

DISTRIBUTION OF DAWES ANNUITIES (FINANCE MINISTERS' AGREEMENT, 1925)

Final protocol and agreement signed at Paris January 14, 1925

Entered into force January 14, 1925

*Extended and amended by agreements of September 21, 1925,¹ and
January 13, 1927²*

Supplanted by New (Young) Plan of January 20, 1930³

1925 For. Rel. (II) 145 and 1919 For.
Rel. (Paris Peace Conference, XIII) 902

FINAL PROTOCOL

The representatives of the Governments of Belgium, France, Great Britain, the United States of America, Italy, Japan, Brazil, Greece, Poland, Portugal, Roumania, Serb-Croat-Slovene State, Czechoslovakia, assembled at Paris from the 7th to the 14th January 1925 with a view to settling as between their respective Governments questions which arise out of the distribution of the receipts already entered, or to be entered, in the accounts of the Reparation Commission, in particular after the 1st January 1923 to 1st September 1924, and also in the first years of the application of the Dawes Plan⁴ which formed the subject of the Agreements concluded in London on 31st [30th] August 1924,

Have agreed on the provisions contained in the Agreement of today's date of which a copy is attached to the present Protocol.

Done at Paris, *14th January 1925.*

[For Belgium:]
CLEMENTEL

[For France:]
G. THEUNIS

[For the United Kingdom:]
WINSTON S. CHURCHILL

[For the United States of America:]
MYRON T. HERRICK
FRANK B. KELLOGG
JAMES A. LOGAN JR.

[For Italy:]
ALBERTO DE' STEFANI

¹ *Post*, p. 521.

² *Post*, p. 644.

³ 1919 For. Rel. (Paris Peace Conference, XIII) 902. The United States did not become a party to the New (Young) Plan; for background, see *ibid.*, p. 388.

⁴ For background, see *ibid.*, p. 382.

[For Japan:]

K. ISHII

[For Brazil:]

L. M. DE SOUZA DANTAS

[For Greece:]

EM. J. TSOUDEROS

[For Poland:]

J. MROZOWSKI

J. KARSNICKI

[For Portugal:]

ANTONIO DA FONSECA

VINTILA BRATIANO

[For Romania:]

N. TITULESCU

[For the Serb-Croat-Slovene State:]

STOYADINOVITCH

[For Czechoslovakia:]

STEFAN OSUSKY

AGREEMENT

The Governments of Belgium, France, Great Britain, Italy, Japan, the United States of America, Brazil, Greece, Poland, Portugal, Roumania, the Serb-Croat-Slovene State and Czechoslovakia, respectively represented by the undersigned, have agreed as follows.

AGREEMENT REGARDING THE DISTRIBUTION OF THE DAWES ANNUITIES

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CHAPTER I—ALLOCATION OF THE DAWES ANNUITIES

ARTICLE 1

COSTS OF THE COMMISSIONS

A) The maximum normal charge on the Dawes Annuities of the Reparation Commission, including the organisations set up under the Dawes Plan, shall be:

For the year from 1st September 1924	9¼ million gold marks.
For the later years	7½ — — —

(to be taken partly in foreign currencies or in German currency as required).

Of these sums not more than 3,700,000 gold marks a year shall be attributable to the organisations set up under the Dawes Plan. If necessary this sum may be increased in order to meet the costs of the arbitral bodies provided for by the Dawes Plan and the London Protocol.

B) The maximum charge for the Interallied Rhineland High Commission (including deliveries under Articles 8-12 of the Rhineland Agreement ⁵) shall not exceed 10 million gold marks (to be taken in foreign currencies or in German currency as required) for the year from 1st September 1924, this sum being allocated between the French, British and Belgian High Commissariats in the proportion of 62:16:22, after providing for the other expenses of the Commission. The amount for any later year will be settled at a later date.

C) The charge of the Military Commission of Control shall not exceed a maximum of 8 million gold marks (to be taken in German currency) in the year from 1st September 1924. The amount of any later year will be settled at a later date. This figure does not include the Commission's expenses in national currencies, which shall continue to be paid by the Governments concerned, the amounts so paid being credited to their respective accounts by the Reparation Commission.

