

No. 1972

**YUGOSLAVIA
and
ITALY**

Agreement (with exchange of letters) concerning Italian property, rights and interests in Yugoslavia. Signed at Belgrade, on 23 May 1949

Official text: French.

Registered by Yugoslavia on 11 December 1952

**YOUGOSLAVIE
et
ITALIE**

Accord (avec échange de lettres) concernant les biens, droits et intérêts italiens en Yougoslavie. Signé à Belgrade, le 23 mai 1949

Texte officiel français.

Enregistré par la Yougoslavie le 11 décembre 1952.

[TRANSLATION — TRADUCTION]

No. 1972. AGREEMENT¹ BETWEEN THE FEDERAL PEOPLE'S REPUBLIC OF YUGOSLAVIA AND THE REPUBLIC OF ITALY CONCERNING ITALIAN PROPERTY, RIGHTS AND INTERESTS IN YUGOSLAVIA. SIGNED AT BELGRADE, ON 23 MAY 1949

The Government of the Federal People's Republic of Yugoslavia and the Government of the Republic of Italy, with a view to establishing the principles for the settlement of matters relating to Italian property, rights and interests in Yugoslavia, have agreed as follows :

Article 1

The Government of the Federal People's Republic of Yugoslavia undertakes to pay to the Government of the Republic of Italy compensation for the Italian property, rights and interests referred to in this Agreement as "property" which are situated in the territory ceded by Italy to the Federal People's Republic of Yugoslavia under the Treaty of Peace,² or in former Yugoslav territory, and which have been subject to nationalization, land reform or to any other measures of a general nature affecting ownership.

Property liquidated by the Yugoslav Government in application of article 79 of the Treaty of Peace are excluded.

Article 2

For the purposes of this Agreement, Italian property, rights and interests are deemed to mean the property, rights and interests of natural persons of Italian nationality, and, to the extent of Italian ownership interests therein, the property, rights and interests of corporations and legal entities having their head office in Italian territory, in ceded territory or in former Yugoslav territory, with the exceptions provided for in paragraphs 1 and 2 of Annex XIV to the Treaty of Peace.

Foreign ownership interests in the aforesaid corporations and legal entities having their head office in Italian territory shall enjoy the same treatment as Italian ownership interests, provided that they do not belong to nationals of countries formerly enemies of the Federal People's Republic of Yugoslavia or of countries with which the Federal People's Republic of Yugoslavia has concluded agreements regulating the payment of compensation for their indirect ownership interests.

¹ Came into force on 23 May 1949, as from the date of signature, in accordance with article 12.

² United Nations, *Treaty Series*, Vols. 49 and 50.

The joint Commission provided for in article 3 shall determine the date on which the natural persons shall have possessed Italian nationality and on which the head offices of the corporations and legal entities shall have been situated in the various territories referred to above.

Article 3

An Italian-Yugoslav Joint Commission shall be established to determine the value of the property.

The Joint Commission shall consist of three representatives of each of the two Contracting Parties, assisted by such experts as may be deemed necessary.

The Commission shall have the right to investigate specific cases on the spot or to despatch experts to do so whenever this is considered necessary.

The Commission shall begin its work immediately on the entry into force of the present Agreement and shall complete it within a period of six months.

Article 4

The Joint Commission shall proceed as follows :

1. It shall establish, on the basis of information or, if necessary, of proof of ownership to be furnished by the Italian representatives, a list of the property to be taken into account for purposes of compensation. Where proof of ownership cannot be furnished by the Italian representatives, the Joint Commission shall, if possible, obtain such proof itself.

2. It shall establish a number of categories for classifying the property and shall determine the principles of valuation for each category.

3. It shall establish for each category one or more standard types of property and determine their value, relate each property to its respective standard type and assign to each such property the value of its standard type, with any necessary upward or downward adjustment. Where this is not possible, owing to the nature of the property in certain categories, the Joint Commission shall itself determine the method of valuation.

The aggregate value so determined shall represent the amount of compensation, and no deduction shall be made therefrom.

Article 5

For the purpose of the valuations provided for in article 4, the Joint Commission shall take as a basis the prices of property on the 1938 free market and multiply them by revaluation coefficients applicable to the various categories of property. These coefficients shall be determined by the Joint Commission.

Article 6

For the purpose of valuation, the Joint Commission shall take into consideration the condition of the property at the time when it was finally taken over by the local authorities of the Yugoslav Government authorities, and shall take into account the effect which the economic potential of the said property may have on its value. In the case of large enterprises, the time in question shall, in the absence of proof to the contrary, be the date on which the local authorities or the Yugoslav Government authorities finally assumed control of the territory.

