Having taken cognisance of the *Journal of the Council of Ministers*, No. 2008, of October 19th, 1935:

We have decreed and do decree:

**Article I.**—As from the publication of the present decree, the following operations are prohibited:

(a) All loans to or for the Italian Government and all subscriptions to loans issued in Italy or elsewhere by or for the Italian Government;

(b) All banking or other credits to or for the Italian Government and any further execution by advance, overdraft or otherwise of existing contracts to lend directly or indirectly to the Italian Government;

(c) All loans to or for any public authority, person or corporation in Italian territory and all subscriptions to such loans issued in Italy or elsewhere;

(d) All banking or other credits to or for any public authority, person or corporation in Italian territory and any further execution by advance, overdraft or otherwise of existing contracts to lend directly or indirectly to such authority, person or corporation;

(e) All issues of shares or other capital flotations for any public authority, person or corporation in Italian territory and all subscriptions to such issues of shares or capital flotations in Italy or elsewhere;

(f) The transactions mentioned in paragraphs (a) to (e) may not be effected direct or through intermediaries of any nationality whatsoever.

**Article II.**—Our Minister, the Secretary of State of the Department of Finance, is responsible for the execution of the present decree.

Done at Sinaia, October 19th, 1935.

(Signed) Gh. TATARESCO,
President of the Council of Ministers.

(Signed) Victor ANTONESCU,
Minister for Finance.

Co-ordination Committee/48(j).

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12. **LETTER, DATED DECEMBER 3RD, 1935, FROM THE PERMANENT DELEGATE OF ROUMANIA TO THE SECRETARY-GENERAL.**

[Translation.]

I have the honour to enclose the text of the instructions issued by the Ministry for Finance to the Customs authorities for the execution of Royal Decrees Nos. 2548 and 2549, relating to the application of the Co-ordination Committee’s Proposals Nos. III and IV.

(Signed) C. ANTONIADE.

**INSTRUCTIONS FROM THE MINISTRY FOR FINANCE, CUSTOMS DEPARTMENT, TARIFF BRANCH**

(No. 267764, OF NOVEMBER 24TH, 1935).

To the Collector of Customs.

With reference to Telegraphic Circular Order No. 259404, of November 18th, 1935, concerning the application of the decrees relating to sanctions against Italy, and in accordance with the agreement arrived at between the Ministry for Finance and the Department for Foreign Affairs, we give you hereunder the following instructions additional to the decrees mentioned.

**I. Measures relating to the Import of Goods** (Royal Decree No. 2548/1935).

Ad Article II.—Establishment of the Origin of Goods and their 25% Transformation in the Exporting Countries: The origin of the goods will be established by comparing the certificate of origin with the transport documents, and, in case of doubt, by verifying the registers at the exporter’s offices.

By Italy and Italian possessions are to be understood the continental territory of the Kingdom of Italy, with Sicily and Sardinia, Rhodes and the other islands in the Aegean Sea occupied by Italy; Libya, comprising Tripolitania and Cyrenaica; and Italian East Africa, comprising Eritrea and Italian Somaliland.

**Article IV.**—Proof of the Despatch of Goods from Italy and Italian Possessions before November 18th, 1935: This proof is provided by transport documents—bills of lading, manifests, waybills, baggage and postal receipts.

If there are several contradictory documents, the first in chronological order will be accepted.

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1 See pages 246 and 247.
Article I.—Proof of the Entry of the Goods into the Country before December 7th, 1935: Proof of the entry into the country not later than midnight on the night of December 7th and 8th, 1935, of Italian goods despatched before November 18th, 1935, will be provided by the registration at a frontier Custom house of the documents establishing their arrival in the country in the case of goods arriving by rail, or by the deposit of the Customs documents at the first Roumanian port in the case of goods despatched by sea.

Article V.—Measures concerning the Import of Passengers’ Baggage: By passengers’ baggage within the meaning of Article 34 of the Customs Law are to be understood not only the personal belongings carried by the passenger, but also objects of daily use despatched by him by rail, post, sea, or air, and arriving on a different date from the passenger.

Proof will be given in the usual way.


Ad Article 2.—Establishment of the Destination of Exported Goods: The destination of exported goods will be established by the production of the declaration in the terms prescribed by the decree.

In conjunction with these declarations, the exporter shall be required to produce a dated contract proving an undertaking to deliver the goods concerned to a country other than Italy or Italian possessions or a country not taking part in sanctions. In the event of such contract not being forthcoming, the exporter shall be compelled, under penalty of the provisions of the Customs Law on smuggling, to submit within six months a Customs certificate proving that the goods exported have been nationalised in a country other than Italy or the Italian possessions. The penalties provided by the Customs Law against persons aiding and abetting the infringement or evasion of the Law, and persons failing to submit the Customs certificate referred to within the time-limit of six months allowed, will be indicated by you in the form of undertaking assumed by the exporter.

Ad Article 4.—Proof of Shipment before November 18th, 1935: Proof of consignment on shipboard shall be furnished in the shape of the loading permit; proof of consignment by rail shall be furnished in the shape of the waybill.

Article 4.—Proof that the Goods were due for Consignment to Italy or Italian Possessions before November 18th, 1935: Proof shall be furnished in the shape of the export declaration or a contract dated to a particular date previous to November 18th, 1935.

The authorities will accordingly require on the import of all goods the submission of:

(i) Transport documents;
(ii) Certificates of origin.

If it appears from the transport documents above mentioned that the goods are from Italy or Italian possessions, as defined above, importation shall be refused, whatever the origin of the goods, unless they entered Roumania not later than midnight on the night of December 7th and 8th, 1935, and even so only where proof is furnished that the goods were consigned from Italy or Italian possessions before November 18th, 1935.

If it appears from the transport documents that the goods are from a country other than Italy or Italian possessions, the Customs authorities shall refer to the certificate of origin, which shall contain a reference to the fact that the goods were nationalised in a country other than Italy or Italian possessions, or alternatively that more than 25% of the value of the goods is attributable to a country other than Italy or Italian possessions.

The same rules shall be applied in the case of goods from free ports or bonded warehouses.

The following provisions shall be observed in connection with the export of goods belonging to the category of prohibited goods.

In the first place, the nature of the goods shall be ascertained by requiring the production of certificates of analysis in the case of ores.

Goods in the prohibited category may be exported from Roumania to Italy or Italian possessions until midnight on the night of November 27th and 28th, 1935, on production:

(i) Of the export declaration or of a contract dated previous to November 18th, 1935, proving that the goods are intended for Italy or Italian possessions;
(ii) Of evidence of loading previous to November 18th, 1935. This evidence shall be supplied by producing the loading permits in the case of goods carried by water, or the transport documents issued by the railways in the case of goods carried by land or by combined transport.

The exportation of goods in the prohibited category which are declared for exportation to a country other than Italy or Italian possessions may be allowed if, in addition to the documents required by the foreign exchange regulations, the exporters are able to produce:

(i) A declaration guaranteeing that the goods will not be exported directly or indirectly to Italy or Italian possessions, and also
(ii) A dated contract containing the obligation to deliver the goods in question to a country other than Italy or Italian possessions or the countries not participating in sanctions.
Should the exporter not produce such a contract, he must sign a supplement to the declaration provided for in point 1, undertaking to produce within six months a certificate to the effect that the exported goods have been nationalised in a country other than Italy or the Italian possessions, failing which he shall be liable to the penalties provided for in the Customs Law on smuggling.

Doubtful cases shall be submitted to the Customs Inspectors, who shall verify the facts on the premises of the importers or exporters by examining the books, correspondence, papers, etc., in order to ascertain the real value, provenance and origin, as well as the processing or destination of the goods in the prohibited category.

(Signed) Mircea Vulcanescu,
Director of Customs.
(Signed) Chief of Service.

Co-ordination Committee/48(k).

PROPOSAL No. IV B.

13. LETTER, DATED DECEMBER 9TH, 1935, FROM THE PERMANENT DELEGATE OF ROUMANIA TO THE SECRETARY-GENERAL.

[Translation.]

I am instructed by my Government to inform you that the competent Roumanian authorities have duly considered Proposal No. IV B adopted by the Co-ordination Committee with regard to indirect supply.

The fact that trade with other countries and also dealings in foreign exchange have been strictly regulated in Roumania for some years past makes it easy for the competent authorities to ascertain whether there has been any abnormal increase in the volume of exports to certain countries. In order to watch these exports very closely, the Statistical Department of the Ministry of Finance has been instructed to compile monthly statistical tables showing the volume of exports to countries which are not applying sanctions of all products the export of which to Italy and Italian possessions was prohibited by Royal Decree No. 2549\(^1\) based on Proposal IV of the Co-ordination Committee.

(Signed) C. Antoniađe.

Co-ordination Committee/48(l).

PROPOSAL No. IV B.