ARTICLE 2

COSTS OF ARMIES OF OCCUPATION 1924/1925

A) The sums to be allowed as a prior charge on payments by Germany during the year 1st September 1924 to 31st August 1925 in respect of the

⁵ Agreement signed at Versailles June 28, 1919, *ibid.*, p. 762.

costs of the Armies of Occupation of Belgium, Great Britain and France, shall be fixed at the following amounts:

Belgian Army	25,000,000	gold marks
British Army	25,000,000	— —
French Army	110,000,000	— —

B) Belgium, Great Britain and France will meet their additional Army costs during the period mentioned out of their respective shares in German reparation payments, but shall not be debited on reparation account therewith, that is to say, their respective reparation arrears will be increased by corresponding sums.

C) The additional Army costs shall be calculated as follows. Each Power will be entitled to receive:

1. The sums payable under the Finance Ministers' Agreement of 11th March 1922,⁶ calculated in the case of Great Britain on the basis of the French capitation rate with a special allowance of 2 gold marks a man, converted into sterling on the basis of the mean rates of exchange of the respective currencies during the month of December 1921. The value of German marks supplied to the Armies of Occupation and the value of any requisitions under Article 6 of the Rhineland Agreement shall, as heretofore, be included in these sums, and

2. The value of the requisitions and services under Articles 8–12 of the Rhineland Agreement, which are credited to Germany in the accounts of the Agent General for Reparations.

For each Power the additional Army costs shall be the difference between the total sum so calculated and the amount of the prior charge set out in paragraph (A) above.

D) It is agreed that the Powers concerned in the occupation shall not charge for effectives in excess of the strength authorised for each respectively by Article 1 (2) and (3) of the Agreement of 11th March 1922.

E) The provisions of this Article for the year to 31st August 1925 are accepted without prejudice to any question of principle, and the Allied Governments and the Government of the United States of America will discuss, before the 1st September 1925, the arrangement for Army Costs in the future.⁷

ARTICLE 3

SHARE OF THE UNITED STATES OF AMERICA IN THE DAWES ANNUITIES

A) Out of the amount received from Germany on account of the Dawes annuities, there shall be paid to the United States of America the following sums in reimbursement of the costs of the United States Army of Occupation and for the purpose of satisfying the awards of the Mixed Claims Commis-

⁶ *Ibid.*, p. 870.

⁷ See agreement of Sept. 21, 1925, *post*, p. 521.

sion established in pursuance of the Agreement between the United States and Germany of August 10th, 1922.⁸

1. Fifty-five million gold marks per annum beginning September 1st, 1926, and continuing until the principal sums outstanding on account of the costs of the United States Army of Occupation, as already reported to the Reparation Commission, shall be extinguished. These annual payments constitute a first charge on cash made available for transfer by the Transfer Committee out of the Dawes Annuities, after the provision of the sums necessary for the service of the 800 million gold mark German external loan, 1924, and for the costs of the Reparation Commission, the organisations established pursuant to the Dawes Plan, the Interallied Rhineland High Commission, the Military Control Commissions, and the payment to the Danube Commission provided for in Article 9 below, and for any other prior charges which may hereafter with the assent of the United States of America be admitted. If in any year the total sum of fifty-five million gold marks be not transferred to the United States of America the arrears shall be carried forward to the next succeeding annual instalment payable to the United States of America, which shall be *pro tanto* increased. Arrears shall be cumulative and shall bear simple interest at $4\frac{1}{2}\%$ from the end of the year in which the said arrears accumulated until they are satisfied.

2. Two and one quarter per cent ($2\frac{1}{4}\%$) of all receipts from Germany on account of the Dawes Annuities available for distribution as reparations, provided that the annuity resulting from this percentage shall not in any year exceed the sum of forty-five million gold marks.

B) Subject to the provisions of Paragraph A above, the United States of America agree:

1. To waive any claim under the Army Cost Agreement of May 25th, 1923,⁹ on cash receipts obtained since 1st January 1923 beyond the sum of \$14,725,154.40 now deposited by Belgium to the account of the Treasury of the United States in a blocked account in the Federal Reserve Bank of New-York, which sum shall forthwith be released to the United States Treasury.

