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SPECIAL SUPPLEMENT No. 148

DISPUTE BETWEEN ETHIOPIA AND ITALY
Co-ordination of Measures under Article 16 of the Covenant

I.

COMMITTEE OF EIGHTEEN
MINUTES OF THE FOURTH SESSION
January 22nd, 1936

II.

COMMITTEE OF EXPERTS
created to follow the Application of Sanctions
(Resolution of the Committee of Eighteen, dated November 6th, 1935)
MINUTES OF THE SECOND SESSION
January 29th to February 1st, 1936

III.

COMMITTEE OF EXPERTS
for the Technical Examination of the Conditions governing the Trade in and Transport of
PETROLEUM AND ITS DERIVATIVES, BY-PRODUCTS AND RESIDUES
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NOTE BY THE SECRETARY-GENERAL.

The Minutes of the proceedings of the Co-ordination Committee, together with the Minutes of the first three sessions of the Committee of Eighteen, those of its Sub-Committees and of the Committee of Experts created to follow the application of sanctions, have been published as Special Supplements of the *Official Journal*:

- Special Supplement No. 145: Minutes of the First Session of the Co-ordination Committee, Committee of Eighteen and Sub-Committees.
- Special Supplement No. 146: Minutes of the Second Session of the Co-ordination Committee, Committee of Eighteen and Sub-Committees.
- Special Supplement No. 147: Minutes of the Third Session of the Committee of Eighteen and Minutes of the First Session of the Committee of Experts created to follow the Application of Sanctions (Resolution of the Committee of Eighteen, dated November 6th, 1935).

The replies received from Governments in connection with the Proposals of the Co-ordination Committee will be published later.

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1 Document Nos.: Co-ordination Committee/40, 89 and 97.
COMMITTEE OF EIGHTEEN

MEETING

Held on Wednesday, January 22nd, 1936, at 4 p.m.

Chairman : M. de Vasconcellos (Portugal).

1. Examination and Adoption of Resolutions providing for (a) the Continuation of the Work of the Committee of Experts appointed on November 6th, 1935, (b) the Appointment of a Committee of Experts to study Questions relating to Petroleum.

The Chairman explained that the Committee of Eighteen would have to deal with several questions. In the first place, further replies relating to the sanctions in force had been received. The Committee of Experts would have to examine them in accordance with the usual procedure.

It would also be necessary, as well as most useful, to know how the sanctions in force were working, but the published statistics hardly brought this out satisfactorily. It would therefore be advisable to make a special investigation by sending a questionnaire to all the States for the purpose of collecting all the necessary information.

Lastly, the Chairman recalled that Proposal IV A related to the extension, to certain articles, of the measures of embargo, as soon as the necessary conditions to render this extension effective had been realised. It did not seem, from the information collected by the Secretariat, that those conditions were fulfilled, so far as iron, steel and coal were concerned. The probable efficacy of an embargo on those products was not known. As for petroleum, it would be advisable to instruct experts to make a technical examination of the conditions regulating the trade in and transport of petroleum and its derivatives, by-products and residues. The results of this examination would be submitted to the Committee of Eighteen in the near future.

The Chairman then opened the discussion on the following draft resolutions prepared by the Bureau on the three points mentioned above:

Resolution I.

"The Committee of Eighteen requests the Chairman of the Co-ordination Committee, To convene the Committee of Experts at as early a date as may prove convenient, and to invite that Committee:

(a) To examine, together with such other points as may be submitted to it by the Chairman of the Co-ordination Committee, the replies received from Governments to the proposals of the Co-ordination Committee since the first session of the Committee of Experts;

(b) To take all measures, whether by questionnaire or otherwise, necessary for the collection and publication of statistical and other information concerning the state of trade between the countries applying these proposals and Italy and Italian colonies."

Resolution I was adopted without change.

Resolution II.

"Recalling its proposal of November 6th, 1935, to the effect that measures of embargo should be extended to certain articles as soon as the conditions necessary to render this extension effective had been realised;

Subject to the proposals which it may see fit to submit on this question to the political decision of Governments;

Recommends the appointment of a committee of experts to conduct a technical examination of the conditions governing the trade in and transport of petroleum and its derivatives, by-products and residues, with a view to submitting an early report to the Committee of Eighteen on the effectiveness of the extension of measures of embargo to the above-mentioned commodities;"
“Invites the Governments of . . . to appoint experts to serve on a committee for this purpose.
“The experts will meet in Geneva on a date appointed by the Chairman of the Committee of Eighteen.”

In accordance with an observation made by M. DE MADARIAGA (Spain), the beginning of the third paragraph was amended as follows: “Decides to create a committee of experts . . .”.

M. Titulesco (Roumanian) asked what was the precise meaning of the second paragraph: “subject to the proposals . . .”.

M. Komarnicki (Poland) said that he would be prepared to vote for the draft resolution as it stood. He was not sure himself, however, what was meant by the second paragraph. Did it signify that it was premature to refer at once to a political decision and that, since that would be a later stage, it was necessary to await the results of the work of the Committee of Experts? He did not think the paragraph in any way prejudiced the manner in which Governments might be approached with a view subsequently to taking political decisions.

The Chairman thought that the question might have political repercussions, and stated that M. Komarnicki’s interpretation was correct.

M. Titulesco (Roumanian) pointed out that, by its very nature, the Committee of Experts could only formulate technical opinions and that, in consequence, the political decision of the Governments was automatically reserved. There would therefore be no objection to deleting the second paragraph of the draft resolution; on the other hand, if it were retained, it might give rise to interpretations other than those just mentioned, for the Committee could not expect to exhaust all the possibilities. It would therefore be desirable to delete the second paragraph, on the clear understanding that the views of the experts would be submitted to Governments which alone would be competent to reach a decision.

M. Leger (France) urged that the paragraph be retained. If, as M. Titulesco thought, it was quite understood that the views of the experts would be submitted to the Governments which alone would be competent to reach a decision, it was advisable to say so specifically in the draft resolution.

M. Titulesco (Roumanian) believed that the question was only one of drafting, as, in substance, it seemed to him that all the members of the Committee were in agreement. But if so, the present wording of the second paragraph did not reserve the right of Governments to approve or disapprove the experts’ opinions, since it signified that, in addition to this natural right of Governments, other proposals which the Committee of Eighteen might submit were not prejudiced. What were those other proposals? He did not know. M. Titulesco therefore proposed that the second paragraph be deleted and that the following words be added at the end of the third paragraph: “Subject to the right of the various Governments to approve or disapprove it”.

M. Komarnicki (Poland) agreed with M. Titulesco as to the substance of the question, in regard to which, moreover, the Roumanian delegate had already admitted that there was no divergence of opinion. He urged, nevertheless, that the second paragraph be maintained, and fully approved the arguments submitted to that effect by the delegate of France.

M. Titulesco (Roumanian) proposed if it were felt essential to retain the second paragraph, that it be worded as follows: “subject to the final decisions reached by the Governments”.

M. Leger (France) observed that the question was purely formal and only concerned procedure. The latter had two stages. The Committee of Experts would make proposals to the Committee of Eighteen, which, if it approved them, would submit them to the Governments. That was clear from the present wording. But, on the other hand, he appreciated M. Titulesco’s desire to avoid ambiguity. Would not some such wording as “subject to the proposals which it may see fit to submit on this question to the political decision of Governments”, by removing any ambiguity, give satisfaction to the Roumanian delegate?

M. Titulesco (Roumanian) accepted this wording, on the understanding that the Minutes would show that the Committee considered that the second paragraph of the resolution did not in any way change previous proposals.
Mr. Eden (United Kingdom) presumed that it would be quite clear from the Minutes that the Committee’s decision had not been intended to affect, and did not affect, anything that had been done before.

The Chairman said that that was the Committee’s idea, and that that interpretation would be contained in the Minutes.

Resolution II, as amended, was adopted in the following form.¹

“The Committee of Eighteen,

“Recalling its Proposal IV A of November 6th, 1935, to the effect that measures of embargo should be extended to certain articles as soon as the conditions necessary to render this extension effective had been realised;

“Subject to the proposals which it may see fit to submit on this question to the political decision of Governments:

“Decides to create a Committee of Experts to conduct a technical examination of the conditions governing the trade in and transport of petroleum and its derivatives, by-products and residues, with a view to submitting an early report to the Committee of Eighteen on the effectiveness of the extension of measures of embargo to the above-mentioned commodities;

“Requests its Chairman to invite certain Governments to appoint experts to serve on a committee for this purpose.

“The experts will meet in Geneva on a date appointed by the Chairman of the Committee of Eighteen.”

2. Constitution of the Committee of Experts to study Questions relating to Petroleum.

M. Westman (Sweden) proposed that the Chairman be asked to appoint, after the necessary consultations, the experts who were to sit on this Committee.

M. Komarnicki (Poland) expressed the hope that the principal petroleum exporting countries which were members of the Co-ordination Committee would be represented on the Committee of Experts.

The Chairman said that, if the Swedish delegate’s suggestion were adopted, he would act in accordance with the Polish delegate’s desires. The Committee of Experts should not, however, be restricted to representatives of petroleum exporting countries, as transport questions also arose.

M. Westman’s suggestion was adopted.

The Chairman stated that, in view of the adoption of M. Westman’s suggestion, the beginning of the penultimate paragraph of resolution II should be slightly amended as follows:

“Requests its Chairman to invite . . .”

The amendment proposed by the Chairman was approved.

The Chairman said he would ask the Governments to furnish, as speedily as possible, the information required by the Committee of Experts.

M. Litvinoff (Union of Soviet Socialist Republics) pointed out that information had to be obtained with regard to certain decisions to be reached by oil-producing countries which did not belong to the League. That very important information, which would have to be studied by the technical Committee, would not be available immediately.

Mr. Eden (United Kingdom) presumed that the Committee of Experts would have to work and base its report on certain assumptions. It might even put forward alternative proposals. He therefore saw no reason for delay unless the experts themselves thought it necessary.

M. Litvinoff (Union of Soviet Socialist Republics) said that, in those circumstances, he would not press his point.

¹ For the final text of the resolutions as a whole, see document No.: Co-ordination Committee/109 (1).
COMMITTEE OF EXPERTS CREATED TO FOLLOW THE APPLICATION OF SANCTIONS

(Resolution of the Committee of Eighteen, dated November 6th, 1935 1).

LIST OF MEMBERS.

Belgium: M. W. LORIDAN, Consular Attaché.

United Kingdom: Mr. R. C. STEVENSON, Assistant Adviser, Foreign Office.  
Mr. Bernard F. PICKNETT, Board of Trade.

France:  
M. FOQUES-DUPARC, Secretary of Embassy, Chef du Cabinet to the Minister of State Permanent Delegate to the League of Nations.  
M. COUVE DE MURVILLE, Inspector of Finance.  
M. BOULET, Administrator of Customs.  
M. GAYON, Principal Collector of Customs at Rouen.

Greece:  
His Excellency M. R. BIBICA-ROSETTI, Envoy Extraordinary and Minister Plenipotentiary, Permanent Delegate to the League of Nations.


Poland: M. L. KULSKI, Counsellor of Legation.  
Substitute: M. P. STARZENSKI, Attaché of Legation.

Roumania:  
His Excellency M. C. ANTONIADE, Envoy Extraordinary and Minister Plenipotentiary to the League of Nations.  
His Excellency M. G. ASSAN, Envoy Extraordinary and Minister Plenipotentiary in Copenhagen.

Spain: M. J. TEIXIDOR, Consul-General at Geneva, Secretary-General of the Permanent Delegation to the League of Nations.

Sweden:  
His Excellency M. K. I. WESTMAN, Envoy Extraordinary and Minister Plenipotentiary in Berne, Permanent Delegate to the League of Nations.

Turkey:  
His Excellency M. Cemal Hüsnü TARĀV, Envoy Extraordinary and Minister Plenipotentiary in Berne, Permanent Delegate to the League of Nations.