The condition of the property and the date on which it was taken over shall be determined on the basis of the record of the act of taking over the said property, where available, and of other means of proof.

On the basis of proof to be furnished by the Yugoslav representatives, any losses sustained after the above-mentioned date through the operation of natural forces or as the result of hostilities or of requisitions necessitated by the war, shall be deducted from the value of the property.

Movable property which has passed into the ownership of the Federal People's Republic of Yugoslavia shall be excluded from valuation by virtue of the international law of war.

Article 7

The Joint Commission shall take into consideration, on the basis of lists to be submitted by the Italian representatives, property subject to measures affecting ownership not provided for in article 1, and shall determine in respect thereof a lump sum to be added to the amount of compensation referred to in the last paragraph of article 4. The Yugoslav representatives shall lend their assistance and furnish the necessary particulars for the establishment of the said lists.

Orders for the confiscation of property made prior to the date on which the above-mentioned lump sum is determined shall be dealt with under the foregoing paragraph. Where confiscation measures are revoked after the date aforesaid, the persons concerned shall not be entitled to apply either for the restitution of their confiscated property or for the payment of compensation, since it is with such contingencies in mind that provision is made for the lump sum above-mentioned.

Article 8

The Government of the Federal People's Republic of Yugoslavia undertakes to pay the Italian Government the sum of 10,000 million lire on account of the amounts referred to in the last paragraph of article 4 and in article 7 hereof.

The aforementioned sum does not in any way constitute a percentage of the said amounts or indicate their value.

Article 9

The procedure for the payment of the amounts referred to in articles 4, 7 and 8, together with all outstanding questions relating to Italian property shall be the subject of an agreement to be concluded between the two Governments as soon as possible.

Article 10

The Government of the Federal People's Republic of Yugoslavia is prepared to examine the possibility of purchasing at a reasonable price any property situated in ceded territory which has not been subject to any of the measures referred to in articles 1 and 7, if the owners wish to sell it.

This possibility, together with the question of the payment to the Italian Government of the sums relating to such purchases, if any, shall be examined at the latest at the time of the negotiation of the agreement to be concluded between the two Governments pursuant to article 9.

Article 11

Any question which may arise regarding the execution of the present Agreement shall be settled by the Joint Commission referred to in article 3.

Should the Joint Commission fail to settle a dispute within three months, recourse shall be had to the following procedure :

(1) Where the dispute relates to a matter which does not fall within the scope of articles 83 and 87 of the Treaty of Peace, it shall be referred to a Senior Commission composed of one representative of each of the two Governments. Should that Commission fail to settle the dispute within a reasonable time, the two Governments shall reach agreement thereon through the regular diplomatic channels.

(2) In the case of disputes relating to matters which fall within the scope of the above-mentioned articles of the Treaty of Peace, neither Government shall renounce its right to apply the procedure prescribed in the said articles. The two Governments may, however, refer such disputes to the Senior Commission, but this shall not imply the abandonment of the procedure prescribed in the said articles.

The Senior Commission shall draw up its own rules of procedure.

Article 12

This Agreement shall come into force on the date of its signature.

DONE in duplicate at Belgrade, in the French language, on 23 May 1949.

For the Federal People's Republic
of Yugoslavia :

(Signed) Vrleta KRULJ

For Italy :

(Signed) G. ROMANO

EXCHANGE OF LETTERS

I

Belgrade, 23 May 1949

Sir,

On proceeding to sign the Agreement concerning Italian property, rights and interests in Yugoslavia, I have the honour to confirm to you that the Government of the Federal People's Republic of Yugoslavia agrees to examine questions relating to postal and bank accounts of all types which are still being blocked in the ceded territory, together with other questions of this kind, when we continue our negotiations with a discussion of pensions and social insurance.

I have the honour to be, etc.

(Signed) Vrleta KRULJ

Mr. Guido Romano
Consul-General
Chairman of the Italian Delegation
Belgrade

II

Belgrade, 23 May 1949

Sir,

I have the honour to acknowledge the receipt of your letter of today's date informing me of the following :

[See letter I]

I wish to inform you that I am in agreement with the foregoing, and I have the honour to be, etc.

(Signed) G. ROMANO

Mr. Vrleta Krulj
Counsellor of Embassy
Chairman of the Yugoslav Delegation
Belgrade