2. That the Agreement of May 25th 1923 does not apply to payments on account of reparations by any ex-enemy Powers other than Germany.

3. That the Agreement of May 25th 1923, is deemed to be superseded by the present Agreement.

C) The provisions of this Agreement relating to the admission against the Dawes Annuities of charges other than reparations, and the allotments provided for such charges shall not be modified by the Allied Governments,

⁸ TS 665, *post*.

⁹ TS 671-A, *ante*, p. 424.

so as to reduce the sums to be distributed as reparations save in agreement with the United States of America.

D) The United States of America is recognised as having an interest, proportionate to its $2\frac{1}{4}\%$ interest in the part of the annuities available for reparation, in any distribution of railway bonds, industrial debentures or other bonds issued under the Dawes Plan, or in the proceeds of any sale of undistributed bonds or debentures and as having the right also to share in any distribution or in the proceeds of any sale, of such bonds or debentures for any arrears that may be due to it in respect of the repayment of its army costs as provided in the present Agreement. The United States of America is also recognised as having an interest in any other disposition that may be made of the bonds if not sold or distributed.

ARTICLE 4

BELGIAN WAR DEBT

A) As from the 1st September 1924 5% of the total sum available in any year after meeting the charges for the service of the German External Loan, 1924, and the charges for Costs of Commissions; Costs of U.S. Army of Occupation; Annuity for Arrears of pre-1st May 1921 Army Costs; Prior charge for current Army Costs; and any other prior charges which may hereafter be agreed, shall be applied to the reimbursement of the Belgian War Debt as defined in the last paragraph of Article 232 of the Treaty of Versailles.¹⁰

B) The amounts so applied in any year shall be distributed between the Powers concerned in proportion to the amount of the debts due to them respectively as of 1st May 1921. Pending the final settlement of the accounts, France shall receive 46% Great Britain 42% and Belgium (by reason of her debt to U.S.A.) 12%.

ARTICLE 5

RESTITUTION

A) There shall be applied to the satisfaction of claims for restitution:

a) During the first four years 1% of the total sum available in any year after meeting the charges for the service of the German External Loan, 1924, and the charges for Costs of Commissions: Costs of U.S. Army of occupation; annuity for arrears of pre-1st May 1921 Army Costs; prior charge for current Army Costs; and any other prior charge which may hereafter be agreed;

b) During subsequent years 1% of the balance of the first milliard after meeting the charges enumerated above and 2% of the surplus of the annuity.

¹⁰ *Ante*, p. 138.

B) The amount so applied shall be distributed between the Powers having a claim for restitution proportionately to their respective claims under this head as accepted by the Reparation Commission.

C) The French and Italian Governments reserve their rights to claim restitution of certain objects of art by the application of article 238¹¹ of the Treaty of Versailles. The other Allied Governments will support their efforts to secure the execution by Germany of such restitution. Nevertheless, if the fulfilment of this obligation involves a charge on the Dawes annuities the value will be charged against the share in the annuity of the Power interested.

ARTICLE 6

BELGIAN PRIORITY

A) It is agreed that the determination of the exact position as regards the satisfaction of the Belgian priority depends on the settlement of the distribution account which the Reparation Commission has been requested to draw up.

B) Out of the part of the annuities received from Germany and available for distribution as reparations among the Allied Powers after 1st September 1924, Belgium will receive:

a) During the year commencing 1st September 1924 : 8%.

b) During the year commencing 1st September 1925, so long as Belgian priority is not extinguished 8% of each monthly payment. As soon as the priority is extinguished, the percentage of all further payments during the year in question will be reduced to 4.5%.

c) During the year commencing 1st September 1926 and during each succeeding year : 4.5%.

This reduction in percentage is accepted as fully discharging Belgium from her obligations to repay her priority.