Union of Soviet Socialist Republics:  
M. Boris ROSENBLUM, Director at the Peoples’ Commissariat for Foreign Affairs.

Yugoslavia: M. J. SOUBBOTITCH, Permanent Delegate to the League of Nations.  
Substitute: M. MILITCH, Attaché of Legation.

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1 See Official Journal, Special Supplement No. 146, page 50. See also document No.: Co-ordination Committee/97.
FIRST MEETING.

_Held on Wednesday, January 29th, 1936, at 3.30 p.m._

Chairman: M. WESTMAN (Sweden).

1. Programme of Work of the Session.

M. DE VASCONCELOS, Chairman of the Co-ordination Committee, stated that the first item on the agenda was the examination of the replies received since the last session. There were also other questions which it would be interesting to study:

1. In Proposal III adopted by the Co-ordination Committee on October 19th, 1935, it was stated that Italian goods which had been subjected to some process in other countries would be considered as falling within the scope of the prohibition unless 25 % or more of the value of the goods at the time they left the place from which they were last consigned was attributable to processes undergone since the goods left last Italy. It appeared from certain information that that percentage was too low to make Proposal III fully effective. The Polish Government, it might be noted, had decided to fix the percentage at 50 %.

2. It appeared from information received at the Secretariat that the foreign trade statistics published up to date were not sufficient to give an exact idea of the way in which sanctions were working, and the question had been raised before the Committee of Eighteen by the Chairman of that Committee of undertaking an enquiry with a view to obtaining more positive results. A resolution adopted on January 22nd, 1936, by the Committee of Eighteen contemplated the preparation of a questionnaire or other appropriate measures for the purpose. If the experts decided in favour of a questionnaire, it would be sent to all the countries represented on the Co-ordination Committee and not only to those applying the sanctions; the experts would then have to draw up a report which would be examined by the Committee of Eighteen.

The CHAIRMAN suggested that the agenda of the session might be as follows:

(a) In conformity with the resolution of the Committee of Eighteen of January 22nd, 1936, the experts would examine the replies received from certain Governments following on the communication by the Secretariat of the report of December 13th, 1935. They would also have to examine any replies from Governments on the initial proposals voted by the Committee of Eighteen and the Co-ordination Committee, that had not arrived by December 11th, 1935; lastly, they would perhaps have to examine a number of territorial questions which had not been quite clear at that date. In order to deal with those various questions, they might consider the possibility of setting up three Sub-Committees, as at the previous session.

(b) As regards measures for ascertaining the commercial situation between countries applying the sanctions and Italy, the Committee must consider whether information should be collected concerning only the countries which had accepted the proposals in question, or whether countries which were not applying the sanctions should also be asked for information.

(c) As regards Proposal III, M. de Vasconcellos had already referred to the question of the 25 %. The experts would perhaps have to examine certain questions that had arisen in connection with the application of sanctions in the different countries. If that were so, it would be advisable to ask the Chairman of the Committee of Eighteen for permission to discuss those questions.

The Chairman's suggestions for the programme of work of the session were approved.

2. Appointment of Sub-Committees and Rapporteurs.

The CHAIRMAN thought, as regards the composition of the Sub-Committees, that, in the absence of a sufficient number of experts, the Committee might simply ask the Rapporteurs who had dealt with the various proposals to study the documentary material received since the last session and to report direct to the meeting of experts. As regards Proposal II (Financial Measures), Mr. Brittain could not attend the present session, but a French expert was expected to arrive the following day.

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1 See _Official Journal_, Special Supplement No. 147.
2 Document No.: Co-ordination Committee /40, page 7.
3 See page 7.
4 Document No.: Co-ordination Committee /109 (1).
5 Document No.: Co-ordination Committee /106 (1). See also _Official Journal_, Special Supplement No. 147, page 12.
Mr. Stevenson (United Kingdom) pointed out that Mr. Brittain had sent a note to the Secretariat on certain questions which he thought should be examined. That note might perhaps serve as a basis for the report.

M. Fouques-Duparc (France) did not think that the study of Proposal I was at present sufficiently complex to require the special presence of a military expert.

Mr. Loveday, Secretary of the Co-ordination Committee, suggested that Proposals I, III, IV and V should be entrusted to the same Sub-Committee.

The Chairman proposed as rapporteurs Mr. Stevenson (United Kingdom), M. Loridan (Belgium), a Polish expert, and M. Antoniade (Roumania), M. Cemal Hüsni Taray (Turkey) and M. Teixidor (Spain) would assist them for the discussion of territorial questions.

Mr. Stevenson (United Kingdom) also endorsed that suggestion. M. Fouques-Duparc's suggestion was approved.

3. Prohibitions of Importation of Italian Goods: Preliminary Discussion concerning the Application of Point (2) of Proposal III of the Co-ordination Committee (Percentage of Processing Value).

M. Soubbotitch (Yugoslavia) was anxious to have further information concerning the question of the 25% to which M. de Vasconcellos had alluded, so far as it was possible to supply such information.

The Chairman said that he had no particular information from his Government on the subject, but that surprise had been expressed in the Swedish Press at the continued arrival in Sweden of Italian goods which appeared to have passed through certain countries where they had been "nationalised".

Mr. Stevenson (United Kingdom) did not know what his Government's attitude would be, as the question had not been raised before he left London. It would be difficult, in his view, to come to any decision without knowing the exact figures for Italian exports, so as to be able to appraise the volume of the indirect trade mentioned. There was no reason a priori to keep to the figure of 25% instead of fixing the percentage at 50%, 60% or any other figure. It would be just as simple for the Customs authorities to enforce any other percentage as to enforce the present figure of 25%, but more particulars must be available before it would be possible to alter the figure at which the increase in value was now fixed. In the meantime, Governments could think over the matter.

M. de Vasconcellos, Chairman of the Co-ordination Committee, pointed out that the question was connected with that of statistics; the results obtained by the questionnaire would throw light on the problem of the 25%. It would be a delicate matter, at the present moment, to mention names or to give particulars which were not based upon reliable data. That was why the Secretariat, and he himself, had been somewhat guarded. It was clear, however, from information received from various quarters, that the figure of 25% was too low. It would be interesting, in that connection, to have explanations from the Polish expert concerning the figure of 50%, which was applied in Poland.

Mr. Loveday, Secretary of the Co-ordination Committee, stated, in reply to the United Kingdom expert, that it would be impossible, in point of fact, to obtain figures showing the volume of the trade in question. Goods from Italy could not be imported into a sanctionist country as Italian goods. They must first have been subjected to some process and "nationalised" in another country. No doubt the Customs' official might feel doubtful — or might feel perfectly certain — about the real origin of the goods, but his doubts and certainties could not be reflected in the statistics. The Customs' official could only take note of the declarations of origin as supplied by the intermediate country. It was impossible to trace indirect trade by means of foreign trade statistics.

What could be done was to ask the Customs what had been their experience in the matter. It was based on the information obtained in that way that the question had now been raised.
The point was to prevent indirect trade and to consider how the 25 % representing increased value permitted Italy to continue trading. If the figure were raised to 35 %, 50 % or even higher, the cost of "nationalising" goods of Italian origin might make trade difficult. It was from that angle that the matter should be examined rather than by attempting to estimate in figures the volume of Italy's external trade.

M. KULSKI (Poland) explained that the Polish Government had raised the figure for increased value to 50 %, not on political grounds, but merely for technical Customs' reasons. The Polish Customs' Laws already provided for the figure of 50 % and the introduction of 25 % would have led to confusion. If, as was probable, it was decided in connection with Proposal III that the figure of 25 % should be raised, it would no doubt not exceed 50 %, and that would not involve any difficulty for Poland.

From the point of view of procedure, he wondered how the present Committee, under its terms of reference, could examine any increase in the figure of 25 % established by the Co-ordination Committee.

M. ASSAN (Roumania) thought the question should be considered above all from a psychological standpoint. Before embarking upon an exhaustive technical discussion, he would like to know whether the impression it was wished to convey was that it was intended to make the sanctions more effective or more comprehensive. Until that point was settled, a thorough technical study of the question might be postponed.

M. TEIXIDOR (Spain) thought that the present Committee was called upon to examine how the sanctions were being applied, but not to express an opinion on their extension, which was a matter for the Co-ordination Committee.

As regards the question of the 25 %, it would be necessary also to examine that of contracts fully paid before October 19th, 1935. The States concerned should perhaps be asked if there were any such contracts still in course of execution which would thus affect the existing statistics.

M. CLAESSENS (Netherlands) said that, in the Netherlands, the figure of 25 % caused difficulty, as it was too low. Speaking as an expert, he pointed out that other difficulties arose through the differences of definition in the various countries as regards the origin and description of goods. There was the country of purchase, the producing country and, lastly, the most distant country of consignment, and that last definition was the one applied in the Anglo-Saxon countries and in the Netherlands. That question might be examined together with that of the 25 % by the Sub-Committee of four Rapporteurs.

The CHAIRMAN thought it unnecessary to continue the discussion on the question of the 25 %. The experts had, so to speak, been taken by surprise in the matter and must be allowed time to obtain information on the subject.

4. Replies received from Governments in connection with the Proposal of the Co-ordination Committee: Statement by the Secretary.

Mr. LOVEDAY, Secretary of the Co-ordination Committee, explained the situation arising out of the letters written since the Committee's last session. A number of replies had been received clearing up the points raised; on the other hand, some were still outstanding.

The position with regard to the letter dated November 30th, 1935, was as follows:

- Argentine Republic (various questions concerning proposals I, II, III and IV): No reply.
- Replies clearing up questions asked had been received from Cuba, the Dominican Republic, Ecuador, India and Lithuania.
- Question raised as regards Portugal now settled.
- Reply from Switzerland fully covering the matter.
- As to Uruguay, the representative of that country had pointed out, in a letter dated December 9th, that his Government had placed draft laws before Parliament with a view to the immediate application of Proposals II and III. No definite information, however, had as yet been received.
- Briefly, replies from the Argentine Republic and Uruguay were still awaited.

As to the letters despatched since the last session, the position was as follows:

- Argentine Republic: No reply to the letter dated December 18th concerning Proposal II.
- Finland: Reply received.
- Honduras (Proposal II): No reply.
- Lithuania (Proposals I and II): No reply.
- Sweden: Reply received.
- Venezuela (Proposal II): No reply.

1 Documents Nos.: Co-ordination Committee/103 (2) and 103 (2) (a).
2 Document No.: Co-ordination Committee/18 (f).
3 Document No.: Co-ordination Committee/25 (I).
No doubt the Sub-Committee of Rapporteurs would think it desirable to submit a report at once on the replies received or on the absence of replies.

Lastly, the texts of administrative or legislative measures had not yet been received from a few far distant countries — namely: Afghanistan, Bolivia (information not complete), Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Salvador.

5. Draft Questionnaire for Statistics relating to Italian Trade: Preliminary Discussion.

Mr. Loveday, Secretary of the Co-ordination Committee, pointed out that indirect trade passing through free ports was not covered by the questionnaire. On the other hand, indirect trade through countries not enforcing sanctions had been included (Table C, column 6). The names of the “possible other countries” would have to be stated.

This was a preliminary document; it was submitted by the Secretariat only as a guide to the discussions. Time would be saved if, as suggested by the Chairman, the questionnaire were examined first by one or two experts and later by the whole Committee, which would decide any points of detail and question of principle raised by the document.

M. Kulski (Poland) wondered whether the Committee was competent to ask for information as to the movements of the articles referred to in Proposal IV A. The Committee should study the working of the proposals already accepted by Governments and in force. The articles referred to in Proposal IV A might be covered by sanctions later on, but, for the moment, they could be exported freely to Italy, and the Committee of Experts might be criticised for having gone too far.

M. Kulski (Poland) repeated that he had doubts about the Committee’s competence from the constitutional standpoint. It was quite easy to see the value for the Co-ordination Committee of the proposed work, but he was not sure on what text the Committee could base a request to Governments for information on the trade in the articles referred to in Proposal IV A which was not at present in force. It was possible that the Governments might find themselves in a difficult position in supplying such information.