14. LETTER, DATED MARCH 4TH, 1936, FROM THE PERMANENT DELEGATE OF ROUMANIA TO THE SECRETARY-GENERAL.

[Translation.]

With reference to my letter No. 1316,\(^2\) dated December 9th, 1935, and in accordance with the provisions contained in Proposal No. IV B adopted by the Committee of Eighteen on November 6th, 1935, I have the honour to forward to you herewith two tables showing the position of Roumanian exports in November and December 1935 to the countries which do not apply sanctions and relating to the products the export of which to Italy is prohibited under Royal Decree No. 2549/1935.

(Signed) C. Antoniađe.

MINISTRY OF FINANCE
FINANCIAL STATISTICS SERVICE

EXPORTS OF NOVEMBER 1935 OF PRODUCTS PROHIBITED BY DECREE No. 2549/1935 TO THE COUNTRIES NOT APPLYING ECONOMIC SANCTIONS TO ITALY.

<table>
<thead>
<tr>
<th>No. in Tariff</th>
<th>Description of Goods</th>
<th>Austria</th>
<th>Germany</th>
<th>Hungary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(head)</td>
<td>(1,000 lei)</td>
<td>(head)</td>
<td>(1,000 lei)</td>
</tr>
<tr>
<td>2</td>
<td>Horses (geldings)</td>
<td>432</td>
<td>1,512</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>Mules and donkeys</td>
<td>2</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td>4</td>
<td>Bulls</td>
<td>35</td>
<td>200</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Oxen</td>
<td>622</td>
<td>3,732</td>
<td>877</td>
</tr>
<tr>
<td>6</td>
<td>Cows</td>
<td>—</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>810</td>
<td>Articles, manufactures and scraps of rubber unsuitable for the use for which they were made, such as bands, covers, tubes, etc., all in pieces of less than 20 cm. intended for remelting</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1028</td>
<td>Iron-ore, raw, smelted or hammered and desulphurised pyrites</td>
<td>—</td>
<td>—</td>
<td>*200</td>
</tr>
</tbody>
</table>

* Quantities in quintals (1 q. = 100 kg.).

Note.—Nothing was exported to Albania or Switzerland.

\(^1\) See page 247.

\(^2\) See Communication No. 13 above.
MINISTRY OF FINANCE
FINANCIAL STATISTICS SERVICE

Exports of December 1935 of Products prohibited by Decree No. 2549/1935 to the Countries not applying Economic Sanctions to Italy.

<table>
<thead>
<tr>
<th>No. in</th>
<th>Description of Goods</th>
<th>Austrian</th>
<th>German</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Quantity [head]</td>
<td>Value [1,000 lei]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Horses (Geldings)</td>
<td>170</td>
<td>663</td>
</tr>
<tr>
<td>4</td>
<td>Bulls</td>
<td>11</td>
<td>53</td>
</tr>
<tr>
<td>5</td>
<td>Oxen</td>
<td>466</td>
<td>2,519</td>
</tr>
<tr>
<td>6</td>
<td>Cows</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>1028</td>
<td>Iron ores</td>
<td>200</td>
<td></td>
</tr>
</tbody>
</table>

*Quantities in quintals (1 q. = 100 kg.)*

Note.—Nothing was exported to Albania, Switzerland or Hungary.

Co-ordination Committee/48(m).

PROPOSAL No. IV B.

15. LETTER, DATED APRIL 3RD, 1936, FROM THE PERMANENT DELEGATE OF ROUMANIA TO THE SECRETARY-GENERAL.

Following on my letter No. 171 of March 4th last, I have the honour to transmit to you herewith a table showing the position of Roumanian exports, for the month of January 1936, to the countries which do not apply sanctions and relating to products the export of which to Italy is prohibited under Royal Decree No. 2549/1935.

(Signed) C. ANTONIADE.

MINISTRY OF FINANCE
FINANCIAL STATISTICS SERVICE

ROUMANIAN EXPORTS DURING THE MONTH OF JANUARY 1936 OF PRODUCTS PROHIBITED BY DECREE NO. 2549/1935 TO THE COUNTRIES NOT APPLYING ECONOMIC SANCTIONS TO ITALY.

<table>
<thead>
<tr>
<th>No. in Customs tariff</th>
<th>Description of Goods</th>
<th>Austrian</th>
<th>German</th>
<th>Hungarian</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Quantities [head]</td>
<td>Value [1,000 lei]</td>
<td>Quantities [head]</td>
</tr>
<tr>
<td>2</td>
<td>Draught horses</td>
<td>198</td>
<td>614</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Bulls</td>
<td>37</td>
<td>80</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Oxen</td>
<td>660</td>
<td>3,762</td>
<td>22</td>
</tr>
<tr>
<td>810</td>
<td>Manufactures and scraps of rubber which can no longer be used for the purpose for which they were made—such as bands, cover, tubes, etc.—all less than 20 cm., intended for remelting</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note.—None of the products prohibited by Decree No. 2549/1935 were exported to Albania.

Co-ordination Committee/48(n).

PROPOSAL No. IV B.

16. STATEMENT OF ROUMANIAN EXPORTS IN FEBRUARY AND MARCH 1936, TO THE COUNTRIES WHICH DO NOT APPLY SANCTIONS, OF PRODUCTS REFERRED TO IN PROPOSAL NO. IV.

Following on documents Co-ordination Committee 48(l) and 48(m), the Secretariat has the honour to communicate to the members of the Committee the statistics, forwarded by the Roumanian Government, of Roumanian exports in February and March 1936, to the countries which do not apply sanctions, of the products referred to in Proposal No. IV.

1 See page 231 and above.
## ROUMANIAN EXPORTS DURING THE MONTH OF FEBRUARY 1936 OF PRODUCTS PROHIBITED BY DECREE No. 2549/1935 TO THE COUNTRIES NOT APPLYING ECONOMIC SANCTIONS TO ITALY.

<table>
<thead>
<tr>
<th>No. in Customs tariff</th>
<th>Description of Goods</th>
<th>Austria</th>
<th>Germany</th>
<th>Hungary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Quantities (number of head)</td>
<td>Value (1,000 lei)</td>
<td>Quantities (number of head)</td>
</tr>
<tr>
<td>2</td>
<td>Draught horses of all ages</td>
<td>226</td>
<td>610</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Bulls</td>
<td>11</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Oxen</td>
<td>678</td>
<td>3,865</td>
<td>120</td>
</tr>
<tr>
<td>1,030</td>
<td>Raw cast iron in blocks, white or grey</td>
<td></td>
<td></td>
<td>400</td>
</tr>
</tbody>
</table>

Note.—None of the products prohibited by Decree No. 2549/1935 were exported to Albania.

## ROUMANIAN EXPORTS DURING THE MONTH OF MARCH 1936 OF PRODUCTS PROHIBITED BY DECREE No. 2549/1935 TO THE COUNTRIES NOT APPLYING ECONOMIC SANCTIONS TO ITALY.

<table>
<thead>
<tr>
<th>No. in Customs tariff</th>
<th>Description of Goods</th>
<th>Austria</th>
<th>Germany</th>
<th>Hungary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Quantities (number of head)</td>
<td>Value (1,000 lei)</td>
<td>Quantities (number of head)</td>
</tr>
<tr>
<td>2</td>
<td>Draught horses</td>
<td>346</td>
<td>1,730</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Bulls</td>
<td>11</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Oxen</td>
<td>466</td>
<td>3,262</td>
<td>855</td>
</tr>
<tr>
<td>1,030</td>
<td>Raw cast iron in blocks, white or grey</td>
<td></td>
<td></td>
<td>750</td>
</tr>
</tbody>
</table>

Note.—None of the products prohibited by Decree No. 2549/1935 were exported to Albania.

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## SALVADOR.

Co-ordination Committee/67.

### ALL PROPOSALS.

1. **Telegram, dated October 30th, 1935, from the Minister for Foreign Affairs of Salvador to the Secretary-General.**

   [Translation from the Spanish.]

   With reference to your messages regarding committees’ resolutions, I have the honour to inform you that Salvador, as a Member of the League, will apply the sanctions agreed upon to the best of her ability and in conformity with the judgment of the majority of the nations in the Italo-Ethiopian conflict—Miguel Angel Araujo.

   Co-ordination Committee/67(a).

PROPOSAL No. III.

2. **Telegram, dated November 29th, 1935, from the Minister for Foreign Affairs of Salvador to the Secretary-General.**

   [Translation from the Spanish.]

   Inasmuch as the possibilities of Salvador do not cover all the points of the decisions taken by the League of Nations in connection with the dispute between Ethiopia and Italy, Salvador will merely apply effectively Proposal No. III, prohibiting the import of products of every kind from Italy and the Italian colonies shipped subsequently to the 28th instant, under a legislative decree of the 26th instant. Details follow by air mail—Miguel Angel Araujo.
PROPOSALS Nos. I, II, III, IV AND V.