C) As from the date at which Belgian priority is extinguished or at the latest from 1st September 1926, the 3½% released by the above arrangements for the repayment of the Belgian priority will be payable to France and Great Britain in the proportion 52 : 22, in addition to their Spa percentages.

The sums debited to Belgium in respect of the period to 1st September 1924, will not be regarded as creating for her either excess payments or arrears, provided that this shall be without prejudice to the liability of Belgium to account for any final balance under the Economic Clauses of the Treaty.

D) The right accruing to Belgium as a result of previous Agreements on payments received or to be received from or on account of Austria, Hungary and Bulgaria remain unaltered.

¹¹ *Ante*, p. 140.

ARTICLE 7

GREEK AND ROUMANIAN REPARATION PERCENTAGES

A) The percentage of reparation payments available for distribution between the Allied Powers to be allotted to Greece is fixed at 0.4 percent of payments by Germany and of the first half of payments by Austria, Hungary and Bulgaria and 25 percent of the second half of payments by Austria, Hungary and Bulgaria.

B) The percentage of reparation payments available for distribution between the Allied Powers to be allotted to Roumania is fixed at 1.1 percent of payments made by Germany and of the first half of payments by Austria, Hungary and Bulgaria, and 20 percent of the second half of payments made by Austria, Hungary and Bulgaria.

ARTICLE 8

MISCELLANEOUS CLAIMS

A) The following claims namely:

a) Costs of military occupation of the Plebiscite zones (Annex to Article 88 of Treaty¹²);

b) Costs of repatriation of German prisoners of war (Article 217 of the Treaty¹³);

c) Repayment of exceptional war expenses advanced by Alsace-Lorraine during the war, or by public bodies in Alsace-Lorraine, on account of the Empire (Article 58 of the Treaty¹⁴);

d) Payment of certain indemnities in the Cameroons and French Equatorial Africa (Articles 124 and 125 of the Treaty¹⁵).

shall be submitted for valuation to the Reparation Commission which shall be at liberty to use for this purpose all the means at its disposal including reference to arbitration as proposed in Article 11 below.

The amounts of these claims when established shall be credited to the interested Powers in their Reparation accounts as at the 1st September 1924, and the credits treated as arrears at that date in accordance with the provisions of Article 19 below.

B) The following claims would appear to be payable apart from and in addition to the Dawes annuities namely:

a) The costs of the civil and military pensions in Alsace-Lorraine earned at the date of the Armistice (Article 62 of the Treaty¹⁶);

¹² *Ante*, p. 91.

¹³ *Ante*, p. 134.

¹⁴ *Ante*, p. 79.

¹⁵ *Ante*, p. 108.

¹⁶ *Ante*, p. 79.

b) The transfer of the reserves of social insurance funds in Alsace-Lorraine (Article 77 of the Treaty¹⁷). Should, however, the German Government succeed in establishing that these claims must be met out of the Dawes Annuities the Allied Governments will concert together as to the manner in which they should be dealt with.

ARTICLE 9

COMPENSATION DUE TO THE EUROPEAN COMMISSION OF THE DANUBE

There shall be paid forthwith to the European Commission of the Danube out of the Annuities the sum of 266,800 gold francs, being the amount agreed to be due from Germany to the Commission in respect of compensation for damages.

ARTICLE 10

CLEARING OFFICE BALANCES

No special charge shall be admitted against the Dawes annuities in respect of Clearing Offices balances of pre-war debts or other claims under the Economic Clauses of the Treaty unless it is shown that any Allied Power claiming the benefit of such charge has a net credit balance due for payment, after applying, to meet its claims under the Economic Clauses, the German properties and other assets which it has the power to liquidate under the same articles. No provision shall be made for such net credit balances during the first four years of the Dawes Plan.

CHAPTER II—SETTLEMENT OF PAST ACCOUNTS

ARTICLE 11

DISTRIBUTION ACCOUNTS—PROVISION AS TO ARBITRATION

The Allied Governments request the Reparation Commission to draw up as soon as possible definite distribution accounts as at 1st September 1924.

