

PRIORITY IN REPARATION PAYMENTS TO BELGIUM

Agreement, with initialed annex, approved by the Council of Principal Allied and Associated Powers at Paris June 24, 1919; notification to the Government of Belgium approved by the Council June 24, 1919

Entered into force June 24, 1919

1919 For. Rel. (Paris Peace Conference, XIII) 849

AGREEMENT

Whereas, Article 237 of the Conditions of Peace with Germany¹ provides, among other things, that the payments to be made by Germany, by way of reparation, will be divided by the Allied and Associated Governments in proportions which have been determined upon by them in advance and on a basis of general equity and of the rights of each; and

Whereas, it is deemed equitable that after the priority accorded by Article 235, in respect of the expenses of the Armies of Occupation and payments for the supply of Germany, a certain priority should be granted to Belgium in respect of the payments made by Germany by way of reparation;

Now, therefore, the undersigned, in the name of their respective Governments, agree that out of the first cash received from Germany, in respect of reparation, Belgium shall receive, on account of the reparation payments to which she is entitled the equivalent of 2,500,000,000 gold francs.

For the purposes of the foregoing there shall be reckoned as cash:

- (1) Currency received by the Reparation Commission;
- (2) The proceeds of the sale by the said Commission of negotiable instruments or securities received from Germany;

¹ *Post*, p. 140.

(3) The value of deliveries and reparation in kind made by Germany pursuant to the provisions of the Conditions of Peace and debited to the Allied and Associated Governments. This last item shall not be taken into account before May 1, 1921.

It is understood that the restitutions contemplated by Article 238 of the Treaty will not be taken into consideration.

Irrespective of this priority of 2,500,000,000 francs, Belgium will participate in the proportion which will be accorded to her in the division of the first payments and the subsequent divisions contemplated by Article 237 above referred to.

Beginning with May 1, 1921, the above mentioned sum of 2,500,000,000 francs will be amortized at the rate of one-thirtieth per year out of Belgium's share in each of the subsequent payments made by Germany. If, however, Germany should complete payment of its debt in less than thirty years, such amortization will be accelerated so that it will conclude coincidentally with the final settlement of Germany.

The Annex attached hereto will serve as an illustration of the method of applying the foregoing provisions.

[For France:]

G. CLEMENCEAU

[For the United Kingdom:]

D. LLOYD GEORGE

[For the United States:]

WOODROW WILSON

[For Italy:]

S. SONNINO

ANNEX

Let us assume that Germany pays up to May 1, 1921, in addition to sums which will be applied to its supply of food and raw materials and to the expenses of the Armies of Occupation, the total sum of 13 milliards of francs applicable to reparations. Let us suppose that this sum has been paid as follows:

In cash or securities converted into cash, 1½ milliards.

In different deliveries, 11½ milliards.

Let us further assume that Belgium's share is fixed at 7%, for example. On the foregoing hypothesis Belgium will be entitled:

- (1) To receive the cash, that is, 1½ milliards;
- (2) On May 1, 1921, each of the interested Powers, having been debited

with the total amount of deliveries in kind received by it, payment will be made to Belgium out of the common fund of 1 milliard of the 1 1/2 milliards mentioned above.

Out of the balance of 10 1/2 milliards, Belgium will be entitled to 7%, that is to say, 735 millions.

If Belgium has received in kind 1,200,000,000, she should pay into the common funds the difference between this sum and the share of the 735 millions to which she is entitled, that is to say, 465 millions.

After 1921, for instance in 1922, if Germany has paid in that year 10 milliards and Belgium has received in kind 300 millions, its account will stand as follows:

Received in kind, 300 millions,	300,000,000
Amortization payment on the priority of 2 1/2 milliards,	83,330,000
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Total	383,330,000

Amount due to Belgium 700 millions, from which are to be deducted the above 383,330,000; balance due from the common fund to Belgium, 316,670,000.

G.C.
W.W.
D.L.G.
S.S.

NOTIFICATION TO BELGIUM

M. Clemenceau, President Wilson, and Mr. Lloyd George to the Belgian Minister for Foreign Affairs

PARIS, June 16, 1919.

SIR: The Reparation Clauses of the draft Treaty of Peace with Germany obligate Germany to make reimbursement of all sums which Belgium has borrowed from the Allied and Associated Governments up to November 11, 1918, on account of the violation by Germany of the Treaty of 1839. As evidence of such an obligation Germany is to make a special issue of bonds to be delivered to the Reparation Commission.

Each of the undersigned will recommend to the appropriate governmental agency of his Government that, upon the delivery to the Reparation Commission of such bonds, his Government accept an amount thereof corresponding to the sums which Belgium has borrowed from his Government since the war and up to November 11, 1918, together with interest at 5% unless

already included in such sums, in satisfaction of Belgium's obligation on account of such loans, which obligation of Belgium's shall thereupon be cancelled.

We are [etc.]

G. CLEMENCEAU
WOODROW WILSON
D. LLOYD GEORGE