3. LETTER, DATED NOVEMBER 29TH, 1935, FROM THE MINISTER FOR FOREIGN AFFAIRS OF SALVADOR TO THE SECRETARY-GENERAL.

[Translation from the Spanish.]

I have the honour to confirm the terms of the cable which I despatched to you to-day as follows:

"Secretary-General, League of Nations, Geneva.—Reference cable from Chairman of Co-ordination Committee, dated November 21st. Inasmuch as the possibilities of Salvador do not cover all the points of the decisions taken by the League of Nations in connection with the dispute between Ethiopia and Italy, Salvador will merely apply effectively Proposal No. III, prohibiting the import of products of every kind from Italy and the Italian colonies shipped subsequently to the 28th instant, under a legislative decree of the 26th instant. Details follow by air mail.—Miguel Angel Araujo, Minister for Foreign Affairs."

The promised details are to be found in the text (reproduced hereunder) of the legislative decree promulgated in the Official Journal of the Republic, No. 262, of yesterday's date:

"Decree No. 145.—Whereas the Republic of Salvador is a Member of the League of Nations, and, as such, has received an official notice from the Secretariat of the League to the effect that in connection with the Italo-Ethiopian dispute the Assembly has adopted the following proposals formulated by the Co-ordination Committee: (1) prohibition of the exportation of arms and implements of war to Italy; (2) financial sanctions against Italy; (3) total prohibition of the importation of products coming from Italy; (4) prohibition of the export of certain products to Italy; and (5) measures of mutual support among the participants; whereas, under the terms of Article 16 of the Covenant of the League of Nations, the Republic of Salvador is bound to take the measures necessary to co-operate with the other countries signatories in the application of the decisions taken by the League; whereas the possibilities open to the Republic do not cover all the points of the decision taken by the Assembly of the League of Nations and consequently the present decree must be confined to the measures that can be effectively applied; for these reasons, in the exercise of its constitutional powers and on the initiative of the Executive Authority,

"The National Legislative Assembly of the Republic of Salvador decrees:

"Article 1.—The importation of goods of all kinds consigned from the Kingdom of Italy or from the Italian colonies to Salvador after the date of the publication of the present decree is prohibited.

"Article 2.—The Executive Authority, through the Department of Foreign Affairs and the Department of Finance, will take the necessary steps to obtain the co-operation of the other participating countries, in order to reduce to a minimum the losses and drawbacks that might result from the application of the present decree.

"Article 3.—The present decree shall come into force on the day of its publication and shall cease to be applied as from the moment of the disappearance of the causes which determined it."

"Done in the Chamber of the Legislative Authority, National Palace, San Salvador (Cuscatlan), November 27th, 1935.

(Signed) Cesar Cierra,
President.
(Signed) Arturo Acevedo,
First Secretary.
(Signed) Franco. Fedo. Reyes,
Second Secretary.
For execution:
(Signed) Maximiliano H. Martinez,
President of the Republic.
(Signed) R. Samayoa,
Minister for Finance.
(Signed) Miguel Angel Araujo,
Minister for Foreign Affairs."

I have the honour to send you, by the ordinary post, registered, two copies of the Official Journal containing the legislative decree reproduced above.

(Signed) Miguel Angel Araujo.
SIAM.

Co-ordination Committee/51.

PROPOSAL, No. I.

1. TELEGRAM, DATED OCTOBER 26TH, 1935, FROM THE STATE COUNCILLOR FOR FOREIGN AFFAIRS OF SIAM TO THE SECRETARY-GENERAL.

I have the honour to inform you that the Siamese Government has accepted Proposal No. I of the Co-ordination Committee. The Assembly of the Peoples Representatives has passed a General Enabling Act called “Sanctions under the Covenant of the League of Nations”, which becomes effective upon publication in the Government Gazette, October 27th. Under authorisation of this Act His Majesty’s Government will thereupon issue a royal decree prohibiting the exportation of arms, ammunition or implements of war to Italy or Italian possessions; texts will be forwarded by air mail. There have been no special provisions in Siam prohibiting the consignment of arms, ammunition or implements of war to Ethiopia.—SRISENA.

Co-ordination Committee/51(a).

PROPOSAL, No. I.

2. TELEGRAM, DATED OCTOBER 28TH, 1935, FROM THE STATE COUNCILLOR FOR FOREIGN AFFAIRS OF SIAM TO THE SECRETARY-GENERAL.

In continuation of my telegram of the 26th October, I have the honour to inform you that a royal decree has been issued to-day prohibiting the exportation and re-exportation of arms, ammunition or implements of war to Italy or Italian possessions.—SRISENA.

Co-ordination Committee/51(b).

PROPOSALS Nos. I, II, III, IV AND V.

3. LETTER, DATED OCTOBER 30TH, 1935, FROM THE SIAMESE DELEGATION TO THE SECRETARY-GENERAL.

The Government of Siam has already informed you that the Siamese Assembly has passed a General Enabling Act authorising the Government to issue a royal decree to give effect to sanctions in Siam applicable under Article 16 of the Covenant; the Government has already issued a decree to give effect to Proposal No. I. I am now instructed to inform you that the Government has accepted Proposal No. II in principle, so that a decree is being drawn up for the purpose.

With regard to Proposals Nos. III, IV and V, my Government is giving them its favourable consideration, having only just received the texts by air mail. The texts as transmitted by the League telegram were not clear in transmission. In respect of Proposal No. III, however, certain difficulties are encountered in paragraph 3 concerning an existing contract. The Siamese Government last year entered into a contract for the construction of a number of naval craft, two of which are nearing completion, in Monfalcone, Italy. One should be ready for delivery by November 17th, 1935, and the other by December 17th, 1936. In this connection, certain final payments will fall due on these dates amounting to less than one sixth of the total costs. Under the terms of the contract, these payments are to be made in local currency to the company’s agent in Bangkok. The delivery of these craft are to be made to the representative of the Siamese Government at Monfalcone.

His Majesty’s Government desires to draw your attention to this matter in regard to which I am instructed to communicate further with the Committee of Eighteen.

(Signed) L. BHADRAVADI,
Substitute Delegate of Siam.

Co-ordination Committee/82(a).

PROPOSAL, No. II A.

4. LETTER, DATED NOVEMBER 6TH, 1935, FROM THE SIAMESE DELEGATION TO THE CHAIRMAN OF THE CO-ORDINATION COMMITTEE.

I have the honour to inform you on behalf of my Government that there is no clearing agreement or equivalent agreement in existence between Italy and Siam.

(Signed) Phya RAJAWANGSAN,
Delegate of Siam.

1 See Communication No. 1 above.
5. LETTER, DATED NOVEMBER 12TH, 1935, FROM THE SIAMESE DELEGATION TO THE SECRETARY-GENERAL.

I am instructed to inform Your Excellency that His Majesty's Government has received with gratification the report of the Siamese delegation that the exceptions to paragraph 3 of Proposal No. III, desired by His Majesty's Government for the four contracts submitted by the Siamese delegation, are agreed to by the Sub-Committee appointed by the Committee of Eighteen in its resolution of November 6th, 1935 (Contracts in Course of Execution).

Referring to the decrees to be issued by His Majesty's Government, I have the honour to communicate the following:

(1) A decree entitled "Decree on the Prohibition of Certain Financial Transactions for Italy, B.E.2478," is being issued on November 17th, 1935, to give effect to Proposal No. II concerning financial sanction. The text will be forwarded by air mail.

(2) It is planned to issue two further decrees entitled respectively "Decree prohibiting the Importation of Italian Goods or Goods consigned from Italy, B.E.2478," and "Decree prohibiting the Exportation of Certain Goods to Italy, B.E.2478," giving effects to Proposals Nos. III and IV, on November 17th, 1935.

(3) Proposal No. II A requires no action since Siam has no clearing arrangement with Italy.

Proposal No. III A will be included in the decree on the importation of Italian goods above mentioned.

Proposal No. IV A will be given effect to as soon as the date is fixed by the League of Nations.

The application of Proposal No. IV B is entrusted to the Ministry of Finance, who will maintain a survey of exports through Customs house.

(4) While Proposal No. V would seem to have small practical significance so far as Siam is concerned, His Majesty's Government would be prepared to give favourable consideration to concrete suggestions based thereon, should the occasion arise.

(Signed) L. BHADRAVADI,
Substitute Delegate of Siam.

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6. LETTER, DATED NOVEMBER 22ND, 1935, FROM THE SIAMESE LEGATION IN LONDON TO THE SECRETARY-GENERAL.

With reference to the telegrams of His Excellency the State Councillor for Foreign Affairs, dated October 26th and October 28th, 1935, I am now instructed to forward to Your Excellency the texts of the "Act on Sanctions under the Covenant of the League of Nations, B.E.2478," and the "Royal Decree on Prohibition of the Exportation of Arms and Ammunitions to Italy or Italian Possessions, B.E.2478," together with their English translations.