M. Cemal Hüsni Taray (Turkey) thought that, even from a constitutional standpoint, the Committee of Experts could ask for all the information in question. If it were agreed to ask for information as to the exports mentioned in Proposal IV A in a special chapter, it would not be possible for the Committee to demand information as to the export of goods to Italy (see Table D).

M. Claudes-Duparc (France) understood the doubts felt by the Polish expert. The inclusion of the goods mentioned in Proposal IV A in a special chapter appeared to suggest a study preparatory to the application of that sanction. In order to remove the doubts felt by the Polish expert, these goods might be added to the list of the various products referred to in Proposal IV, instead of being dealt with in a special section.

M. Claessens (Netherlands), referring to the section relating to the oil trade (Table C) pointed out that the word “month” had been used. Did this relate to trade in 1936 or was it also desired to compare trade in 1936 with that of previous periods? The latter would be technically impossible in some respects. If, on the other hand, only the future were involved, countries adopting the same method as the Netherlands would be able to supply the information requested.

The Chairman said that this question would be considered by the Sub-Committee of Rapporteurs.

1 Document No.: Co-ordination Committee/Experts/7.
2 Document No.: Co-ordination Committee/97.
M. De Vasconcellos, Chairman of the Co-ordination Committee, referring to the Polish expert's remarks, said that, if the object of the Committee's work were to ascertain what effect sanctions were having upon the Italian economic situation, the procedure suggested by Mr. Loveday should be adopted — that was to say, the whole of the trade with Italy should be examined. For his part, he considered, in view of the terms of paragraph (a) of the resolution adopted by the Committee of Eighteen on January 22nd, 1936,¹ that that resolution covered any decision that might be taken in the sense indicated. As Chairman of the Committee of Eighteen he had no hesitation, seeing that the question was settled from the constitutional point of view, in saying that the Committee of Experts was entitled to take a decision to that effect.

Mr. Stevenson (United Kingdom) also had no doubt that the resolution of January 22nd, 1936, empowered the Committee of Experts to take any measures to ascertain the position of the trade with Italy of all the countries represented on the Co-ordination Committee, whether the proposals concerned had been adopted or not.

Mr. Loveday, Secretary of the Co-ordination Committee, stated that the Secretariat did not claim that its draft was arranged in the most suitable manner. He had merely desired to explain the principles on which it had been drawn up.

M. Soubottitch (Yugoslavia) was still not quite clear whether the question was one to be discussed by the experts at the present session, or whether it was a matter for the Committee convened for February 3rd. The latter Committee would have to consider, from the technical standpoint, the conditions of the trade in and transport of petroleum. That being so, had not the problem of petroleum been withdrawn from the present Committee's competence and referred to another Committee?

M. Kulski (Poland), while not desiring to raise any objection, wished to draw attention to the importance of the decision the experts were about to take. The proposals hitherto adopted tended to place certain articles under a ban, or under the supervision of the Committee of Experts. If the present draft questionnaire were adopted, all exports to Italy would be subject to the supervision of the Committee of Experts.

As to the constitutional question, the least the Polish expert could ask was that M. Fouques-Duparc's suggestion be adopted. If the Committee agreed, it would be sufficient to include the articles referred to in Proposal IV A among those shown in Table D in alphabetical order but without giving them a special heading, which would suggest that the export, for instance, of coal, petroleum, etc., was about to be prohibited.

The Chairman said, with reference to one of the Polish expert's remarks, that it would be going too far to talk of "supervision" by the Committee of Experts; it was only engaged in statistical studies.

The discussion showed that the experts were generally of opinion that an attempt should be made to follow the movement of trade with Italy by means of the figures. M. Fouques-Duparc's suggestion also appeared to have met with general approval; it concerned rather a question of arrangement, but it was important.

M. Cemal Hüsnü Taray (Turkey) thought it advisable to remove any constitutional doubt that might remain. Up to the present, imports of Italian goods had been prohibited but not exports to Italy, except of certain articles. It had also been stated that exports to Italy must be paid for immediately. The latter resolution, taken alone, showed that the experts could study statistical data concerning all exports to Italy. The experts were entitled to ask for additional information from States in order to ascertain whether they had received value for all goods exported.

¹ Document No.: Co-ordination Committee /109 (1).
SECOND MEETING.

Held on Thursday, January 30th, 1936, at 5 p.m.

Chairman: M. Westman (Sweden).


M. Couve de Murville (France), Rapporteur, read the following draft report:

"I. Texts received.

"Since the report from the Committee of Experts to the Chairman of the Co-ordination Committee under date of December 13th, 1935, Peru has intimated that she was putting Proposal II into force. This brings up to forty-eight the number of States Members of the League which have adopted the measures in question.

"Besides Peru, four countries, Bolivia, Chile, Iran and New Zealand have communicated to the Secretariat the legislative texts appertaining to Proposal II.

"The only States which have put this proposal into force and from which texts have not yet been received are Afghanistan, China, Ecuador, Haiti and Honduras.

"Four States, Guatemala, Panama, Salvador and Uruguay, have accepted the proposal in principle, but have not yet enforced it effectively.

"II. Questions raised in December 1935 concerning Texts already received by the Secretariat.

"(1) Questions were put to certain States which had taken measures to enforce Proposal II by means of their exchange control, with the object of ascertaining whether the arrangements thus adopted effectively prevented credits granted in domestic currency and commercial credits generally.

"No reply has yet been received from these countries — viz., Argentine Republic, Honduras and Lithuania.

"(2) Certain Governments had, in order to act with the greatest possible promptitude, reached an understanding with banks under which the latter undertook to refrain from any of the transactions the prohibition of which was proposed in Proposal II.

"The Committee of Experts felt some doubt as to whether such arrangements effectively prevented all possibility of granting credits and had considered that it would be desirable to supplement such arrangements by legislation applying, not only to banks, but also to all other institutions and individuals.

"The Swedish Government has intimated that it was proposing to lay a draft law for this purpose before Parliament as soon as possible. The Finnish Government, on the contrary, does not appear to be contemplating similar measures. It will probably be desirable to draw its attention to the importance of the adoption of legal measures of a quite general character.

"(3) The Venezuelan Government was asked for explanations concerning the scope of the arrangements it had made, arrangements which simply provided that the transactions prohibited in principle by Proposal II shall be subject to supervision and control by the Federal Executive. No reply has as yet reached the Secretariat.

"III. Questions raised upon Consideration of Texts received since December 13th, 1935.

"(1) Australia. The measures originally taken by the Australian Government were appreciably wider in scope than the prohibitions contained in Proposal II. The purpose of the new text received is simply to narrow the range of these prohibitions. They do not appear to conflict with Proposal II in any way.

"(2) Bolivia. The decree issued by the Bolivian Government prohibits subscriptions or loans to or for the Italian Government and also banking credits or advances to that
Government. It does not therefore seem to cover either transactions carried out for the account of Italian public authorities, persons or corporations, or any credits except banking credits.

No expert wishing to make any observations on this report, Mr. Loveday, Secretary of the Co-ordination Committee, raised the question of the position with regard to the Finnish Government, and asked whether the experts wished to include in the final report the particulars contained on this subject in M. Couve de Murville's statement, or whether they did not think it would be sufficient for the Chairman, having noted their consent, to write a letter to the Finnish Government to inform it of their view of the matter.

The Chairman said that perhaps the Finnish Government would, on the contrary, prefer a mention in the report to a simple letter. He accordingly suggested that he should first of all get in touch with the Finnish delegation at Geneva and ask it which procedure it preferred. At the same time, the Chairman noted that the experts were agreed that the Finnish Government should be asked to take the necessary steps to conform to the general rule.

The Chairman's suggestion was approved.

7. Statement by M. Cemal Hüsnü Taray (Turkey), Rapporteur, with regard to Proposal I (Export of Arms, Ammunition and Implements of War).

M. Cemal Hüsnü TARAY (Turkey), Rapporteur, explained that he had not prepared a draft report on each point, because certain additional information was required and because the reports on the different questions would be combined by Mr. Loveday into a general report; for the moment, it would be sufficient to state the most important points.

As regards Proposal I, M. Fouques-Duparc had taken into consideration the replies received from certain Governments. The Bolivian reply was still indefinite as regards administrative and legislative texts. The Sub-Committee had paid special attention to the position of China, the only country which was so situated as to be liable to become an entrepôt for the trade in arms. For this reason, the Sub-Committee thought it necessary to draw the attention of the Committee of Experts to the situation of that country.

A further difficulty was caused by the fact that fourteen States had not yet given a definite reply as to whether they had replaced List I by List I A.

The Rapporteur added that he was at the experts' disposal if they wished to ask him for any particulars regarding Proposal I A.

M. FOUQUES-DUPARC (France) entirely agreed with the statement made by M. Cemal Hüsnü Taray. He simply wished to recall that China, in her reply of October 26th, 1935, had stated that she neither produced nor exported arms, but this still left open the possibility of Chinese territory being used as an entrepôt.

8. Report on Proposal III (Prohibition of Importation of Italian Goods) and Proposal IV (Embargo on Certain Exports to Italy) presented by M. Cemal Hüsnü Taray (Turkey), Rapporteur.

M. Cemal Hüsnü TARAY (Turkey), Rapporteur, read the following report:

"With regard to the application of Proposals III and IV, the Committee has considered the communications addressed to the Co-ordination Committee by the Governments of the following countries:

"Australia, Bolivia, United Kingdom, Cuba, Dominican Republic, France, India, Iran, Mexico, New Zealand, Nicaragua, Peru, Spain and Sweden.

"After examining the replies received, the Committee has thought it desirable to submit the following observations:

"Bolivia 1.

"The Committee's attention has been drawn to the text of Article 3 of the Decree of December 9th, 1935, worded as follows:

"'Bolivia accepts Proposals III and IV and states that as she does not possess any seaports of her own, the action of her Customs authorities cannot be extended to ports through which her trade is at present conducted.'

"The Committee would point out that this observation seems to be applicable only to Proposal III, the effect of which is to prohibit the importation of Italian goods by whatever route arriving. It involves, for the countries applying the measures provided therein, an obligation to take the necessary steps to prevent such goods from entering their territory in violation of the prohibition.

1 Document No.: Co-ordination Committee/77 (b).
2 Document No.: Co-ordination Committee/54.
With regard to the application of Proposal IV, the Committee suggested that the Chairman of the Co-ordination Committee should draw the Bolivian Government's attention to the measures recommended to the various Governments in Proposal IVB, and to the desire expressed in that connection by the Committee of Eighteen to be informed of the measures taken in accordance with these recommendations.

Spain.

The Government has communicated a Decree, dated December 28th, 1935, which extends the application of Proposals III and IV to the Spanish territories in the Gulf of Guinea.

Nicaragua.

The Nicaraguan Government informed the Secretary-General on January 3rd, 1936, that it would immediately submit Proposals III and IV to the Legislature, with a view to obtaining the necessary powers for their application.

Peru.

A first Decree, dated December 11th, 1935, putting Proposal III into force, stipulated that Italian goods sent before December 31st would be allowed to enter the country (Article 4). By a new Decree, dated December 30th, 1935, the time-limit has been prorogued until February 20th, 1936, for the various reasons mentioned in the opening clauses of this Decree.

The Committee's attention has been drawn to Article 6 of the first of these Decrees, under which the Minister of Finance may issue special import licences 'when it is proved that the essential necessities of the economy of the country demand the introduction of certain specified products on the market'.

(Argentine Republic.

Furthermore, the Committee points out that no reply from the Argentine Republic has been received to the questions raised by the Committee of Experts in connection with Proposals III and IV.

No fresh information has reached the Co-ordination Committee concerning the application of Proposals III and IV by Guatemala, Panama, Uruguay and Venezuela.

Nor has the Committee been informed of the situation with regard to the application of Proposal IV in Salvador.