They will give authority to their respective Delegates on the Reparation Commission, to submit to arbitration all questions of fact or of figures arising on the accounts and to the fullest possible extent, questions of interpretation, on which they are not unanimous, in so far as is not already provided for in any existing arrangement.

The above provisions will apply in particular to the settlement of the Ruhr accounts in accordance with the principles set out below and to questions which may arise in regard to the amounts due under the heads of restitutions or other non-reparation claims.

¹⁷ *Ante*, p. 84.

ARTICLE 12

RUHR ACCOUNTS

A) The Reparation Commission shall fix in accordance with the provisions of the Treaty of Versailles and the practice hitherto in force the value in gold marks of the receipts of every nature obtained by the French, Belgian, and Italian Governments from Germany since 11th January 1923, in so far as such receipts have not already been accounted for to it. The Reparation Commission shall similarly determine the amounts to be set against such receipts with a view to securing that the Powers concerned receive credit for expenditure actually incurred by them, subject, however, to the detailed provisions below with respect to Army Costs.

B) Separate accounts will be drawn up for deliveries in kind and cash receipts.

C) The account of deliveries in kind shall include the value as determined by the Reparation Commission of:

1. Deliveries in kind not yet accounted for to the Commission including deliveries paid for from the "fonds commun" and the "fonds special".

2. All requisitions under or on the analogy of Article 6 of the Rhineland Agreement and all paper marks seized and fines imposed by the Armies of Occupation during the period 1st January 1923, up to the 31st August 1924, in so far as they have not already been reported to the Reparation Commission.

Against these receipts will be allowed as deductions the extra costs incurred by the French and Belgian Governments during the period 1st January 1923, to the 31st August 1924, through the maintenance of military forces in German territory not occupied on the 1st January 1923, after setting off the normal costs of the maintenance of these forces in their home garrisons.

The net value of the deliveries in kind so determined shall be debited in the reparation accounts against the Powers which have received them.

The value of coal and coke sold to Luxemburg during the same period shall be treated as a delivery in kind to France.

D) The account of cash receipts shall include cash receipts of all kinds obtained by the Occupying Powers including the gross amounts obtained from taxes or duties, licences, derogations, etc., and the net receipts of the Railway Regie, as ascertained by the Reparation Commission after verification of the accounts.

From these receipts will be allowed as deductions the civil costs of collection and expenses of administration incurred before the 31st August 1924, and the costs of loading coal and exploitation of mines and cokeries up to the same date.

The balance of the account shall, with the exception of the sum mentioned in sub-paragraph 1 of parag. B of Art. 3, be paid over to the Belgian Government which shall be debited on account of the priority for the period before 1st

September 1924, with the full amount so received less the interest due on the German Treasury Bills transferred to Belgium in 1922.

E) In accordance with Annexe III to the London Protocol no claim will be made for payment out of the Dawes annuities of any costs in respect of military forces in German territory not occupied on the 1st January, 1923, other than the value of requisitions effected by, or services rendered to these forces after 1st September, 1924. The value of such requisitions or services will be accounted for as deliveries on Reparation Account to the Allied Powers concerned.

CHAPTER III—SPECIAL QUESTIONS ARISING OUT OF PREVIOUS AGREEMENTS

ARTICLE 13

EXTENSION BEYOND JANUARY 1ST, 1923 OF THE PROVISIONS OF ARTICLE 2 OF THE AGREEMENT OF MARCH 11, 1922: APPROPRIATION OF DELIVERIES IN KIND TO THE COST OF ARMIES OF OCCUPATION

The French, British and Belgian Governments agree that the *forfaits* fixed, or to be fixed, for their respective armies of occupation from the 1st January, 1923, and until the 31st August, 1928, in so far as they are not met out of requisitions of paper marks and services, etc., under Article 6 of the Rhineland Agreement, should be charged on the deliveries in kind (including receipts under the British Reparation Recovery Act and any similar levy established by any other Government) received by them respectively, and the Reparation Commission is requested to give effect to this decision in its accounts.