(Signed) L. BHADRAVADI,
Substitute Delegate of Siam.

[Translation.]

ACT ON SANCTIONS UNDER THE COVENANT OF THE LEAGUE OF NATIONS, B.E.2478
(All Proposals).

In the Name of His Majesty King Ananda Mahidol,

The Council of Regency (by Notification of the President of the Assembly of the People's Representatives, dated August 20th, B.E.2478), Chao Phya Yomaraj and General Chao Phya Bijayendra Yodhin;

Enacted on the 26th day of October, B.E.2478, being the second year of the present reign:

Whereas the Assembly of the People's Representatives has passed a resolution that, from a resolution of the League of Nations, it follows that the dispute between Ethiopia and Italy has reached a stage where the Members of the League of Nations are bound to apply sanctions in accordance with the obligations under Article 16 of the Covenant of the League of Nations, and as a Member of the League of Nations, Siam is bound by the obligations under Article 16 of the said Covenant;

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1 See Communications Nos. 1 and 2, page 255.
Be it therefore enacted by the King, by and with the advice and consent of the Assembly of the People’s Representatives, as follows:

Section 1.—This Act shall be called the “Act on Sanctions under the Covenant of the League of Nations, B.E.2478”.

Section 2.—This Act shall come into force on and from the day of its publication in the Government Gazette.

Section 3.—Whenever action has to be taken in execution of Article 16 of the Covenant of the League of Nations, royal decrees shall be issued under Section 56 of the Constitution of the Kingdom of Siam for the application of sanctions, in so far as Siam is bound to give effect thereto in accordance with the decisions of the League of Nations which have been adopted or may hereafter be adopted; subject, however, to any reservations which the Government may have made with the League of Nations.

Such royal decrees may contain provisions prescribing penalties for those who violate the provisions of the royal decrees, including imprisonment not exceeding five years or fine not exceeding ten thousand baht, or both.

Section 4.—When the circumstances necessitating the application of sanctions under Article 16 of the Covenant of the League of Nations have ceased to exist and the decisions of the League of Nations have been withdrawn, royal decrees shall be issued repealing all the royal decrees which shall have been issued under Section 3.

Section 5.—The President of the State Council shall have charge and control of the execution of this Act.

Counter-Signature
(by resolution of the State Council):
(Signed) Nitisastra Baisal,
State Councillor.

[Translation.]

ROYAL DECREES ON PROHIBITION OF THE EXPORTATION OF ARMS AND MUNITIONS TO ITALY OR ITALIAN POSSESSIONS, B.E.2478 (Proposal No. 1).

In the Name of His Majesty King Ananda Mahidol,
The Council of Regency (by Notification of the President of the Assembly of the People’s Representatives, dated August 20th, B.E.2478), Chao Phya Yomaraj and General Chao Phya Bijayendra Vodhin;
Enacted on the 28th day of October, B.E.2478, being the second year of the present reign:

Whereas it is deemed necessary, in view of the obligation to apply sanctions under Article 16 of the Covenant of the League of Nations, to prohibit the exportation of arms and munitions to Italy or Italian possessions in conformity with Proposal No. I of the League of Nations.
The Council of Regency, in the name of His Majesty the King, by virtue of the provisions of the Act on Sanctions under the Covenant of the League of Nations, B.E.2478,1 order that a royal decree be enacted as follows:

Section 1.—This decree shall be called the “Decree on Prohibition of the Exportation of Arms and Munitions to Italy or Italian Possessions, B.E.2478”.

Section 2.—This decree shall come into force on and from the day of its publication in the Government Gazette.

Section 3.—The following acts shall be deemed to be unlawful:

(a) To export or re-export by any means from the Kingdom to Italy or Italian possessions any arms, ammunitions or implements of war enumerated in the schedule annexed to this decree;
(b) To cause transit through or transhipment in the Kingdom, by any means, to Italy or Italian possessions of any arms, ammunition or implements of war enumerated in the schedule annexed to this decree.

Section 4.—Whoever violates the provisions of Section 3 of this decree shall be punished with imprisonment not exceeding three years or fine not exceeding five thousand baht, or both.

Section 5.—The State Councillor in charge of the Ministry of the Interior and the State Councillor in charge of the Ministry of Finance shall have charge and control of the execution of this decree.

Counter-Signature (by resolution of the State Council):
(Signed) Nitisastra Baisal,
State Councillor.

1 See page 256 and above.
SCHEDULE OF ARTICLES CONSIDERED AS ARMS, AMMUNITIONS AND IMPLEMENTS OF WAR UNDER THIS ROYAL DECREE.

Category I.
1. Rifles and carbines and their barrels.
3. Guns, howitzers and mortars of all calibres, their mountings, barrels and recoil mechanisms.
4. Ammunition for the arms enumerated under (1) and (2) above, filled and unfilled projectiles for the arms enumerated under (3) above and prepared propellent charges for these arms.
5. Grenades, bombs, torpedoes and mines, filled or unfilled, and apparatus for their use or discharge.
6. Tanks, armoured vehicles and armoured trains. Armour of all kinds.

Category II.
Vessels of war of all kinds including aircraft-carriers and submarines.

Category III.
1. Aircraft, assembled or dismantled, both heavier and lighter than air and their propellers or air-screws, fuselages, aerial-gun mounts and frames, hulls, tail-units and under-carriage units.
2. Aircraft engines.

Category IV.
Revolvers and automatic pistols of a weight in excess of 1 lb. 6 oz. (630 grammes) and ammunition therefor.

Category V.
1. Flame-throwers and all other projectors used for chemical or incendiary warfare.
2. Mustard gas, Lewisite, ethyldichlorarsine, methyldichlorarsine and all other products destined for chemical or incendiary warfare.
3. Powder for war purposes and explosives.

Co-ordination Committee/51(e).

PROPOSALS Nos. II, III, III A AND IV.


I am instructed by my Government to inform Your Excellency that three royal decrees relating to Proposals Nos. II, III, III A and IV, have now been promulgated and came in force on November 17th. Texts have been forwarded from Bangkok by air mail.—RAJAWANGSAN, Siamese Minister.

Co-ordination Committee/51(e).

PROPOSALS Nos. II, III, III A AND IV.

8. LETTER, DATED NOVEMBER 30TH, 1935, FROM THE SIAMESE DELEGATION TO THE SECRETARY-GENERAL.

I have the honour to forward to Your Excellency the texts of the following royal decrees which have been promulgated and came in force since November 17th, 1935:

2. Royal Decree prohibiting the Importation of Italian Goods or Goods consigned from Italy, B.E.2478.

(Signed) Phya RAJAWANGSAN, Siamese Minister.

Co-ordination Committee/51(f).

[Translation.]

ROYAL DECREE ON PROHIBITION OF CERTAIN FINANCIAL TRANSACTIONS WITH ITALY, B.E.2478 (Proposal No. II).

In the Name of His Majesty King Ananda Mahidol,
The Council of Regency (by Notification of the President of the Assembly of the People's Representatives, dated August 20th, B.E.2478), Captain Aditya Dibabha, R.N., and General Chao Phya Bijayendra Yodhin;

Enacted on the 14th day of November, B.E.2478, being the second year of the present reign:

Whereas it is deemed necessary, in view of the obligation to apply sanctions under Article 16 of the Covenant of the League of Nations, to prohibit certain financial transactions with Italy in conformity with Proposal No. II of the League of Nations.
The Council of Regency, in the name of His Majesty the King, by virtue of the provisions of the Act on Sanctions under the Covenant of the League of Nations, B.E.2478, order that a royal decree be enacted as follows:

Section 1.—This decree shall be called the “Decree on Prohibition of Certain Financial Transactions with Italy, B.E.2478”.

1 See page 256.
Section 2.—This decree shall come into force on and from the date of its publication in the Government Gazette.

Section 3.—The following operations shall be unlawful:

(a) All loans to or for the Italian Government and all subscriptions to loans issued in Italy or elsewhere by or for the Italian Government;

(b) All banking or other credits to or for the Italian Government and any further execution by advance, overdraft or otherwise of existing contracts to lend directly or indirectly to the Italian Government;

(c) All loans to or for any public authority, person or corporation in Italian territory and all subscriptions to such loans issued in Italy or elsewhere;

(d) All banking or other credits to or for any public authority, person or corporation in Italian territory and any further execution by advance, overdraft or otherwise of existing contracts to lend directly or indirectly to such authority, person or corporation;

(e) All issues of shares or other capital flotations for any public authority, person or corporation in Italian territory and all subscriptions to such issues of shares or capital flotations in Italy or elsewhere.