It therefore suggests that the Chairman of the Co-ordination Committee should request the Governments of these countries to state what steps they have taken in execution of the obligation they assumed by accepting Proposals III and IV.

Mr. Stevenson (United Kingdom) took it that the terms of the section of the report dealing with Peru would not be decided until the representative of that country had been heard.

The Chairman said that such was the case, and added that a reply from the Argentine Republic was expected on the following day.


M. Cemal Hüsnü Taray (Turkey), Rapporteur, read the following statement regarding Morocco and Tangier:

(a) French and Spanish Zones.

According to information supplied to the Committee by the French and Spanish members, an agreement has been reached between the French and Spanish Governments regarding the principle of the application of the Co-ordination Committee's proposals: the technical details of this agreement will shortly form the subject of negotiation.

The Chairman will no doubt think it desirable to draw the attention of the two Governments to the importance of bringing these negotiations to a successful conclusion in the near future.

1 Document No.: Co-ordination Committee/45 (g).
2 Document No.: Co-ordination Committee/68 (d).
3 Document No.: Co-ordination Committee/61 (e) and (g).
4 Document No.: Co-ordination Committee/56 (f).
“(b) Tangier.

"The Committee noted that the Co-ordination Committee’s proposals are not applied in the Tangier zone.

"The Chairman will no doubt also think it desirable to request the French Government to draw the attention of the authorities of Tangier to the desirability of causing the Co-ordination Committee’s proposals to be applied in the international zone, at the same time as they are applied in the French and Spanish zones in Morocco."

M. Fouques-Duparc (France) said he had nothing to add to M. Cemal Hüsnü Taray’s report.

M. Cemal Hüsnü Taray (Turkey), Rapporteur, stated that the Sub-Committee had also considered a number of questions relating to certain British and French colonies. The experts from these two countries had assured the Sub-Committee that the same decrees were in force in the colonies in question. Further, the Belgian delegate had undertaken to inform the Committee whether the decrees applied to the whole of the Congo.

M. Loridan (Belgium) hoped to be in a position to supply this information the following day.

Mr. Stevenson (United Kingdom) had telephoned to the Foreign Office for information as to the application of Proposals III and IV in Newfoundland and Southern Rhodesia. In view of the distances involved, this information could not be expected for some time. He would do all he could in order that the experts might receive it with the least possible delay.

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THIRD MEETING.

Held on Friday, January 31st, 1936, at 5.30 p.m.

Chairman : M. Westman (Sweden).

10. Trade between Italy and Morocco (French Zone and Tangier).

M. Fouques-Duparc (France) recalled that, at the first session, certain members of the Committee had asked for particulars of the trade between Morocco and Italy. He was in a position to give the figures for the third and last quarters of 1935, of which the former could be regarded as normal.

These figures were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Third quarter, 1935</th>
<th>Last quarter, 1935</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>French francs</td>
<td>French francs</td>
</tr>
<tr>
<td>Imports from Italy</td>
<td>7,600,000</td>
<td>8,600,000</td>
</tr>
<tr>
<td>Exports to Italy</td>
<td>11,700,000</td>
<td>18,800,000</td>
</tr>
</tbody>
</table>

Zone of Tangier:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports from Italy</td>
<td>730,505</td>
<td>645,025</td>
</tr>
<tr>
<td>Exports to Italy</td>
<td>1,531,887</td>
<td>1,922,696</td>
</tr>
</tbody>
</table>

From these figures, it appeared that imports from Italy during the last quarter of 1935 had only increased in regard to the French zone of Morocco, whereas in regard to Tangier they had decreased.

M. Claessens (Netherlands) pointed out that these figures would have been more valuable if compared with the figures for 1934 so as to enable the Committee to consider whether the increase in exports during the last quarter was not of a seasonal character and due to the fact that that quarter coincided with the cereal harvest.

11. Preparation of the Draft Report to be submitted by the Committee of Experts to the Chairman of the Co-ordination Committee.

Mr. Loveday, Secretary of the Co-ordination Committee, explained to the experts his method in preparing the draft report in the light of the discussions which had hitherto taken place in the full Committee or in the Statistical Sub-Committee. Subsequent discussions might possibly lead him to propose further changes at the last moment.

He had deliberately abbreviated certain parts of the report on the assumption that the Committee would again adopt the method followed in drawing up the report for the previous

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1 See Official Journal, Special Supplement No. 147, page 28.
session. He had, for example, thought it unnecessary to dwell upon the case of Bolivia, as he took it that a letter would be addressed to the Government of that country to clear up certain misunderstandings regarding the application of Proposals II and III. Similarly, he had made only a very short reference to the case of Peru, as the Committee proposed to hear the delegate of that country at one of its next meetings.

M. Cemal Hüsnü Taray (Turkey), while agreeing with what Mr. Loveday had said, desired to draw attention to what he regarded as a point of essential importance. In his view, the case of Bolivia should not merely be regarded as an individual case. The question which arose in this connection might be of considerable importance in the future practice of the League.

For this reason, he considered that, though a letter should be sent to the Bolivian Government, it was essential that the considerations which he had formulated at the previous meeting should be inserted in the report.

The Chairman said that M. Cemal Hüsnü Taray’s observation would be taken into account when the draft report was examined.


M. Soubbotitch (Yugoslavia), Rapporteur, read the following report:

“As regards Proposal V, further communications were received from the following States after the end of the last session of the Committee of Experts: Union of South Africa (43 (j)), Bolivia (77 (b)), Dominican Republic (80 (c)), Iran (53 (b)), Nicaragua (68 (d) and (e)).

The last-named country states that it accepts Proposal V in principle and will immediately request Congress to provide for its effective application.

The Governments of the Union of South Africa, Bolivia, the Dominican Republic and Iran accept Proposal V and declare their willingness to cooperate with the other Members of the League in the application of economic and financial measures in accordance with Article 16 of the Covenant.

The reply from the Union of South Africa is very complete. It also states that the Government of the Union is prepared to give an assurance that it will not conclude with Members of the League of Nations not participating in the application of sanctions trade agreements for the encouragement of trade relations by tariff concessions or most-favoured-nation treatment.

It was pointed out in the first report of the present Committee of Experts that the Governments of Cuba, Ecuador and Peru were still examining the proposal. There has been no further development in regard to these three States.”


The Chairman recalled that M. de Vasconcellos, Chairman of the Co-ordination Committee, had informed the Committee of Experts that from information he had received it appeared that the proportion of 25% mentioned in point (2) of Proposal III was too low for that proposal to be effective. When the matter was first brought to the notice of the Committee of Experts, the Chairman had had the impression that the members were not prepared to discuss it immediately. Were they now in a position to state their views on the subject?

M. Assan (Roumania) asked whether the question was raised at the request of a particular State, or as the result of a joint initiative.

The Chairman explained that, in accordance with the decision of the Committee of Eighteen of January 22nd, 1936, the experts were required to examine any question which the Chairman of the Co-ordination Committee thought it necessary to lay before them.

M. Assan (Roumania) replied that, in that case, the question could only be discussed from a purely theoretical point of view, as it was not raised in connection with a specific case. The Committee should therefore examine primarily whether it was desired to convey the impression that sanctions were being tightened up in this respect. If that were the desire, there could be no objection, from the Customs point of view, to raising the proportion from 25% to 50%.

If, on the other hand, technical considerations were taken into account, it must be realised how extremely difficult it was to ascertain what was the lowest percentage necessary to render

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1 See page 18.
2 Document No.: Co-ordination Committee/106 (1), page 5 (see Official Journal, Special Supplement No. 147, page 15).
3 See page 12.
4 Document No.: Co-ordination Committee/40, page 7.
5 Document No.: Co-ordination Committee/109 (1).
effective the measures provided for in Proposal III. It was, on the other hand, very difficult for Customs officers to decide what proportion of the total value of goods should be attributed to processing. Moreover, the problem was not dealt with in the same manner in all countries and, from the technical point of view, any percentage which might be fixed could have only a relative value.

If it were decided to increase the proportion to 50%, the effects of its application would vary according to the methods adopted by the Customs authorities of each country.

The Chairman replied that the question was clearly not to be considered from the point of view of a tightening-up of sanctions. M. de Vasconcellos had placed the matter in the correct light by asking the Committee to consider whether the proportion of 25% was not too low for Proposal III to be effective. The question was therefore to be discussed solely from the technical point of view.

Mr. Stevenson (United Kingdom) agreed that there was no question of a tightening-up of sanctions. The Committee was merely asked to discuss the technical measures which it might be desirable to take so as to render sanctions more effective. The United Kingdom Government would not oppose an increase in the proportion from 25%, to 50% if it were shown that the present proportion was, in practice, too low and led to leakage. He merely asked that a reasonable time — a fortnight, for example — should be allowed for the production of the necessary administrative measures.

In view of the difficulty of determining what percentage of their value goods owed to processing, he thought that the proportion should be fixed in round figures — for example, 25%, 50%, or 75%. To determine the origin of goods for the purposes of the embargo, the United Kingdom Customs authorities were required to take into account the particulars shown on certificates of origin of goods arriving from countries not taking part in sanctions. In accordance with the provisions of the Convention for the Simplification of Customs Formalities, such certificates were issued by Chambers of Commerce, or other similar organisations. Hitherto, it had been noted that it was extremely difficult to ascertain whether, when certificates of origin were issued, allowance was really made for the 25% mentioned in Proposal III. The difficulty would presumably be the same if a figure of 50% were adopted.

He was not aware whether other countries were applying the embargo on the basis of certificates of origin. If not, he failed to see how the embargo could be made effective, whatever percentage might be adopted as regards the proportion of the value of goods to be attributed to processing.

M. Fouques-Duparc (France) said that the considerations put forward by Mr. Stevenson corresponded, in the main, with the views of the French Government. There was no question, in the latter's view, of any new sanction, but rather of a reform that might be necessary if it appeared that the figure of 25% was too low to prevent leakages in the system as conceived. It was clear that the determination of the value of the original product and the enhanced value resulting from any process was a difficult matter which would have to be carefully examined.

M. Boulet (France) explained that the decree enforcing the sanctions in France prohibited the import of all Italian goods which had not undergone a process conferring on them an additional value representing more than 25% of their total value. It seemed extremely difficult, not only from the Customs point of view, but also from a commercial standpoint, to determine the exact proportion of the additional value resulting from processing. That difficulty was specially great in the case of the French Customs, as they took into account of transport to France therefore was not included.

In determining the value of any goods, the French Customs demanded a consular invoice or a certificate of origin equivalent thereto. In case of doubt, an expert opinion was obtained. If the certificates of origin or consular invoices appeared inadequate, the Customs could demand the production of the original commercial correspondence and of any documents that might help to appraise the value of the process which the goods had undergone.

He had not made up his mind as to the expediency of maintaining the existing percentage or raising it to 50%; in either case, the technical difficulties would, he thought, be the same. It might perhaps be possible to improve the existing system by demanding fresh documents, which would have to be specified.

M. Boulet emphasised that his explanations had been given from a purely technical standpoint, and that he was speaking as a Customs official.

The Chairman agreed that, whatever percentage was fixed, the difficulty of determining the additional value accruing to the goods as the result of processing would always remain. He wondered, however, from a practical standpoint, whether it would not be easier to apply a higher percentage.

M. Boulet (France) replied that, in fact, the higher the percentage the smaller the margin of error.

M. Starzenksi (Poland) explained that, for Poland, the question did not arise, as the Polish legislation already provided for a figure of 50%. That point had been brought to the notice of the Co-ordination Committee in document 13 (e).
Mr. Stevenson (United Kingdom) also thought that, while the technical difficulties were the same, whatever the percentage fixed, there would be fewer doubtful cases if the percentage were raised.

M. Claessens (Netherlands) said that the question did not arise for the Netherlands, which regarded the most distant country as the country of origin. The Netherlands expert had, however, been instructed to inform the Committee that, in his Government's view, the adoption of 50% instead of 25% would facilitate the application of the Co-ordination Committee's decisions.

