiera aux nationaux adoptés le montant de leurs créances reconnues avec les intérêts, tel qu’il est prévu au Traité, dans le courant du mois suivant la date à laquelle ces créances auront été notifiées par l’Allemagne comme reconnues ou auront été admises comme telles, et chaque pays sera en droit de déduire une somme égale à 2 1/4 % sur tous les paiements effectués aux nationaux adoptés afin de couvrir les dépenses de l’Office ou autres.

Il me serait agréable d’apprendre que ce qui précède correspond bien aux arrangements qui doivent être mis en application entre les deux Offices.

Veuillez agréer, etc.,

(Signé) ALPHAND.

(6)

Mr. GREY TO M. ALPHAND.

THE CLEARING OFFICE
(ENEMY DEBTS).

DEAR MONSIEUR ALPHAND,

I am in receipt of your letter of the 26th ultimo informing me that your Government is prepared to ratify the Reciprocal Agreement under Article 296 (f) in the form in which it is originally drawn. I am rejoiced that our labours have not been in vain and that we have at length succeeded in arriving at this happy result.

There is still one small alteration which will be necessary, but which in no way affects the principle, and is insignificant. I am informed by the Colonial Office that in a few of the British Colonies the rate of commission charged is somewhat in excess of 2 1/2 per cent., and the Colonial Secretary points out that in such cases it would be impossible for us to accord more favourable treatment to French than to British nationals. I am, therefore, at the conclusion of Article 3, adding the following words:

"or in the case of Colonies and Protectorates, such other percentage as may under local regulations be chargeable to nationals of the High Contracting Parties effecting payment."

I have also made a consequential alteration at the end of the penultimate paragraph of my letter of December 8th which accompanied the Agreement, and which will now read as follows:

"each country shall be entitled to deduct a commission from all payments made to adopted nationals to cover office and other expenses, as provided by Article 3 of the Agreement."

Yours sincerely,

(Signed) E. S. GREY.

LONDON, MAY 2, 1921.
(14) Each country shall pay to adopted nationals the amount of their admitted debts, together with interests as provided by the Treaty, in the month following the date on which such debts shall have been notified by Germany as admitted or shall have been found due, and each country shall be entitled to deduct a sum equivalent to 2½ per cent. from all payments made to adopted nationals to cover Office and other expenses.

(15) I shall be glad to hear from you that the above correctly sets out the arrangements to be carried out between the two Offices.

I have, etc.

(Signed) ALPHAND.

6.

M. GREY a M. ALPHAND.

THE CLEARING OFFICE
(ENEMY DEBTS).

LONDRES, le 2 mai 1922.

CHER MONSIEUR ALPHAND,

J'ai bien reçu votre lettre du 26 dernier, m'informant que votre Gouvernement est prêt à ratifier, sous sa forme primitive, l'accord réciproque mentionné à l'article 296 (f). Il m'est agréable de constater que nos travaux n'ont pas été inutiles et qu'ils nous ont permis d'arriver enfin à cet heureux résultat.

Reste encore une légère modification à apporter, mais elle n'affecte en rien le principe et est en réalité insignifiante. Le Ministère des colonies nous informe que dans quelques colonies britanniques le taux de la commission demandée est légèrement supérieur à 2½ % ; le Ministre des colonies nous fait remarquer qu'en pareil cas, il nous sera impossible d'accorder un traitement plus favorable aux ressortissants français qu'aux ressortissants britanniques. J'ajoute donc les mots suivants à la fin de l'article 3 :

« Ou bien, dans le cas de dominions, colonies et protectorats, sous telle autre déduction qui, d'après les règlements locaux, pourrait être mise à la charge des ressortissants de la Haute Partie contractante qui effectue le paiement. »

J'ai également apporté une modification correspondante à la fin de l'avant-dernier paragraphe de ma lettre du 8 décembre jointe à l'accord ; ce paragraphe aura donc la teneur suivante :

« Chaque pays sera en droit de déduire une commission sur tous les paiements effectués aux nationaux, adoptés afin de couvrir les dépenses de l'office ou autres, conformément aux termes de l'article 3 de l'arrangement. »

Veuillez agréer, etc.

(Signé) E. S. GREY.