Section 4.—The State Councillor in charge of the Ministry of Finance shall be empowered, in order to enforce the provisions of the foregoing section, to appoint officials to enquire, as far as the execution of this decree is concerned, into the affairs of any bank and to report thereon. For that purpose, any director, manager or employee of every bank is bound to furnish information and to produce to the competent officials all books and documents in his custody or power. The competent officials may examine upon oath or affirmation such director, manager or employee for the same purpose.

Section 5.—Whoever violates the provisions of Section 3 or acts as an intermediary for effecting the operations specified therein shall be punished with imprisonment not exceeding three years or fine not exceeding ten thousand baht, or both.

Section 6.—The State Councillor in charge of the Ministry of Finance shall have charge and control of the execution of this decree.

Counter-Signature (by resolution of the State Council):

(Signed) Nitisastra Baisal,
State Councillor.

[Translation.]

ROYAL DECREE PROHIBITING THE IMPORTATION OF ITALIAN GOODS OR GOODS CONSIGNED FROM ITALY, B.E.2478 (Proposals Nos. III and III A).

In the Name of His Majesty King Ananda Mahidol,
The Council of Regency (by notification of the President of the Assembly of the People’s Representatives, dated the 20th August, B.E.2478), Captain Aditya Dibabha, R.N., and General Chao Phya Bijayendra Yodhin;
Enacted on the 16th day of November, B.E.2478, being the second year of the present reign:
Whereas it is deemed necessary, in view of the obligation to apply sanctions under Article 16 of the Covenant of the League of Nations, to prohibit all importations of Italian goods or goods consigned from Italy, in conformity with Proposal No. III as agreed upon with the League of Nations,
The Council of Regency, in the name of His Majesty the King, by virtue of the provisions of the Act on Sanctions under the Covenant of the League of Nations, B.E.2478,1 order that a royal decree be enacted as follows:

Section 1.—This decree shall be called the “Decree prohibiting the Importation of Italian Goods or Goods consigned from Italy, B.E.2478”.

Section 2.—It shall come into force on and from the date of its publication in the Government Gazette.

Section 3.—It shall be unlawful to import into the Kingdom all goods consigned from, or grown, produced or manufactured in Italy or Italian possessions, with the exception of gold or silver bullion and coin, books, newspapers, periodicals, maps and cartographical productions or printed or engraved music, from whatever place arriving.

This prohibition shall extend to goods grown or produced in Italy or Italian possessions which have been subjected to some process in another country, and to goods manufactured partly in Italy or Italian possessions and partly in another country, unless 25% or more of the value of such 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.

1 See pages 256 and 257.
Section 4.—Goods, the subject of existing contracts, will not be excepted from the prohibition.

Section 5.—Goods *en route* at the time of the enforcement of this decree are excepted from its operation.

For the purpose of this decree, "goods *en route* at the time of its enforcement" means goods which will arrive in the Siamese territory not later than the last day of December, B.E.2478. If the consignee of goods specified in this decree and arriving in the Siamese territory after the last day of December, B.E. 2478, contends that the said goods were actually *en route* at the time of enforcement of this decree, it shall be incumbent upon him to give evidence thereof to the satisfaction of the Director-General of Customs, in which case he is empowered to permit the delivery of the said goods to the consignee.

Section 6.—Personal belongings of travellers from Italy or Italian possessions are excepted from the operation of this decree.

Section 7.—Whoever shall import goods contrary to the provisions of this decree, shall be punished with imprisonment not exceeding one year, or with fine not exceeding five thousand baht, or both.

Section 8.—The State Councillor in charge of the Ministry of Finance and the State Councillor in charge of the Ministry of Economic Affairs respectively shall have charge and control of the execution of this decree.

Counter-Signature (by resolution of the State Council):

(Signed) Nitisasta BAISAL,

State Councillor.

[Translation.]

ROYAL DECREES PROHIBITING THE EXPORTATION OF CERTAIN GOODS TO ITALY,
B.E.2478 (Proposal No. IV).

In the Name of His Majesty King Ananda Mahidol,

The Council of Regency (by notification of the President of the Assembly of the People's Representatives, dated the 20th August, B.E.2478), Captain Aditya Dibabha, R.N., General Chao Phya Bijuendra Yodhin;

Enacted on the 16th day of November, B.E.2478, being the second year of the present reign:

Whereas it is deemed necessary, in view of the obligation to apply sanctions under Article 16 of the Covenant of the League of Nations, to prohibit the exportation of certain goods to Italy, in conformity with Proposal No. IV of the League of Nations,

The Council of Regency, in the name of His Majesty the King, by virtue of the provisions of the Act on Sanctions under the Covenant of the League of Nations, B.E.2478,1 order that a royal decree be enacted as follows:

Section 1.—This decree shall be called the "Decree prohibiting the Exportation of Certain Goods to Italy, B.E.2478".

Section 2.—It shall come into force on and from the date of its publication in the Government Gazette.

Section 3.—The following acts shall be unlawful:

(a) To export or re-export, by any means, from the Kingdom to Italy or Italian possessions any goods which are enumerated in the schedule annexed to this decree or annexed to any supplementary decree;

(b) To cause transit through or transhipment in the kingdom, by any means, to Italy or Italian possessions of any goods which are enumerated in the schedule annexed to this decree or annexed to any supplementary decree.

Section 4.—Goods, the subject of existing contracts, will not be excepted from the prohibition.

Section 5.—Goods *en route* at the time of the enforcement of this decree are excepted from its operation.

For the purpose of this decree, "goods *en route* at the time of its enforcement" means goods which will leave the Siamese territory within seven days from the date of enforcement of this decree.

Section 6.—Whoever violates the provisions of Section 3 of this decree shall be punished with imprisonment not exceeding one year, or with fine not exceeding five thousand baht, or both.

Section 7.—The State Councillor in charge of the Ministry of Finance and the State Councillor in charge of the Ministry of Economic Affairs respectively shall have charge and control of the execution of this decree.

Counter-Signature (by resolution of the State Council):

(Signed) Nitisasta BAISAL,

State Councillor.

1 See page 256.
SCHEDULE OF GOODS THE EXPORTATION OF WHICH IS PROHIBITED UNDER THIS DECREE.

(a) Horses, mules, donkeys, camels and all other transport animals;
(b) Rubber;
(c) Bauxite, aluminium and alumina (aluminium oxide), iron ore and scrap iron; chromium, manganese, nickel, titanium, tungsten, vanadium, their ores and ferro-alloys (and also ferro-molybdenum, ferro-silicon, ferro-silico-manganese and ferro-silicon-manganese-aluminium); tin and tin ore.

List (c) above includes all crude forms of the minerals and metals mentioned and their ores, scrap and alloys.

SWEDEN.

Co-ordination Committee/23.

PROPOSAL No. I.

I. TELEGRAM, DATED OCTOBER 18TH, 1935, FROM THE ACTING MINISTER FOR FOREIGN AFFAIRS OF SWEDEN TO THE SECRETARY-GENERAL.

[Translation.]

Swedish Government has just taken all necessary steps for immediate application Proposal No. I Co-ordination Committee concerning export war material Ethiopia Italy.— HANSSON.

PROPOSAL No. I.

2. LETTER, DATED OCTOBER 18TH, 1935, FROM THE ACTING MINISTER FOR FOREIGN AFFAIRS OF SWEDEN TO THE SECRETARY-GENERAL.

[Translation.]

Following upon the adoption of Proposal No. I by the Co-ordination Committee on October 11th last with a view to facilitating for the Governments of the Members of the League of Nations the execution of their obligations under Article 16 of the Covenant, I have the honour to inform you of the following:

1. His Majesty's Government does not intend to apply, within the framework of the regulations governing the export of war material from Sweden, any measures tending to prohibit or restrict the exportation, re-exportation or transit of arms, munitions and implements of war to Ethiopia. The Swedish Government will accordingly grant the necessary licences for any consignments of these articles intended for the Ethiopian Government.

2. As regards the provisions governing the exportation, re-exportation and transit of war material, I would refer to this Ministry's letter of July 14th, 1934 (document C.280(f).M. 120(f). 1934.VII). It will be seen from this letter that, of the articles enumerated in the list attached to the text of the above-mentioned proposal, those referred to in category 6, paragraph 2, are not covered by the prohibition to export war material hitherto in force in Sweden. The Swedish Government has just taken the necessary steps to prohibit the exportation of these latter articles also. I am sending you under separate cover a few copies of the text of the decree of December 19th, 1930, prohibiting the exportation of certain goods from the Kingdom, with the amendments introduced by the Decrees of March 3rd, 1933, September 29th, 1933, and October 18th, 1935.

Until further notice, the Swedish Government will grant no licences for the export of arms, munitions and implements of war to Italy or her possessions.