M. Cemal Hüsnü Tarâv (Turkey) said that the question was not of any practical importance for Turkey. He noted, however, that the difficulty of appraising the increase in value still remained, whatever the percentage fixed. He would be prepared to admit that a higher percentage would make it easier to reach goods of which the additional value resulting from any process did not exceed 25%. From that point of view, he might be prepared to support the proposal to increase the percentage.

M. Loridan (Belgium) said that, if the experts were of opinion that it was easier, from a practical standpoint, to apply a higher percentage, the Belgian Government would be prepared to agree to 50%.

M. Teixidor (Spain) thought that it would be wiser to examine the problem in the light of the replies which would be made to the questionnaire sent to Governments. The only exception to the prohibition to import Italian goods was the one laid down in point (2) of Proposal III. If it appeared that the application of sanctions had been followed by an increase in imports of that category, the Committee would be able to take a decision with all the facts before it.

M. Gayon (France) observed that the Spanish expert's remark would seem to imply that, in the national statistics, Italian goods which had undergone some process in a third country were always regarded as Italian goods. That, however, was by no means the case. The data supplied on the basis of the questionnaire would not enable the experts to determine the volume of the trade in goods of that category.

M. Soubbotitch (Yugoslavia) explained that Yugoslavia had adopted the most radical solution, in that import was prohibited whatever the percentage of additional value resulting from any process in another country. He was prepared accordingly to support the proposal that the percentage in question should be raised, if that were necessary on technical grounds.

Mr. Loveday, Secretary of the Co-ordination Committee, enquired whether he would be interpreting the Committee's views correctly if he stated in the draft report that the experts had the impression that the percentage of the additional value accruing to any goods as the result of some process, was easier to determine if it were fixed at 50% instead of 25% and that it would be open to the Committee of Eighteen to make enquiries whether there was anything to show that indirect trade with Italy was going on under cover of the exception relating to goods subjected to some process in another country.

Mr. Stevenson (United Kingdom) agreed that it would be well to ask Governments to reflect on the question, with a view to a possible decision by the Committee of Eighteen, which, with the Co-ordination Committee, was the only body competent to give a ruling. That would not prevent Governments from raising the figure from 25% to 50%, or even 100%. He did not think the experts could go further.

M. Boulet (France) thought the Committee might suggest that a recommendation should be addressed to Governments stressing the necessity for a very strict application of that particular provision of the sanctions.

The Chairman understood that the Committee was not prepared simply to recommend that the percentage in question should be raised to 50%. He noted, however, that all the experts thought that the question was too important to be dropped and that some intermediate solution ought perhaps to be found. He proposed that Mr. Loveday be asked to prepare, on the basis of the discussion which had just taken place, and in the course of which certain interesting suggestions had been made, a draft text, the final form of which could be decided by the Committee at a later meeting.

The Chairman's proposal was approved.

14. Consideration of Special Cases raised in Replies from Governments: Communication from the Argentine Delegation.

The Committee noted the letter from the Argentine delegation in reply to the Co-ordination Committee's communications of November 30th and December 18th, 1935.

Proposal I.

The Committee noted that the Decree of October 25th, 1935, concerning the application of Proposal I, had been communicated by the Argentine Government and that the question was thus settled.

1 Document No.: Co-ordination Committee/56 (f).
Proposal II.

The Committee noted that in the Argentine delegation's reply there was a confusion between Italian nationals established in the Argentine and Italian nationals residing in Italy. The Argentine delegation had thus not replied to the question put to it — namely, what measures had been taken by the Argentine Government to prevent the granting of credits to Italian persons or corporations other than public authorities and also to prohibit the granting, in one form or another, of credits in Argentine currency.

The Committee decided to address a further letter to the Argentine Government directing its attention to the exact scope of the question put to it.

M. Soubbotitch (Yugoslavia) desired to state at that point that he could not admit the view that a Government, in applying sanctions, could not go beyond the limits laid down in its Constitution. That contention was untenable. True, the Constitution was binding on the authorities of a country from an internal point of view, but if it were admitted that the application of the Covenant might be limited by constitutional provisions, the value of that instrument would be nil, for a country would simply have to enact a Constitution contrary to the Covenant to make the latter no longer applicable. Such a line of argument must be rejected.

Proposal III.

The Committee could only take note of the parliamentary situation in the Argentine Republic.

Proposal IV.

The Committee noted that the Argentine delegation's reply was not relevant and decided to despatch a further letter directing the Government's attention to Proposal IV B.

FOURTH MEETING.

Held on Saturday, February 1st, 1936, at 10.30 a.m.

Chairman: M. Westman (Sweden).

15. Examination, with the Assistance of the Representative of Peru, of Certain Points connected with the Application of the Co-ordination Committee's Proposals.

M. Tudela, representative of Peru, came to the table of the Committee.

The CHAIRMAN pointed out that, in document No.: Co-ordination Committee/61 (e), the Peruvian Government had communicated to the Secretariat a Decree dated December 11th, 1935, Article 4 of which read: “Goods despatched from the territory of Italy or Italian possessions before December 31st, 1935, shall be excepted from the provisions of the previous articles”. According to document No.: Co-ordination Committee/61 (g), however, the time-limit mentioned in Article 4 of the Decree of December 11th had been extended until February 20th, 1936. He would be glad if the representative of Peru would furnish an explanation.

The Chairman also pointed out that, under Article 6 of the Decree of December 11th, the Ministry of Finance was authorised to issue special import licences when it was proved that the essential necessities of the economy of the country demanded the introduction of certain specified products on the market. He would be glad if M. Tudela would explain this point also.

M. TUDELA (Peru) explained that Italian commercial interests in Peru were perhaps more closely bound up with the national economy than in any other part of the world. Some industries were entirely Italian, while from 75 % to 80 % of others were owned by Italians. For instance, the industry for the rectification of alcohol was 100 % Italian. Forty-five per cent of the woollen textile industry was controlled by Italian capital; 30 % of the bakery industry, 80 % of the wine manufacturing industry and 70 % of the coffee industry were in Italian hands. The time-limit had been fixed at December 31st, 1935, in order to enable Italian and national traders in Peru to obtain their supplies more easily, but as no vessel had left Italy by that date the Peruvian Government had been obliged to extend the time-limit to February 20th, 1936, since almost all the goods awaited had been fully paid for. In any case, the new time-limit would not be extended and, as from that date, the prohibition would be very strictly applied.

As regards exceptions, the Peruvian Government had had chiefly in mind spare parts required for electrical installations. A short time ago all the electrical installations in the capital had been renewed by an Italian undertaking and with Italian capital. The spare parts had to come from
Italy, and it was chiefly for that reason that the Ministry of Finance could grant special import licences. It was true that, as matters stood, it was uncertain whether the Italian industry would be able to deliver the necessary spare parts.

Generally speaking, M. Tudela wished to state that his Government was resolved to carry out all its obligations as a Member of the League as regards the application of sanctions.

Mr. Stevenson (United Kingdom) wished to ask M. Tudela two questions:

(1) How long did it take a vessel to get from Italy to Peru? In other words, after what date would Italian imports be prohibited in Peru?

(2) Did the Peruvian Government propose to make other exceptions in addition to those relating to spare parts for electrical installations? He quite understood that the Peruvian Government could not do without spare parts from Italy, but he would like to know whether that Government proposed to extend those derogations to other Italian undertakings. In any case, he would like to have an assurance that the Peruvian Government would only make use of that right in very rare cases.

M. Tudela (Peru), replying to the first question put by Mr. Stevenson, pointed out that the Government had taken care to fix the date of expiry of the time-limit so as to tally with the departure of boats from Italy. The voyage between the two countries took about one month. Italian imports would only be accepted by the Peruvian Government one month after February 20th, if it were proved beyond all doubt that the goods had left Italy before February 20th.

As regards the possibility of extending the derogations, M. Tudela said that the exceptions might not be entirely confined to electrical spare parts, but that certain derogations might also be allowed in respect of weaving machinery which was also of Italian origin. Nevertheless, the exceptions would be extremely rare.

M. Assan (Roumania) thought it was chiefly the question of principle which should engage the Committee's attention. The decisions taken by the Peruvian Government constituted a breach in the system of sanctions. It would therefore be necessary to find a formula which, while safeguarding Peru's legitimate interests, did not give the impression that the Committee was ready to approve those exceptions.

Moreover, the Peruvian representative had said that, in his country, there were a large number of Italian industries. But that was equally true of many other countries; in Roumania, for example, there was an important Italian oil company which employed Italian material and against which sanctions had been vigorously enforced. In principle, this fact could not be admitted as an excuse for the proposed derogations. It would therefore be necessary to find a formula covering, for example, current contracts for spare parts. If the text of the decree remained as it stood, other Governments might take advantage of the fact to introduce derogations still wider than those allowed by the Peruvian Government.

M. Tudela (Peru) recognised the correctness of M. Assan's observations, from the point of view of the impression which might be created in other countries by the measures taken by the Peruvian Government. Public opinion must be convinced that the Members of the League were determined scrupulously to fulfil their obligations. Consequently, he would transmit to his Government the observations just offered so that, if possible, fresh administrative provisions might be drawn up for the strictest possible definition of the proposed measures. The Peruvian Government was resolved only to allow very rare exceptions in quite special cases, and there was no reason to give public opinion a different impression.

The Chairman thanked M. Tudela for his explanations. He recalled that, at a previous meeting, the Committee had had a similar case to examine, that of the Netherlands, in whose legislation there were provisions authorising certain exceptions. In that connection, the Netherlands representative had made a declaration to the effect that those exceptions were only contemplated for extremely rare and quite special cases, and that they would not prevent the Netherlands Government from applying sanctions in the strictest manner. The Chairman thought the same applied to the Government of Peru.

M. Tudela (Peru) replied in the affirmative.

M. Tudela withdrew.

16. Examination of the Draft Report to be submitted by the Committee of Experts to the Chairman of the Co-ordination Committee.

The Committee considered the draft report prepared by the Secretariat. Sections I and II were adopted with a few amendments.¹ ²

¹ See Official Journal, Special Supplement No. 147, page 25.
² For the final text, see document No.: Co-ordination Committee /110 (see page 29).
FIFTH MEETING.

Held on Saturday, February 1st, 1936, at 4 p.m.

Chairman: M. WESTMAN (Sweden).

17. Examination and Adoption of the Draft Report to be submitted by the Committee of Experts to the Chairman of the Co-ordination Committee (continuation).

The Committee continued its examination of the draft report.¹

SECTION III.²

The Committee approved the following text of a footnote to the passage relating to Morocco:

"The Customs statistics communicated to the Committee by the French and Spanish members show that there has not been any very appreciable increase in Italian imports into Morocco, including the Tangier zone, between the third and fourth quarters of 1935."

SECTION IV.

M. FouQUES-DUPARC (France) observed that the replies to the questionnaire to be addressed to Governments would give no information as to diverted traffic. As this was an important question, however, which must not be neglected by the Committee, he proposed that it be stated in the report that it might be taken up again at a later session.

The Committee approved this proposal and adopted the following wording:

"The question of diverting traffic will be examined at a later session when the documentation of the Committee is completed."

M. Assan (Roumania) thought, with reference to the explanations given by the delegate of Peru, that the expression "replacing of equipment" was too wide and might cover the purchase of new equipment. He therefore proposed that its scope be limited by the use of the expression "on account of spare parts for its electrical and textile industries".

M. Assan's proposal was adopted.

The Committee also decided to amend the last sentence of the passage relating to the case of Peru as follows:

"The Committee, noting the statements made to it in this connection, would observe that such derogations, apart from the exceptional case of Government contracts in course of fulfilment approved by the Committee set up under the resolution of November 6th, 1935, are not in principle consistent with Proposal III, and would, if they were to become general, prejudice the effectiveness of the whole system."