ARTICLE 14

EXTENSION BEYOND JANUARY 1ST, 1923, OF THE PROVISIONS OF ARTICLE 6 OF THE AGREEMENT OF MARCH 11, 1922: RETENTION BY EACH POWER OF THE DELIVERIES IN KIND RECEIVED BY IT

Each of the Allied Governments having a credit due to it on reparation account shall be entitled to retain, without being required to make payment in cash for the value thereof, the deliveries in kind (including Reparation Recovery Act Receipts) received and retained by them between the 31st December 1922, and the 1st September 1924. The receipts of each Power, however, up to the 1st September 1924, shall be taken into account in determining the adjustments provided for in Article 19.

ARTICLE 15

COSTS OF ARMIES OF OCCUPATION FOR THE PERIOD 1ST MAY 1922 TO 31ST AUGUST 1924

A) The credits to be given in respect of the costs of occupation for the period 1st May 1922 to 1st May 1924, are as follows:

	French share of <i>forfait</i>	Belgian share of <i>forfait</i>	British share of <i>forfait</i>
May 1st, 1922 to April 30th, 1923.....	<i>Gold marks</i> 155, 526, 693	<i>Gold marks</i> 30, 680, 158	<i>Gold marks</i> 21, 092, 922
May 1st, 1923 to April 30th, 1924.....	117, 195, 330	23, 284, 922	22, 369, 567

B) As regards the costs of occupation for the period 1st May 1924 to 31st August 1924, the Allied Governments will authorise their representatives on the Reparation Commission to make the necessary adjustment on the basis of the principles on which the above figures were calculated.

C) The Reparation Commission is requested to introduce those figures into its accounts for the years in question.

ARTICLE 16

DEBITS FOR THE VESSELS ALLOTTED OR TRANSFERRED TO BELGIUM UNDER ARTICLE 6 (4) OF THE SPA PROTOCOL

The debits in the Interallied accounts for the vessels allotted or transferred to Belgium under Article 6 (4) of the Spa Protocol¹⁸ shall be dealt with under Article 12 of the Finance Ministers' Agreement of the 11th March 1922 instead of as provided for in the Spa Protocol.

ARTICLE 17

DEBIT FOR SHANTUNG RAILWAYS AND MINES

In respect of the Railways and Mines referred to in the second paragraph of Article 156 of the Treaty of Versailles,¹⁹ Japan will be debited by the Reparation Commission in the Interallied accounts only with the equivalent of compensation which has been or may be in fact paid by the German Government to its nationals for their interests. Pending the establishment of the amounts in question Japan will be regarded as entitled to her full percentage of reparations as from 1st September 1924.

CHAPTER IV—INTEREST AND ARREARS

ARTICLE 18

INTEREST ACCOUNT

The Allied Governments agree that all interest charges on reparation receipts up to 1st September 1924, should be waived as between the Allied

¹⁸ Agreement signed at Spa July 16, 1920, 1919 For. Rel. (Paris Peace Conference, XIII) 851; for an informal U.S. reservation of Aug. 27, 1920, see *ibid.*, p. 860.

¹⁹ *Ante*, p. 114.

Powers and all provisions in existing agreements requiring interest accounts to be kept to that date are cancelled. Interest at 5% shall, however, be charged as from 1st September, 1924, on the excess receipts shown in the account to be drawn up under Article 19 below as due at that date by any Allied Power to the Reparation Pool as well as on any further excess receipts which may accrue after that date until they are repaid.

ARTICLE 19

EXCESSES AND ARREARS

A) The Reparation Commission shall as soon as possible draw up an account showing, as at 1st September, 1924, for each Power entitled to a share in the reparation payments of Germany, but not including the United States of America.

a) The net receipts of that Power on reparation account as at 1st September, 1924, which shall be calculated by deducting from its total gross receipts as valued for the purpose of Interallied distribution, the credits due to it in respect of Spa coal advances, of costs of Armies of Occupation (excluding the arrears as at 1st May, 1921, provided for in Article 21), costs of Commissions of Control not paid in German currency, profits on exchange, and of any other approved claims such as the claims referred to in Article 8 A) of this Agreement;

b) The amount that Power should have received had the total net reparation receipts of all the Powers been distributed in accordance with the Spa percentages.