3. As regards the measures intended to prevent the indirect exportation of war material to Italy and her possessions, I venture to remind you that the Swedish Government, in conformity with the principles of the 1925 Convention on the Control of the International Trade in Arms, Ammunition and Implements of War, only authorises the export of arms and war material intended for warlike purposes in cases in which they are despatched to Governments.

4. The Swedish Government does not intend to make any exception in favour of contracts in process of execution. As a matter of fact there is no outstanding licence referring to current deliveries to Italy or her possessions.

I request you to be good enough to communicate the foregoing to the Co-ordination Committee.

(Signed) Albin HANSSON.
PROPOSAL No. I.

3. LETTER, DATED OCTOBER 22ND, 1935, FROM THE MINISTRY FOR FOREIGN AFFAIRS OF SWEDEN TO THE SECRETARY-GENERAL.

[Translation.]

With reference to his letter of October 18th,\(^1\) concerning the export of war material to Ethiopia and Italy, His Majesty's Minister for Foreign Affairs has the honour to enclose herewith, for the Secretariat of the League of Nations, five copies of the text of the Decree of December 19th, 1930, prohibiting the export of certain goods from the Kingdom, with the amendments introduced by the Decrees of March 3rd, 1933, September 29th, 1933, and October 18th, 1935.

The Ministry would take this opportunity to point out that paragraph 2 of category 6 of the amended list referred to in the above-mentioned letter corresponds to paragraph 2 of category 5 in the text of that list which the Ministry has just received by Circular Letter 164.1935, dated October 17th.

ROYAL DECREE OF OCTOBER 18TH, 1935, AMENDING ARTICLE 1, PARAGRAPH 1, OF DECREES NO. 437 OF DECEMBER 19TH, 1930,\(^2\) PROHIBITING THE EXPORT OF CERTAIN GOODS.

His Majesty has been pleased to decree that paragraph 1 of Article 1 of the Decree of December 19th, 1930, prohibiting the export of certain goods shall be amended as follows:

**Article 1.** It is prohibited to export to foreign countries the goods of the following categories which appear in the Customs tariff with statistical nomenclature now in force under the following statistical numbers:

<table>
<thead>
<tr>
<th>Statistical No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>455 : 2</td>
<td>Phosgene (oxychloride of carbon).</td>
</tr>
<tr>
<td>515</td>
<td>Diphenylaminochlorarsine (Adamsite), diphenylcyanarsine, diphenylchlorarsine, ethyldichlorarsine, phenyldichlorarsine, chlorovinylidichlorarsine (Lewisite) and methyldichlorarsine;</td>
</tr>
<tr>
<td>540</td>
<td>Benzy! bromide, benzyl iodide, benzyl chloride, bromacetone, benzy! cyanobromide, cyanogene bromide, methyloxyethylbromide, ketene, ethylbromomethaceta te, methy! b! bromomethyketone, dichlo! ethylsulphide (mustard gas, yperite), dichlorated dimethyl ether, dichlorated ethyl ether, dichlorated phenylcarbylamine, iodacetone, ethy! iodacetate, chloracetophenone, chloracetone, chloroaceticyanogen chloride, formate of dichloromethylchloroline, ethylchloroformate, monochlorous methylchloroformate, trichloromethyl chloroformate (diphogene, chloroformate of methylperchlorate), chloropicrine (chloroform nitrate), ethylchlorosulphonate, methylchlorosulphonate, methylbromomethyketone, nitrobenzyl chloride (ortho-), palite (chloroformate of chloromethyl), carbon tetrachlorosulphide, thiophosgene and bromides of xylyl.</td>
</tr>
<tr>
<td>622</td>
<td>Black powder (saltpetre powder).</td>
</tr>
<tr>
<td>623</td>
<td>Guuncotton.</td>
</tr>
<tr>
<td>624</td>
<td>Smokeless powder.</td>
</tr>
<tr>
<td>625-626</td>
<td>Dynamite and other explosives not elsewhere specified.</td>
</tr>
<tr>
<td>627-628</td>
<td>Percussion caps.</td>
</tr>
<tr>
<td>630</td>
<td></td>
</tr>
<tr>
<td>1405-1410</td>
<td>Armour-plates.</td>
</tr>
<tr>
<td>1922-1923</td>
<td>Aircraft.</td>
</tr>
<tr>
<td>1929-1940</td>
<td>Warships.</td>
</tr>
<tr>
<td>1966</td>
<td>Telemeters and parts thereof.</td>
</tr>
<tr>
<td>1993</td>
<td>Foils, sabres, swords, bayonets, cutlasses and similar weapons, with or without scabbards and parts thereof.</td>
</tr>
<tr>
<td>1997</td>
<td>Revolvers and pistols, with or without accessories; finished parts thereof; automatic, with or without magazine, even fitted with stock, of calibre exceeding 6.5 mm. and barrels exceeding 10 cm. in length; finished parts therefor.</td>
</tr>
<tr>
<td>1998</td>
<td>Other, and finished parts, except range pistols and air pistols and finished parts thereof.</td>
</tr>
<tr>
<td>2000</td>
<td>Rifles with or without accessories, and automatic rifles and unmounted machine-guns; finished parts therefor.</td>
</tr>
<tr>
<td>2001</td>
<td>Other sporting guns and finished parts thereof, except smooth-bore guns and finished parts thereof.</td>
</tr>
</tbody>
</table>

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\(^1\) See Communication No. 2, page 261.

\(^2\) Latest text, see decrees of 1933, Nos. 67 and 560.
ROYAL DECREE NO. 67, OF MARCH 3RD, 1933, AMENDING ARTICLE I OF DECREES NO. 437 OF DECEMBER 19TH, 1930, PROHIBITING THE EXPORT OF CERTAIN GOODS.

His Majesty has been pleased to decree that Article I of the Decree of December 19th, 1930, prohibiting the export of certain goods shall be amended as follows:

1. (Amended by the Decree of October 18th, 1935.)
2. The export of parts or accessories for aircraft to foreign countries is likewise prohibited.
3. The provisions of paragraphs 1 and 2 shall not prevent aircraft operating a commercial service or aircraft of foreign nationality authorised to fly over Swedish territory, which arrives in the country from abroad, from leaving the country with the necessary accessories.

The decree shall come into force on the day following its publication in the Swedish Legal Gazette.

ROYAL DECREE NO. 437, OF DECEMBER 19TH, 1930, PROHIBITING THE EXPORT OF CERTAIN GOODS.

Whereas a new Customs tariff was introduced by Royal Decree No. 316, of October 4th, 1929, and whereas the Department of Customs has by Royal Authority published that tariff together
with a statistical nomenclature and a scale of tares, His Majesty has been pleased to decree the following provisions:

**Article 1.**—1. (Amended by Royal Decree No. 537, of October 18th, 1935.)

2. (Amended by Royal Decree No. 67, of March 3rd, 1933.)

**Article 2.**—Decree No. 49, of March 3rd, 1916, concerning penalties for the unlawful export of goods, etc., shall be applicable in regard to the prohibitions enacted herein.

This decree shall come into force on January 1st, 1931.

This decree annuls the Decree of June 20th, 1918 (No. 411), prohibiting the Export of Certain Goods, so far as that decree is still applicable.

ROYAL DECREES NO. 560, OF SEPTEMBER 29TH, 1933, ANNULLING THE PROHIBITION TO EXPORT CERTAIN GOODS.

His Majesty has been pleased to decree that the provisions of paragraph 1 of Article 1 of Decree No. 437, of December 19th, 1930, regarding the Prohibition to Export Certain Goods shall cease to apply to barbed wire (statistical No. 1396) and to cartridges for humane killers (statistical No. 2019), as from October 1st, 1933.

Co-ordination Committee/23(b).

**PROPOSAL No. II.**

4. **TELEGRAM, DATED OCTOBER 28TH, 1935, FROM THE MINISTER FOR FOREIGN AFFAIRS OF SWEDEN TO THE SECRETARY-GENERAL.**

[Translation.]

Necessary steps have just been taken to apply in Sweden as from October 31st the measures referred to in Proposal No. II of the Co-ordination Committee.—SANDLER.

Co-ordination Committee/23(c).

**PROPOSALS Nos. III AND IV.**

5. **TELEGRAM, DATED OCTOBER 28TH, 1935, FROM THE MINISTER FOR FOREIGN AFFAIRS OF SWEDEN TO THE SECRETARY-GENERAL.**

[Translation.]

The Swedish Government is prepared to give effect to Proposals Nos. III and IV of the Co-ordination Committee on the date after November 1st next which may be fixed by that Committee.—SANDLER.

Co-ordination Committee/23(d).

**PROPOSAL No. II.**

6. **LETTER, DATED OCTOBER 28TH, 1935, FROM THE MINISTER FOR FOREIGN AFFAIRS OF SWEDEN TO THE SECRETARY-GENERAL.**

[Translation.]