M. Teixidor (Spain) drew the Committee's attention to the advisability of asking the Legal Section of the Secretariat to study the international legal situation of Bolivia before the report was published, with a view to ascertaining whether the expressions used were in conformity with that situation.

M. Teixidor's suggestion was approved.

SECTION V.

M. FouQUES-DUPARC (France) suggested that the list showing the various aspects of Italian trade should correspond to the three tables in the questionnaire.³ He therefore proposed that (a) and (b) be combined and the same wording adopted for (c) and for table C of the questionnaire.

Mr. LOVEDAY, Secretary of the Co-ordination Committee, was afraid that the wording used in the draft questionnaire was not well chosen. As a matter of fact, it was not possible to ascertain what were the most characteristic classes of goods which at present constituted Italian imports, as it was not known how those imports were constituted.

¹ For the final text, see document No.: Co-ordination Committee/110 (see page 29).
² For the purposes of the discussion on the draft report, the headings of the final text have been utilised.
³ See Annex II of document No.: Co-ordination Committee/110 (see Appendix II, page 34).
The Committee adopted the following text for the three points in question:

"(a) The changes in the value of that trade as a whole and in particular of certain classes of Italian sales abroad;

"(b) The movement of precious metals;

"(c) The purchases by Italy of certain agricultural products, raw materials, etc."

On the proposal of M. Fouques-Duparc (France), the last paragraph of Section V was re-worded as follows:

"The Committee of Experts does not consider that the trade statistics of any country can be exactly calculated by this indirect method. It believes, however, that, by these means, a great deal of valuable information will be obtained which, if placed at the disposal of the Co-ordination Committee, will serve to enlighten it as to the general tendencies."

The report as a whole was adopted, subject to minor drafting amendments.

ANNEX I: SUMMARY OF GOVERNMENT REPLIES RECEIVED UP TO JANUARY 30TH, 1936.

The Committee approved Annex I to the report, stating, with regard to Peru, that Proposal III would be enforced.

The Committee decided to add the following footnote with regard to Finland and Sweden:

"The Governments of Finland and Sweden have put Proposal II into force by administrative measures and, in consequence, no legislative texts have been received."

ANNEX II: QUESTIONNAIRE FOR STATISTICS RELATING TO ITALIAN TRADE.

The Committee examined the draft questionnaire for statistics relating to Italian trade. M. Soubbotitch (Yugoslavia) said he would prefer a less peremptory form of words concerning the forwarding of replies to the Secretariat within the time-limit.

Mr. Loveday, Secretary of the Co-ordination Committee, pointed out that it was hardly possible to allow the same time-limit for all countries. He asked whether a time-limit could not be fixed for the despatch of the replies and not for their receipt at the Secretariat.

M. Assan (Romania) was of opinion that the wording adopted should be as peremptory as possible as it was important that all the information required should be received simultaneously. This would not be achieved if a date were fixed for the despatch of information.

Mr. Loveday, Secretary of the Co-ordination Committee, asked whether the Secretariat could not be allowed to fix a special time-limit for each country, taking account of its geographical situation.

After an exchange of views, the Committee adopted the following wording:

"It is desirable that these figures should reach the Secretariat of the League of Nations, Geneva, before the end of the month following the period to which the data refer. If necessary, information relating to Table A might be telegraphed."

Tables A, B and C were approved, subject to certain drafting amendments.

M. Starzenksi (Poland) reminded the Committee of M. Kulski's remark with regard to certain raw materials on which there was as yet no embargo. Although he had received no instructions from the Polish Government and did not know what decision it would take on this matter, he desired to state that he considered the communication of information concerning exports of coal, steel and petroleum was optional. He fully reserved his Government's freedom of action.

The Chairman pointed out that M. Kulski's preoccupations were directly connected with Proposal IV A. That did not mean that the articles covered by it should not be shown in a list drawn up quite apart from the political problem raised by Proposal IV A.

The draft questionnaire as a whole was approved.

M. Soubbotitch (Yugoslavia) pointed out that it would be advisable to ensure that the information required was arranged in a uniform manner and asked the Secretariat to have the forms to be filled in by the Governments printed.
Mr. Loveday, Secretary of the Co-ordination Committee, said that that was the Secretariat’s intention.

The Committee agreed to leave it to the Committee of Eighteen to decide to what countries the questionnaire should be addressed.

It was further understood that where one Government was responsible for several statistical territories, the request for information should in all cases be forwarded through the mother country.

M. Claessens (Netherlands) stated that Governments with distant colonies should be allowed to communicate first the information concerning the mother country and then that concerning the colonies, without awaiting the receipt of the latter before communicating the former.

On the proposal of Mr. Stevenson (United Kingdom), it was agreed that the Secretariat should ask for information only for colonies whose trade with Italy was of some importance.

18. Publication of Statistical Information.

Mr. Loveday, Secretary of the Co-ordination Committee, said that it was not desirable that the Secretariat should be left with the sole responsibility for publishing the statistics collected. He therefore asked the Committee to authorise the Secretariat to consult some of the members as to the form in which the statistical information should be published.

Mr. Loveday’s suggestion was approved.


The Committee decided to communicate a summary of the report to the representatives of the Press.


The Chairman pronounced closed the second session of the Committee of Experts.
ANNEX.

Official No.: Co-ordination Committee 110.


SECOND REPORT SUBMITTED BY THE COMMITTEE OF EXPERTS TO THE CHAIRMAN OF THE CO-ORDINATION COMMITTEE.

I.

On January 22nd, the Committee of Eighteen requested the Chairman of the Co-ordination Committee to convene the Committee of Experts and to invite it:

(a) To examine, together with such other points as may be submitted to it by the Chairman of the Co-ordination Committee, the replies received from Governments to the proposals of the Co-ordination Committee since the first session of the Committee of Experts;

(b) To take all measures, whether by questionnaire or otherwise, necessary for the collection and publication of statistical and other information concerning the state of trade between the countries applying these proposals and Italy and the Italian colonies.

The Committee of Experts met under the chairmanship of M. Westman from January 29th to February 1st.

At its opening meeting, the Chairman of the Co-ordination Committee requested it to examine, in addition to the two points mentioned above, Section 2 of Proposal III, under which an exception is made to the prohibition of imports from Italy in favour of goods " 25 % or more of the value of which at the time when they left the place from which they were last consigned is attributable to processes undergone since the goods left Italy or Italian possessions ".

These three questions therefore constituted the agenda of the Committee of Experts at its second session.

II.

Twenty-seven communications concerning the Proposals of the Co-ordination Committee have been received since the first report of the Committee was drafted on December 12th. Of these twenty-seven,1 fourteen contained texts of new decrees or laws.2 The Committee has submitted these communications to a technical examination in the same manner as it did those laid before it at its last session.

An examination of all the texts received shows that very few points arise for comment. The table contained in Appendix I shows the number of States that have applied Proposals I-IV and accepted Proposal V, and the number from which legislative texts or decrees have now been received. It will be observed that those few countries from which texts have not arrived are all far distant from Geneva.

The situation regarding the acceptance and application of the Proposals as it appears from the replies received up to the end of January is now as follows:

Proposal I has been accepted by fifty-two Governments, of which fifty have notified the Co-ordination Committee of its entry into force; legislative texts have been received from forty-four Governments.

Proposal II has been accepted by fifty-two Governments, of which forty-eight have notified the Co-ordination Committee of its entry into force; legislative texts have been received from forty-one Governments.

Proposal III has been accepted by fifty Governments, of which forty-four have notified the Co-ordination Committee of its entry into force; legislative texts have been received from thirty-nine Governments.

1 Co-ordination Committee documents: 43 (f) (Union of South Africa), 23 (g) (Australia), 77 (a) and (b) (Bolivia), 10 (j) (United Kingdom), 15 (j) (Cuba), 50 (e) (Dominican Republic), 70 (b) (Ecuador), 45 (g) (Spain), 18 (j) (Finland), 17 (j) and (a) (France), 14 (a) (Greece), 24 (b) (India), 33 (a) (Iran), 69 (e) (Mexico), 68 (d and e) (Nicaragua), 50 (c and d) (New Zealand), 61 (d, e, f, g) (Peru), 23 (i) (Sweden).

2 Co-ordination Committee documents: 77 (b) (Bolivia), 15 (j) (Cuba), 50 (e) (Dominican Republic), 45 (g) (Spain), 17 (f and h) (France), 14 (a) (Greece), 24 (b) (India), 33 (d) (Iran), 69 (e) (Mexico), 50 (e and d) (New Zealand), 61 (e and g) (Peru).
Proposal IV has been accepted by fifty-one Governments, of which forty-seven have notified the Co-ordination Committee of its entry into force; legislative texts have been received from forty-one Governments.

Proposal V has been accepted by forty-six Governments; in addition, three Governments have sent communications which would appear to indicate their acceptance in principle.

It will be observed from Appendix I, which shows the situation in detail, that legislation has now been passed in Peru enforcing all the first four Proposals of the Co-ordination Committee. The embargo on imports, however, will only come into force as regards goods which have left Italy after February 20th and after that date subject to conditions to which reference is made below.

No further information has been received from Guatemala, which has accepted the proposals in principle, but has apparently not yet enforced them, or from Panama as regards Proposals II, III and IV, or from Venezuela, the Government of which has stated that it has Proposals III and IV under consideration. In three countries—namely, the Argentine Republic as regards Proposal III, Nicaragua as regards Proposals III and IV and Uruguay as regards Proposals II and III—the question has been submitted to Parliament. The Argentine Government has communicated the draft law which it has prepared for consideration by Parliament.

III.

In its first report, the Committee of Experts stated that it would appear that all colonies, protectorates, dependencies, condominiums, leased territories and mandated territories of countries which have enforced the Proposals are covered by the measures taken by the Governments of Members of the League, with the exception of the Spanish colonies, of Morocco and of Spitzbergen.

The Spanish Government has now applied Proposals III and IV in the Spanish colonies (with the exception of Rio de Oro, where they will be applied when action is taken as regards the Spanish zone in Morocco) and has informed the Committee that Proposals I and II will be put into force shortly.

Special mention should be made of the situation in Morocco:\textsuperscript{1}

(a) French and Spanish Zones.

According to information supplied to the Committee by the French and Spanish members, an agreement has been reached between the French and Spanish Governments regarding the principle of the application of the Co-ordination Committee’s proposals: the technical details of this agreement will shortly form the subject of negotiations.

The Committee suggests that the Chairman of the Co-ordination Committee should draw the attention of the two Governments to the desirability of bringing these negotiations to a successful conclusion in the near future.

(b) Tangier.

The Committee noted that the Co-ordination Committee’s Proposals are not applied in the Tangier zone.

The Committee accordingly suggests that the Chairman of the Co-ordination Committee might request the French Government to draw the attention of the Tangerine authorities to the desirability of causing the Co-ordination Committee’s Proposals to be applied in the international zone at the same time as they are applied in the French and Spanish zones in Morocco.

IV.

In Section VII of its last report, the Committee of Experts mentioned certain questions of a general order and suggested that the Committee of Eighteen might wish to draw the attention of Governments to them. On December 13th, 1935, the Committee of Eighteen decided to do so.

Letters were accordingly despatched to the Governments concerned, drawing their attention to these points.

The replies received have been examined by the Committee. These replies have gone far to clear up the points that the Committee of Experts raised. There is no need to revert to the questions raised in paragraphs (a), (d), (e), (f) and (g) of Section VII of the previous report. The following observations may be made with regard to paragraphs (b) and (c).

As regards (b), fifteen Governments, thirteen of which are outside Europe, have not yet stated clearly whether they have substituted the lists of arms and implements of war attached to Proposal I A for the first list contained in Proposal I.

\textsuperscript{1} The Customs statistics communicated to the Committee by the French and Spanish members show that there has not been any very appreciable increase in Italian imports into Morocco, including the Tangier zone, between the third and fourth quarters of 1935.
As regards (c), the question of diverting traffic will be examined at a later session when the documentation of the Committee is completed.