By deducting from the amount due to each Power its actual debit, the Reparation Commission will determine the arrears due to that power or the excess payments due from that Power as at 1st September, 1924.

B) A similar calculation shall be made by the Reparation Commission on the 1st September in each succeeding year.

C) For the purpose of the above calculations the figures relating to Belgium shall be included on the same footing as those relating to other Powers but, save as provided elsewhere in this Agreement, Belgium shall be free of any obligation to repay reparation receipts obtained before 1st September 1924.

Belgium shall, however, if the case arises, be required to account with interest for any excess of reparation receipts obtained by her after 1st September 1924, over her due proportion, as laid down elsewhere in this Agreement, of the total receipts effectively debited to all the Powers after that date. In the contrary case Belgium will be regarded as having a claim in respect of arrears.

D) The provisions of the second paragraph of Article 7 of the Agreement of 11th March 1922 relating to the debits to be entered in the account to be drawn up under Article 235 of the Treaty ²⁰ in respect of coal received by

²⁰ *Ante*, p. 139.

Italy before 1st May 1921, shall apply also to the debits for coal received by Italy between 1st May 1921 and 31st December 1922.

ARTICLE 20

RECOVERY OF ARREARS

Except as otherwise provided for in this Agreement :

(A) The excess receipts of any Power as fixed at the end of each year under Article 19 shall be repaid by the deduction of a certain percentage from the share of that Power in each succeeding annuity until the debt is extinguished with interest at 5%, provided that no repayments under this sub-section shall be required out of the annuities for the years commencing 1st September 1924 and 1st September 1925.

(B) In the case of Italy and the S. H. S. [Serb-Croat-Slovene] State this deduction shall be fixed at 10%. In the case of other countries the deduction shall be calculated by the Reparation Commission on a similar basis.

(C) The repayments made by the Debtor Powers shall be distributed between the Powers in credit to the Reparation Pool in proportion to their respective arrears.

ARTICLE 21

COSTS OF THE ARMIES OF OCCUPATION TO 1ST MAY 1921

The arrears due to France and Great Britain on account of pre-1st May 1921 Army Costs shall be excluded from the general account of arrears and shall be discharged by a special allotment out of the Dawes annuities (ranking immediately after the charge in favour of U.S. Army Costs) of the following amounts namely:

1st year	15 million gold marks.
2nd year	20 — — —
3rd year	25 — — —
4th year	30 — — —

and thereafter an annuity of 30 million gold marks till the arrears are extinguished.

This allotment shall be divided between France and Great Britain in the proportions France 57%, Great Britain 43%. The allotment shall be taken in deliveries in kind during the first two years of the Dawes Plan and thereafter may be transferred either in deliveries in kind or cash. This arrangement will not affect the distribution of any cash receipts now in the hands of the Reparation Commission available for the liquidation of Army Costs arrears, which receipts will be dealt with in accordance with Article 8 of the Agreement of 11th March 1922 and credited against the capital arrears. Further, the annuity above provided for will retain a prior charge up to 25% of its amount on any cash receipts not arising out of the Dawes Plan which

may accrue to the Reparation Commission in the future on account of Germany.

CHAPTER V—MISCELLANEOUS QUESTIONS

ARTICLE 22

PAYMENT BY CZECHOSLOVAKIA FOR DELIVERIES IN KIND

The sums due by Czechoslovakia to the Reparation Commission in respect of the deliveries in kind received by her from Germany and Hungary since 1st May 1921, shall be placed in a suspense account and carry interest at 5% from the 1st September, 1924.

ARTICLE 23

BULGARIAN PAYMENTS

Without prejudice to any question of principle, the payments made or to be made up to 31st December 1926, by Bulgaria under the Protocol of Sofia dated 21st March 1923,²¹ will be distributed between the Allied Powers in the proportions laid down in Article 2 of the Spa Protocol. The Allied Governments will agree together as to the method of distribution of these payments to be adopted after 31st December 1926.