Following on the adoption by the Co-ordination Committee, on October 14th, 1935, of Proposal No. II, with a view to facilitating for the Governments of the Members of the League of Nations the execution of their obligations under Article 16 of the Covenant, I have the honour to convey to you the following and to request you to inform the Co-ordination Committee:

The necessary steps have just been taken with a view to bringing into operation, as from October 31st, so far as Sweden is concerned, the measures mentioned in Proposal No. II referred to above. The steps in question are as follows:

1. With the object of preventing the operations referred to in Proposal No. II, the Bank of Sweden and the Swedish private banks have undertaken to comply with the provisions laid down therein, an undertaking which the Swedish Government has approved and the execution of which will be supervised by the competent authority.

2. As regards credits other than banking credits, the Swedish Government, by royal decree of to-day’s date, has just taken the steps necessary to prevent credit exports to Italy or Italian possessions. The application of these provisions will be supervised by the Customs authorities.

(Signed) Richard SANDLER.

Co-ordination Committee/23(e).

**PROPOSALS Nos. III AND IV.**

7. **LETTER, DATED OCTOBER 28TH, 1935, FROM THE MINISTER FOR FOREIGN AFFAIRS OF SWEDEN TO THE SECRETARY-GENERAL.**

[Translation.]

Following on the adoption by the Co-ordination Committee, on October 19th, 1935, of Proposals Nos. III and IV, with a view to facilitating for the Governments of the Members of the
League of Nations the execution of their obligations under Article 16 of the Covenant, I have the
honour to inform you that the Swedish Government is prepared to bring these proposals into
operation on any date after November 1st that may be agreed upon by the Committee.

The Swedish Government is accordingly prepared to prohibit the importation into Sweden
of Italian goods, under the conditions indicated in Proposal No. III.

The Swedish Government would, further, extend the application of paragraph 2 of
Proposal No. I to the products enumerated in Proposal No. IV, under the conditions contemplated
by this last-named proposal.

(Signed) Richard Sandler.

Co-ordination Committee/23(f).

PROPOSAL No. V.

8. Telegram, dated October 30th, 1935, from the Minister for Foreign Affairs
of Sweden to the Secretary-General.

[Translation.]

Due note taken by Swedish Government of Proposal No. V Co-ordination Committee which
does not at present call for special action by Sweden.—Sandler.

Co-ordination Committee/82(q).

PROPOSAL No. II A.

9. Letter, dated November 4th, 1935, from the Permanent Delegate of Sweden
to the Chairman of the Co-ordination Committee.

[Translation.]

I have the honour to inform you:

(i) That there is a Convention between Sweden and Italy for the settlement of payments
relating to commercial exchanges which was signed on June 24th, 1935, and came into force
on July 1st, 1935, and,

(ii) That the credit balance in favour of Sweden as a result of the operation of that
agreement amounted at October 31st, 1935, to 13,267,000 lire, which, at the rate of exchange
fixed by the Convention, corresponds to the sum of 4,308,000 Swedish crowns.

It is obvious that this credit balance may undergo modifications before November 18th, 1935.

(Signed) K. J. Westman.

Co-ordination Committee/23(h).

PROPOSALS Nos. II, II A, III, III A AND IV.

10. Letter, dated November 14th, 1935, from the Minister for Foreign Affairs
of Sweden to the Secretary-General.

I have the honour to send you herewith the text of the following decrees:

1. Royal Decree of October 28th, 1935, regarding Exports from Sweden to Italy;

2. Royal Decree of November 14th, 1935, amending Article 1 of the above-mentioned
decree.

3. Royal Decree of November 14th, 1935, prohibiting the Import into Sweden of Goods
arriving from Italy.

4. Royal Decree of November 14th, 1935, prohibiting the Export of Certain Goods from
Sweden to Italy.

For the purposes of the above-mentioned decree, the expression "Italy" is also deemed to
apply to the Italian possessions.

The first of these decrees which is referred to in my letter of October 28th, referring to
the application of Proposal No. II and which came into force on October 31st, embodies the necessary
provisions for preventing credit exports to Italy. Its first article provides therefore that on the
export of any goods from Sweden to an Italian destination it must be proved that payment has
already been made or will be made at latest on receipt of the goods by the purchaser. The same
rule also applies to the export of goods to any other country should it appear from the circumstances
that the said goods are intended for re-export to Italy. Article 2 provides that the provisions of
Article 1 shall not apply to certain personal effects belonging to travellers, etc. Article 3 makes
the Customs authorities responsible for seeing that the decree is duly carried out. In the last
place, the decree provides for certain exceptions during a transitional period up to November 8th
inclusive. As was pointed out in my letter of October 28th, this decree is designed to ensure
—in conjunction with the undertaking given by the Bank of Sweden and Swedish private banks,
also mentioned in that letter—the application of the measures specified in Proposal No. II as
from October 31st.

1 See Communication No. 6, page 264.
Following the adoption of Proposal No. II A (Clearing), the text of Article I of the Decree of October 28th has just been modified by the royal decree of to-day's date mentioned under No. 2 above, which comes into force on November 18th. The new text provides that, on the export of any goods from Sweden to an Italian destination, it must be established that payment has already been received by the seller, that the amount is already at his unrestricted disposal, or that according to an undertaking given by the purchaser, to the fulfilment of which the competent Italian authorities make no objection, it will be placed at his unrestricted disposal at latest on receipt of the goods by the purchaser.

Article I of the Royal Decree mentioned under No. 3 above, which is to come into force on November 18th, prohibits the import into Sweden of goods manufactured or produced in Italy or consigned from Italy, with the exception of gold or silver bullion and coin, books, newspapers and periodicals, maps and cartographical productions, and music, certain personal belongings of travellers, etc., and goods arriving from a country other than Italy and having undergone, after their export from Italy, some process of a value corresponding to not less than 25 % of their total value at the time of their export from the country in which the said process took place. Under the terms of Article 2, the Customs offices will refuse to clear goods arriving from a country other than Italy in the event of there being a presumption that their import would be contrary to the provisions of Article 1, unless the contrary has been established by the production of a certificate of origin or by some other means. Article 3 lays down rules regarding the treatment of goods arriving in Sweden, though their import is prohibited by the terms of the decree. Articles 4 and 5 lay down penalties consisting of fines and confiscation of the goods in the event of infringement of the provisions of Article 1. In the last place, the decree contains a provision making an exception in the case of goods already exported from Italy on the date of entry into force of the decree, or entirely paid for by October 10th at the latest.

The royal decree mentioned under No. 4 above prohibits the export to Italy of the goods enumerated in Proposal No. IV on the basis of a list drawn up in accordance with Swedish Customs regulations (the export of malleable scrap iron other than zinc-plated (galvanised) or tin-plated scrap iron is already subject to a general prohibition under a Royal Decree of August 28th, 1930, the validity of which has been prolonged up to June 30th, 1936, inclusive, by Royal Decree of June 15th, 1935. The text of both these decrees is attached). According to Article 2, the provisions of Article 1 shall also apply to exports to a country other than Italy when it appears from the circumstances that the goods are intended for re-export to Italy. Article 3 makes the Customs authorities responsible for seeing that the decree is duly carried out, and Article 4 provides for penalties in the event of infringement. The decree comes into force on November 18th.

(Signed) Richard Sandler.

[Translation from the Swedish.]

ROYAL DECREES [Nos. 551, 553, 554, 555], OF OCTOBER 28TH, 1935, ENACTING CERTAIN PROVISIONS APPLICABLE TO THE EXPORT OF GOODS FROM SWEDEN TO ITALY (Proposal No. IV).

His Majesty has been pleased to decree the following provisions:

Article 1.—In the event of the export of goods to Italy it shall be established that payment for such goods has already been made, or, by agreement, will be made at latest on the receipt of the goods by the purchaser. For the purposes of the present decree, the term “Italy” shall also be deemed to include the Italian islands in the Aegean Sea, Tripolitania, Cyrenaica, Eritrea and Italian Somaliland.

The foregoing paragraph shall also apply to the export of goods to any other country, should it appear that the said goods are intended for re-export to Italy.

Article 2.—The provisions of Article 1 shall not apply in the case of goods to be imported duty free, in virtue of any provision of Article 5 of the decree regarding the Customs tariff other than paragraph (s).

Article 3.—The competent Customs service shall be responsible for supervising the application of the present decree.

The present decree shall come into force on October 31st, 1935.

Any goods falling within the scope of the present decree which, in execution of contracts previously concluded, were loading or in course of transport within the country before the entry into force of the decree, with a view to export, may be so exported, the provisions of the decree notwithstanding, up to November 8th, 1935, at the latest. This provision shall also apply to goods the shipment of which to Italy formed the subject of a freight contract concluded prior to October 31st, 1935.

Gustaf.

Castle of Stockholm, October 28th, 1935.

Department of Commerce:

(Signed) Fritjof Ekman.