The Committee desires to mention two new questions of a character similar to those which it raised in Section VII of its last report. One country, while accepting Proposals III and IV, has pointed out that “as she does not possess any seaports of her own, the action of her Customs authorities cannot be extended to ports through which her trade is at present conducted.” The Committee feels that the difficulty mentioned by this country must be due to some misapprehension as to the nature of Proposals III, IV and IV B, as the supervision exercised at its land frontiers will enable it to ensure the application of these Proposals.

One country has reserved the right to accord certain derogations from the rules adopted in Proposal III on account of spare parts for its electrical and textile industries. The Committee, noting the statements made to it in this connection, would observe that such derogations, apart from the exceptional case of Government contracts in course of fulfilment approved by the Committee set up under the resolution of November 6th, 1935, are not in principle consistent with Proposal III, and would, if they were to become general, prejudice the effectiveness of the whole system.

Three new replies— from the Union of South Africa, Bolivia and the Dominican Republic—have been received concerning Proposal V. The Government of the Union of South Africa indicates in detail the measures which it is prepared to take for the organisation of mutual support and states, with reference to paragraph II (2) of that Proposal, that it is prepared to give an assurance that it “will not conclude with States Members of the League of Nations not participating in the application of sanctions, trade agreements such as are now provided for in the Union’s legislation for the encouragement of trade by tariff concessions or most-favoured-nation treatment.”

V.

The Committee of Experts interprets the duty entrusted to it by the Committee of Eighteen in the sense that steps should be taken to ascertain the effects of the various Proposals of the Co-ordination Committee upon Italian trade. As the Italian Government has ceased to publish statistics of its foreign trade, that object can only be attained by collating the statistics of the trade of other countries with Italy.

For this purpose, it proved necessary, as the Committee of Eighteen suggested, to prepare tables to be completed by Governments, as the current statistics of a number of countries are not sufficiently detailed. The Committee of Experts accordingly devoted a considerable part of its second session to drafting a questionnaire.

It is, in the opinion of the Committee, important that the picture obtained by means of the questionnaire should be as complete as possible. The Committee considers, therefore, that this questionnaire should be sent, not only to Governments which have taken measures for the enforcement of the proposals of the Co-ordination Committee, but to all Governments members of that Committee.

The questionnaire which has been drafted is annexed to this report (Appendix II). It may be convenient to add to the explicative notes contained in it a brief explanation of its contents.

It has been thought appropriate to view three distinct aspects of Italian trade:

(a) The changes in the value of that trade as a whole and in particular of certain classes of Italian sales abroad;

(b) The movement of precious metals;

(c) The purchases by Italy of certain agricultural products, raw materials, etc.

The questionnaire contains three tables.

The first table shows the value of the total trade of each country with Italy and the Italian colonies and, for purposes of comparison, with the rest of the world. In addition, the imports from Italy are subdivided into three large groups: agricultural products, raw materials and manufactured goods. This subdivision has been made in order to render it possible to ascertain the relative extent to which these classes of Italian exports have been affected by the measures taken. In the great majority of cases, the value of the imports from Italy will of course be nil, as imports have, in accordance with Proposal III, been prohibited. As the questionnaire is intended, however, not only for those countries which have already applied Proposal III, but for those which have not yet done so, or only partially, information under this heading is clearly required. Moreover, there will be certain imports to record at first on account of goods paid for before October 10th or en route when Proposal III was enforced and a more restricted number of imports to record subsequently on account of the contracts approved by the Committee of Eighteen and of the exemption made in Proposal III in favour of books, music, etc.

1 See document No.: Co-ordination Committee/77 (b).
2 See document No.: Co-ordination Committee/61 (e).
3 See document No.: Co-ordination Committee/97, page 4.
The second table relates to trade in gold and silver bullion and specie, the import of which is exempted from the terms of the embargoes.

The third table shows the exports to Italy of a selected list of commodities. As the exports of certain of these commodities have been prohibited in accordance with Proposal IV, there will of course be no trade to record with reference to them by the great majority of countries to which the questionnaire is sent.

The Committee has been influenced in the compilation of this list by the records of the discussions which took place in the Co-ordination Committee and its Sub-Committees. It will be observed that Governments are asked to show, not only their exports of domestic produce, but total exports to Italy, including produce of foreign origin, ex bonded warehouse or free port.

In drafting its questionnaire, the Committee of Experts has made every endeavour to reduce as far as possible the work imposed on the administrations concerned. It has accordingly restricted the number of commodities mentioned in the table of exports and has further, in so far as possible, grouped the commodities in what it believes to be a convenient form. It has, at the same time, thrown out separately goods covered by Proposal IV.

The Committee attaches great importance to the prompt completion and return of the questionnaire to Geneva within the time prescribed. As some time must inevitably be taken in the printing and despatch of this questionnaire, it suggests that the first returns to be made and published should relate to the months of November and December 1935 and January 1936, together with, so far as possible, comparable data for the corresponding months of the preceding year. The statistics for each month should be shown separately.

The Committee of Experts suggests that the Secretariat should endeavour to complete these returns by information obtained from the ordinary trade statistics of countries not represented on the Co-ordination Committee.

The Committee of Experts does not consider that the trade statistics of any country can be exactly calculated by this indirect method. It believes, however, that by these means a great deal of valuable information will be obtained which, if placed at the disposal of the Co-ordination Committee, will serve to enlighten it as to the general tendencies.

VI.

As stated in the first section of this report, the Chairman of the Co-ordination Committee asked the experts to consider whether, in Proposal III, the proportion of value to be added to Italian goods in other countries before they could be accepted as the "nationalised" products of those other countries and thus exempted from the embargo on Italian goods was unduly low.

The section of Proposal III to which reference was made reads as follows:

"(2) Goods grown or produced in Italy or Italian possessions which have been subjected to some process in another country, and goods manufactured partly in Italy or Italian possessions and partly in another country will be considered as falling within the scope of the prohibition unless 25% or more of the value of the goods at the time when they left the place from which they were last consigned is attributable to processes undergone since the goods last left Italy or Italian possessions."

The Chairman, in submitting this question, made it clear that he was concerned with the technical aspects of the problem only, and it was to these technical aspects that the experts devoted their attention.

It is particularly difficult for the Customs authorities to determine the proportions in which the total C.I.F. value of any commodity at the time of its arrival in the country of importation comprises (a) its value at the time when it leaves the country of origin, and (b) the value which it subsequently acquires as the result of processes carried out in a third country. This difficulty is diminished, however, when the percentage of value added in a third country is a high one.

There are two reasons for this fact. First, it is clearly easier to recognise the work or materials added in any country when the amount of that work or those materials is relatively great. Secondly, even if the margin of error in estimation were identical, that error is of less practical importance when the percentage added as a result of processes carried out in a third country is high than when it is low. The country of origin gains whenever it is able to penetrate markets owing to an error in the estimation made by the Customs authorities. But the higher the proportion of value attributable to processes carried out in a third country, the less is the profit.

The Committee has no hesitation therefore in stating that the application of the laws and decrees giving effect to Proposal III would be rendered easier were the percentage raised from 25% to a far higher figure, for instance, 50%.

Furthermore, in order to ensure that paragraph 2 of Proposal III adopted by the Co-ordination Committee on October 19th, 1935, is applied as strictly as possible, the Committee considers it desirable that the Governments should give the Customs administrations and other authorities concerned full instructions to exercise the utmost vigilance in seeing that the rules laid down in this matter are strictly observed.
## Appendix I.

### SUMMARY OF GOVERNMENT REPLIES RECEIVED UP TO JANUARY 30TH, 1936.

<table>
<thead>
<tr>
<th>Countries</th>
<th>Proposal I</th>
<th>Proposal II</th>
<th>Proposal III</th>
<th>Proposal IV</th>
<th>Proposal V</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>In force</td>
<td>In force</td>
<td>In force</td>
<td>In force</td>
<td>Accepted</td>
</tr>
<tr>
<td>Union of South Africa</td>
<td>In force</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>Accepted</td>
</tr>
<tr>
<td>Albania</td>
<td>In force</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>Accepted</td>
</tr>
<tr>
<td>Argentina</td>
<td>In force*</td>
<td>In force*</td>
<td>*</td>
<td>*</td>
<td>Under consideration</td>
</tr>
<tr>
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<td>Will take necessary measures</td>
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<td>Accepted in principle</td>
<td>but considered unnecessary to apply</td>
<td>but considered unnecessary to apply</td>
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<td>*</td>
<td>Accepted</td>
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<tr>
<td>Turkey</td>
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<td>*</td>
<td>In force</td>
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<td>In force*</td>
<td>Before Parliament</td>
<td>Before Parliament</td>
<td></td>
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<tr>
<td>Uruguay</td>
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<td>In force*</td>
<td>Before Parliament</td>
<td>Before Parliament</td>
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<tr>
<td>Venezuela</td>
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<td>In force*</td>
<td>Before Parliament</td>
<td>Before Parliament</td>
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<tr>
<td>Yugoslavia</td>
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<td>In force*</td>
<td>Before Parliament</td>
<td>Before Parliament</td>
<td></td>
</tr>
</tbody>
</table>

* Texts have reached Geneva.

1. Reply not quite explicit.

2. With exception of imports arising out of clearing operations.

3. The Governments of Finland and Sweden have put Proposal II into force by administrative measures and in consequence no legislative texts have been received.

4. For goods having left Italy after February 20th, 1936.
Appendix II.

QUESTIONNAIRE FOR STATISTICS RELATING TO ITALIAN TRADE.

The tables are intended to give the following monthly figures:

A—Total values, in the case of each country, of the imports from and exports to: (i) Italy, (ii) the Italian Colonies, (iii) other countries.

B—Value of the imports from and exports to Italy and the Italian Colonies of (i) gold, (ii) silver.

C—Exports of certain goods to: (i) Italy, (ii) Italian Colonies.

It is desirable that these figures should reach the Secretariat of the League of Nations, Geneva, before the end of the month following the period to which the data refer. If necessary, information relating to Table A might be telegraphed.

QUESTIONNAIRE.

Period.

Monthly figures for the current year (and corresponding figures for the preceding year), beginning with the month of November 1935, inclusive.

Table A.

TOTAL VALUES OF THE IMPORTS FROM AND EXPORTS TO (i) ITALY, (ii) THE ITALIAN COLONIES, (iii) OTHER COUNTRIES.

Note. — The values should be shown in the currency of the country supplying the information. It should be noted that, for periods subsequent to November 1935, most countries will have no figure to show for imports, except in respect of the short period during which certain goods continued to be imported under the exceptions approved by the Co-ordination Committee.

It is very desirable to show the values of general imports and exports as defined in the 1928 International Convention on Economic Statistics. It will be recalled that General Trade does not include goods which have crossed the territory of the country in question in direct transit or which are simply transhipped in its ports. It does, however, include goods warehoused (indirect transit), either in premises subject to Customs control or in free ports.

For the preparation of Table A, Statistical Offices are not asked to make any changes in their usual methods of determining the foreign country from and to which the imports and exports are shown.

It would be desirable, for the future at any rate, if this is not already done, to include in the statistics a special account for the Italian colonies.

<table>
<thead>
<tr>
<th>Country ............</th>
<th>Month ............</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade</td>
<td>Value in .......... (ooo's omitted).</td>
</tr>
<tr>
<td></td>
<td>Special</td>
</tr>
<tr>
<td>Total Imports</td>
<td>1934</td>
</tr>
<tr>
<td>Imports</td>
<td>A</td>
</tr>
<tr>
<td>Total Exports</td>
<td></td>
</tr>
</tbody>
</table>
Table B.

**VALUE OF THE IMPORTS FROM AND EXPORTS TO ITALY AND ITALIAN COLONIES OF (i) GOLD, (ii) SILVER.**

*Note.* — As the places from which bullion and specie are *consigned* and the places of their destination are always exactly known, no particular remark is called for regarding the compilation of this information.