ARTICLE 24

PROPERTIES CEDED TO THE FREE CITY OF DANZIG

The Allied Governments give full powers to their respective representatives on the Reparation Commission to settle all questions connected with the debt due by the Free City of Danzig in respect of the value of the public properties ceded to the Free City by Germany, including such adjustments of the payments to be made by the Free City as may be necessitated by its financial situation.

ARTICLE 25

RECOMMENDATIONS WITH REGARD TO DISTRIBUTION OF PAYMENTS THROUGHOUT THE YEAR

The Finance Ministers draw the attention of the Reparation Commission to the fact that the operation of the Dawes Plan would be greatly facilitated if the Agent General for Reparation Payments could so arrange that the annual payments to be made during the operation of the Dawes Plan may be distributed throughout the course of each year, and they request the Reparation Commission and the Agent General to consider what steps can be taken to secure this result, which is of particular importance during the second and third years of the Plan.

²¹ For text, in the original French, see *British and Foreign State Papers*, vol. 117, p. 534.

With a view to accomplishing this result the Allied Governments, so far as they are concerned, authorise the Reparation Commission and the Agent General for Reparation Payments in cooperation with the Trustees for Railway Bonds and Industrial Debentures to take all action that may be necessary to arrange the due dates of the payments to be made on the Railway and Industrial Bonds so as to provide for a gradual and even flow of payments throughout each annuity year.

Furthermore, the Finance Ministers authorise the Reparation Commission to make arrangements, so far as may be practicable without prejudicing the requirements of other Powers, to enable the Portuguese Government to obtain during the earlier months of the second year of the Dawes Plan (within the limit of its share in the second annuity) the sums necessary to complete certain outstanding orders for deliveries in kind of special importance to it.

ARTICLE 26

INTERPRETATION AND ARBITRATION

This Agreement shall be transmitted to the Reparation Commission, and the Commission will be requested to give effect thereto and to adjust the payments during the remainder of the year to 31st August 1925, and during subsequent years, so that the total receipts of each Allied Power during each year shall not exceed its share under this Agreement. The Reparation Commission shall have authority by unanimous resolution to interpret the provisions of the Agreement, in so far as the Allied Powers are concerned. If any difference or dispute shall arise on the Reparation Commission or between the Allied Powers in respect of the interpretation of any provisions of this Agreement or as to anything to be done hereunder whether by the Commission or otherwise, the same shall be referred to the arbitration of a single arbitrator to be agreed unanimously by the members of the Reparation Commission, or, failing agreement, to be appointed by the President for the time being of the Permanent Court of International Justice.

Any difference or dispute that may arise with the United States of America regarding the interpretation of this Agreement affecting American claims or the rights of the United States of America under this Agreement shall be referred to an arbitrator to be agreed upon between the United States of America and the Reparation Commission acting unanimously.

ARTICLE 27

RESERVATION AS TO THE RIGHTS AND OBLIGATIONS OF GERMANY

The provisions of the present Arrangement concluded between the Powers interested in reparations do not prejudice any rights or obligations of Germany under the Treaties, Conventions and Arrangements at present in force.

The present agreement, done in English and French in a Single Copy will be deposited in the Archives of the Government of the French Republic which will supply certified copies thereof to each of the Signatory Powers.

In the interpretation of this Agreement, the English and French texts shall be both authentic.

PARIS, *January 14th, 1925.*

[For Belgium:]
CLEMENTEL

[For France:]
G. THEUNIS

[For the United Kingdom:]
WINSTON S. CHURCHILL

[For the United States of America:]
MYRON T. HERRICK
FRANK B. KELLOGG
JAMES A. LOGAN JR

[For Italy:]
ALBERTO DE' STEFANI

[For Japan:]
K. ISHII

[For Brazil:]
L. M. DE SOUZA DANTAS

[For Greece:]
EM. J. TSOUDEROS

[For Poland:]
J. MROZOWSKI
J. KARSNICKI

[For Portugal:]
ANTONIO DA FONSECA
VINTILA BRATIANO

[For Romania:]
N. TITULESCU

[For the Serb-Croat-Slovene State:]
STOYADINOVITCH

[For Czechoslovakia:]
STEFAN OSUSKY