<table>
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<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Imports from Italy</td>
</tr>
<tr>
<td><strong>Gold:</strong> Bullion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specie</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Gold</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Silver:</strong> Bullion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specie</td>
<td></td>
<td></td>
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<tr>
<td>Total Silver</td>
<td></td>
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<tr>
<td>Total Gold and Silver</td>
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</tr>
</tbody>
</table>

Table C.

**EXPORTS OF CERTAIN GOODS TO (i) ITALY AND (ii) THE ITALIAN COLONIES.**

*Note.* — This table is intended to show to what extent Italian imports of certain goods have been affected by events.

The quantities (expressed in metric tons) and values in domestic currencies that are required are those shown in the particular statistics of each country. If necessary, Statistical Offices will themselves make any calculations and computations that may be required, in order to obtain these data.

The composition of the commodity-groups set out in Table C is shown by the numbers referring to the Minimum List of Goods prepared by the Committee of Statistical Experts, concerning which Statistical Offices have already received all necessary information (document C.268.M.136.1935.II.A, Geneva, of July 31st, 1935). These numbers are shown in brackets after each item.

If any Office should be unable to give the information required for sub-headings (a), (b), (c), etc., or even, in exceptional circumstances, for some main heading of Table C, it may bracket them with one or several sub-headings or headings in this table.

<table>
<thead>
<tr>
<th>Country ..........</th>
<th>Month ..........</th>
<th>Weight (in metric tons); Value in .......... (ooo's omitted).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Column 1</td>
</tr>
<tr>
<td><strong>Commodity (and Number in &quot;Minimum List&quot;)</strong></td>
<td><strong>Trade Statistical Number (National List)</strong></td>
<td><strong>ITALY</strong></td>
</tr>
<tr>
<td>I.  <em>Wheat.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.  Wheat (ex 26)</td>
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<td></td>
</tr>
<tr>
<td>II.  <em>Oats.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.  Oats (31)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>III.  <em>Coffee.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.  Coffee, roasted or not (64, 65)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV.  <em>Oil-seeds.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.  Oil-seeds, nuts and kernels (87-94)</td>
<td></td>
<td></td>
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</tbody>
</table>
Weight (in metric tons); Value in .......... (ooo's omitted).

<table>
<thead>
<tr>
<th>Commodity (and Number in &quot;Minimum List&quot;)</th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
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<tr>
<td></td>
<td>Trade Statistical Number (National List)</td>
<td>Italy</td>
<td>Italian Colonies</td>
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<tr>
<td>Commodity and Number in &quot;Minimum List&quot;</td>
<td>Weight</td>
<td>Value</td>
<td>Weight</td>
<td>Value</td>
</tr>
<tr>
<td>V. Vegetable Oils.</td>
<td></td>
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<tr>
<td>5. Vegetable oils (98-107)</td>
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<tr>
<td>VI. Nitrates.</td>
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<tr>
<td>6. Nitrates (139-141)</td>
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<tr>
<td>VII. Phosphates.</td>
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<tr>
<td>7. Phosphates (142-143)</td>
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<tr>
<td>VIII. Rubber.</td>
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<tr>
<td>8. Crude rubber and rubber substitutes (gutta-percha, balata, etc.) (147)</td>
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<tr>
<td>9. Reclaimed, imitation and artificial rubber, and artificial substitutes (148)</td>
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<td>10. Wastes of rubber and of rubber substitutes (149)</td>
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<tr>
<td>11. Rubber tyres (150)</td>
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<tr>
<td>Total Rubber</td>
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<tr>
<td>IX. Wood.</td>
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<tr>
<td>12. Wood, round or rough-sawn (156-160)</td>
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<tr>
<td>X. Wood Pulp.</td>
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<tr>
<td>13. Wood pulp, including cellulose (175-176)</td>
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<tr>
<td>XI. Hides and Skins.</td>
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<tr>
<td>14. Hides and skins (186-187)</td>
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<tr>
<td>XII. Wool.</td>
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<td>15. Wool (raw, carded, combed and waste) (198-199; 203-205)</td>
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<td>16. Woollen tissues (232-233)</td>
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<td>XIII. Cotton.</td>
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<td>17. Raw cotton, including linters (206)</td>
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<td>18. Cotton waste and devilled cotton, raw excluding linters (207)</td>
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<td>19. Cotton, cotton waste and devilled cotton bleached or dyed (208)</td>
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<td>20. Cotton, carded or combed (209)</td>
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<td>21. Cotton yarn and thread (250)</td>
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<td>XIV. Coal and Petroleum.</td>
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<td>22. Coal (269)</td>
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<td>23. Lignite (270)</td>
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<td>24. Peat (271)</td>
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<td>25. Briquettes of coal, lignite or peat (272)</td>
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<td>26. Natural asphalt (274)</td>
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<td>27. Crude petroleum and partly refined petroleum for further refining (275)</td>
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<td>28. Motor spirit (gasoline and other light oils for similar uses) (276)</td>
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<td>29. Lamp oil and white spirit (kerosene; illuminating oil) (277)</td>
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<td>30. Gas oil and fuel oil (distinguishing if possible) (278)</td>
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Weight (in metric tons); Value .......... (ooo’s omitted).

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<td>ITALIAN COLONIES</td>
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<td></td>
<td></td>
<td>1934</td>
<td>1935</td>
</tr>
</tbody>
</table>

XIV. Coal and Petroleum (cont.).
31. Lubricating oils and greases, including mixtures with animal and vegetable lubricants (279).
32. Coke of coal, of lignite and of petroleum (280).
33. Tar and tar oils and other products of tar distillation:
   (a) Tar (281 a).
   (b) Benzols, toluols and xylos (ex 281 b).
   (c) Other (rest of 281 b).
34. Pitch, resin, petroleum asphalt, and other by-products of coal and petroleum (including mixtures with asphalt) (282).
35. Mineral jelly and waxes (283).

Total Coal and Petroleum

XV. Ores.
36. Iron ores (except pyrites not roasted) (324).
37. Pyrites not roasted (ex 326 d).
38. Ores of metals chiefly used for alloying with iron:
   (a) Manganese and manganese ore (325 a).
   (b) Chromiferous and chromium ore (325 b).
   (c) Other ferro-alloy ores (325 e).
39. Ores of non-ferrous base metals:
   (a) Of copper (326 a).
   (b) Of tin (326 b).
   (c) Of aluminium (bauxite) (326 c).
   (d) Of lead.
   (e) Of zinc.
   (f) Of nickel.
   (g) Of magnesium.
40. Aluminium oxide (alumina) (ex 117 f; ex 117 k).
41. Slag and other wastes from the treatment of metals (except basic slag) (327).

Total Ores.

XVI. Iron and Steel.
42. Pig-iron and ferro-alloys, unworked:
   (a) Pig-iron (328 a).
   (b) Ferro-alloys (distinguishing, if possible, the kind) (328 b).
43. Scrap iron and steel (329).
44. Other crude iron and steel: simply cast (ingots, blocks, etc.) or simply rolled or forged (blooms, billets, slabs, etc.) requiring further manufacture:
   (a) Special alloy steels (330 a).
   (b) Other (330 b).
45. Bars, rods and structural shapes; wire: plates, sheets, hoops and strips:
   (a) Tinned plates (tinned sheets) (333 a).
   (b) Other (331; 332, rest of 333).
46. Tubes, pipes and fittings (334).
47. Rails (335).

Total Iron and Steel.
Weight (in metric tons); Value in ........ (ooo's omitted).

<table>
<thead>
<tr>
<th>Trade Statistical Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Minimum List)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Commodity (and Number in &quot;Minimum List&quot;)</th>
<th>ITALY</th>
<th>ITALIAN COLONIES</th>
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<tbody>
<tr>
<td>++----------------------------------------</td>
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<tr>
<td>Commodity</td>
<td>Weight</td>
<td>Value</td>
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<tr>
<td>Commodity</td>
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<tr>
<td>XVII. Copper</td>
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<tr>
<td>48. Copper and its alloys, refined or</td>
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<td></td>
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<tr>
<td>not, unwrought (including scrap)</td>
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<tr>
<td>49. Copper and its alloys, wrought</td>
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<tr>
<td>(bars, rods, sheets, leaves, wire,</td>
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<td></td>
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<tr>
<td>pipes, tubes, castings and forgings)</td>
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<tr>
<td>Total Copper</td>
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<tr>
<td>XVIII. Aluminium</td>
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<tr>
<td>50. Aluminium, unwrought, including</td>
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<tr>
<td>scrap</td>
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<tr>
<td>51. Aluminium, wrought (bars, rods,</td>
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<td></td>
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<tr>
<td>sheets, leaves, wire, pipes, tubes,</td>
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<tr>
<td>castings and forgings)</td>
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<tr>
<td>Total Aluminium</td>
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<tr>
<td>XIX. Lead</td>
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<tr>
<td>52. Lead, unrefined or refined,</td>
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<tr>
<td>unwrought, including scrap</td>
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<tr>
<td>53. Lead, wrought (bars, rods, sheets,</td>
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<tr>
<td>leaves, wire, pipes, tubes, castings</td>
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<tr>
<td>and forgings)</td>
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<tr>
<td>Total Lead</td>
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<tr>
<td>XX. Zinc</td>
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<tr>
<td>54. Zinc, unrefined or refined,</td>
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<tr>
<td>unwrought, including scrap</td>
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<tr>
<td>55. Zinc, wrought (bars, rods, sheets,</td>
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<tr>
<td>leaves, wire, pipes, tubes, castings</td>
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<td>and forgings)</td>
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<tr>
<td>Total Zinc</td>
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<tr>
<td>XXI. Tin</td>
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<tr>
<td>56. Tin, unwrought, including scrap</td>
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<tr>
<td>and solder</td>
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<tr>
<td>57. Tin, wrought (bars, rods, sheets,</td>
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<td></td>
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<tr>
<td>leaves, wire, pipes, tubes, castings</td>
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<tr>
<td>and forgings)</td>
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<tr>
<td>Total Tin</td>
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<tr>
<td>XXII. Nickel</td>
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<tr>
<td>58. Nickel, unwrought, including scrap</td>
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<tr>
<td>(348 a)</td>
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<tr>
<td>59. Nickel, wrought (bars, rods, sheets,</td>
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<td></td>
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<tr>
<td>leaves, wire, pipes, tubes, castings</td>
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<tr>
<td>and forgings)</td>
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<tr>
<td>Total Nickel</td>
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<tr>
<td>XXIII. Other Base Metals</td>
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<td></td>
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<tr>
<td>60. Other base metals:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Magnesium (and its alloys not</td>
<td></td>
<td></td>
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<tr>
<td>elsewhere included)</td>
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<td></td>
</tr>
<tr>
<td>(b) Rare metals entering into the</td>
<td></td>
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<tr>
<td>composition of ferro-alloys</td>
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<td></td>
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<tr>
<td>(chromium, manganese, molybdenum,</td>
<td></td>
<td></td>
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<tr>
<td>titanium, tungsten, vanadium, etc.)</td>
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<tr>
<td>(c) Other</td>
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<tr>
<td>Total Other Base Metals</td>
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<td></td>
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<tr>
<td>XXIV. Animals, for Transport.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>61. Horses, mules and asses (403)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>62. Camels (ext. 404)</td>
<td></td>
<td></td>
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<tr>
<td>63. Other (stating kind):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td></td>
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<tr>
<td>(b)</td>
<td></td>
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<tr>
<td>(c) etc.</td>
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<td></td>
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<tr>
<td>Total Animals</td>
<td></td>
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</tr>
</tbody>
</table>

1 To be shown by number of head; not by weight. If customarily shown by weight (and not by head), to be converted approximately.
COMMITTEE OF EXPERTS

For the Technical Examination of the Conditions governing the Trade in and Transport of PETROLEUM AND ITS DERIVATIVES, BY-PRODUCTS AND RESIDUES

(Resolution of the Committee of Eighteen, dated January 22nd, 1936)

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