His Majesty has been pleased to decree the following provisions:

**Article 1.**—The importation into the Kingdom of goods manufactured or produced in Italy or consigned from that country is prohibited. For the purposes of the present decree, the term “Italy” shall also be deemed to include the Italian islands of the Aegean Sea, Tripolitania, Cyrenaica, Eritrea and Italian Somaliland.

The prohibition mentioned in the first paragraph shall not be applicable:

1. To gold or silver bullion and coin;
2. To books, reviews and periodicals, maps and cartographical productions, or music;
3. To goods imported under conditions entitling them to Customs exemption under a provision, other than paragraph (c) of Article 5 of the decree relating to the Customs tariff;
4. To goods arriving from a country other than Italy which, after their exportation from Italy, have undergone some process of a value corresponding to not less than 25% of the total value of the goods at the time of their exportation from the country in which this process took place.

**Article 2.**—If the Customs service has reason to presume that the importation of goods consigned from a country other than Italy is contrary to the provisions of Article 1, delivery of the said goods may not be effected by the Customs Administration unless it is established, by means of certificates of origin, or by some other means, that this is not prohibited under Article 1.

**Article 3.**—Goods the importation of which is prohibited under the present decree shall, unless subject to confiscation under Article 4 of the law relating to penalties for the illicit import of goods, be re-exported under Customs supervision, under the conditions and in the manner prescribed by the Customs law for the clearing of goods returned.

**Article 4.**—Any person who, in violation of the provisions of Article 1, imports or attempts to import into the Kingdom, without a regular Customs declaration, goods which are not dutiable, shall be liable to a fine, and the goods, together with the packing and containers, shall be confiscated. In the case of specially attenuating circumstances, the Court shall have power to consider whether confiscation shall be enforced.

In the event of an indictment for an offence under paragraph 1 and the seizure of goods, and further, as regards the procedure to be adopted for confiscated goods and the consequences of the diversion (forskringring) of goods whose confiscation should be ordered by the sentence, the provisions relating to the illicit importation of dutiable goods shall be applicable by analogy.

**Article 8.**—The fines inflicted by a judgment in virtue of the present decree, and likewise the product of the sale of confiscated goods and all sums paid in lieu of such goods shall accrue to the Treasury. If the fines cannot be recovered, they shall be replaced by other penalties, in conformity with the Criminal Code.

The present decree shall come into force on November 18th, 1935. Nevertheless, notwithstanding the foregoing provisions, importation into the Kingdom is authorised:

1. For goods which, on the entry into force of the decree, had already been exported from Italy;
2. For goods for which full payment has been made at latest on October 19th, 1935.

Castle of Stockholm, November 14th, 1935.

Gustaf.

Department of Commerce:
(Signed) Fritjof Ekman.

[Translation from the Swedish.]

ROYAL DECREE No. 561, OF NOVEMBER 14TH, 1935, PROHIBITING THE EXPORTATION OF CERTAIN GOODS TO ITALY (Proposal No. IV).

His Majesty has been pleased to decree the following provisions:

**Article 1.**—The export to Italy of the following goods classified in the Customs tariff...
(with statistical nomenclature) in force under the statistical numbers mentioned hereunder is prohibited:

Statistical No.

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I-3</td>
<td>Horses.</td>
</tr>
<tr>
<td>374</td>
<td>Asbestos, bauxite, etc.</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td>405</td>
<td>Ore, also in briquettes:</td>
</tr>
<tr>
<td></td>
<td>iron ore:</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td></td>
<td>406</td>
</tr>
<tr>
<td></td>
<td>407</td>
</tr>
<tr>
<td></td>
<td>409</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td></td>
<td>414</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td>416</td>
<td>Ash not classified under any other number:</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td>516</td>
<td>Oxides, hydro-oxides, etc.:</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td>692</td>
<td>Rubber, gutta percha and balata:</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td>693</td>
<td>waste and worn articles of rubber; so-called regenerated rubber.</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td>1331</td>
<td>Ferro-alloys:</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td>1332</td>
<td>ferro-silico-manganese containing more than 15 % of silicon;</td>
</tr>
<tr>
<td>1333</td>
<td>ferro-tungsten;</td>
</tr>
<tr>
<td>1334</td>
<td>other kinds:</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td>1335</td>
<td>ferro-silico-manganese containing not more than 15 % of silicon;</td>
</tr>
<tr>
<td>1336</td>
<td>ferro-manganese and “spiegel” iron;</td>
</tr>
<tr>
<td>1337</td>
<td>ferro-chrome;</td>
</tr>
<tr>
<td>1338</td>
<td>ferro-alloys containing aluminium, molybdenum, nickel, titanium, vanadium or tungsten.</td>
</tr>
<tr>
<td>1555</td>
<td>Scrap of malleable iron, zinc-plated (galvanised) or tin-plated.</td>
</tr>
<tr>
<td>1573</td>
<td>Copper, lead, tin, zinc, aluminium and nickel and other metals not specially mentioned, unworked, also alloyed with base metals:</td>
</tr>
<tr>
<td>1575</td>
<td>tin;</td>
</tr>
<tr>
<td>1576</td>
<td>aluminium;</td>
</tr>
<tr>
<td></td>
<td>ex</td>
</tr>
<tr>
<td>1577</td>
<td>finished alloys of white metals containing aluminium or tin;</td>
</tr>
</tbody>
</table>
| 1579| chromium, manganese, titanium, vanadium, or tungsten, also alloyed with base metals.
|     | ex                                                      | scrap of malleable iron, zinc-plated (galvanised) or tin-plated. |

2. For the purposes of the present decree, the term “Italy” is deemed to include the Italian islands in the Ægean Sea, Tripolitania, Cyrenaica, Eritrea and Italian Somaliland.

Article 2.—The provisions of Article 1 shall also apply to the export of goods to other countries than Italy if circumstances show that the goods are intended to be re-exported to Italy.

Article 3.—The competent Customs authorities shall be responsible for the supervision of the application of the provisions of the present decree.

Article 4.—As regards the prohibition laid down in the present decree, the Ordinance of March 3rd, 1916 (No. 49), concerning penalties for illicit export, etc., shall be applicable by analogy.

The present decree comes into force on November 18th, 1935.

Castle of Stockholm, November 14th, 1935.

GUSTAF.

Department of Commerce:

(Signed) Fritjof Ekman.

His Majesty has been pleased to decree that Article 1 of the Decree of October 28th, 1935, introducing certain provisions applicable to exports of goods from Sweden to Italy shall be amended as follows:

**Article 1.**

In the case of exports of goods from Sweden to Italy, proof must be furnished that the amount of the price of the goods has been received by the seller or is at his unrestricted disposal or that, in virtue of an undertaking which has been entered into by the purchaser and to the execution of which the competent Italian authority raises no objection, the amount in question will be placed at the unrestricted disposal of the seller not later than on the receipt of the goods by the purchaser. The term "Italy" shall, for the purpose of this decree, be deemed to include the Italian islands in the Ægean Sea, Tripolitania, Cyrenaica, Eritrea and Italian Somaliland.

The present decree shall come into force on November 18th, 1935.

Castle of Stockholm, November 14th, 1935.

GUSTAF.

Department of Commerce:

(Signed) Fritjof Ekman.


His Majesty has been pleased to decree the following provisions:

**Article 1.**—The export of the following goods, classified in the Customs tariffs (with statistical nomenclature) in force under the statistical numbers mentioned hereunder is prohibited as from September 1st, 1930:

<table>
<thead>
<tr>
<th>Statistical No.</th>
<th>Description of the goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>ex 1555</td>
<td>Malleable scrap iron, other than zinc-plated (galvanised) or tin-plated scrap iron</td>
</tr>
</tbody>
</table>

**Article 2.**—In respect of the prohibition enacted by the present decree, the Decree of March 3rd, 1916 (No. 49), concerning penalties for the unlawful export of goods, etc., shall be applicable by analogy.

The present decree shall remain in force until February 28th, 1931, inclusive.

Solliden, August 28th, 1930.

Department of Commerce:

(Signed) S. E. ÖSTERBERG.


His Majesty has been pleased to decree that the Decree of August 28th, 1930, prohibiting the export of malleable scrap iron, shall, unless otherwise ordered, remain in force as from July 1st, 1935, to June 30th, 1936, inclusive.


Department of Commerce:

(Signed) Fritjof Ekman.

1 See page 266.
PROPOSALS Nos. I, II, IV AND IV B.

Letter, dated January 17th, 1936, from the Ministry for Foreign Affairs of Sweden to the Secretary-General.

[Translation.]

With reference to the letter dated December 18th, 1935, from the Chairman of the Co-ordination Committee communicating the report of the Committee of Experts and drawing my special attention to the point in Chapter VII of that report\(^1\) which refers to the application of Proposal No. II, I have the honour to inform you as follows:

The Swedish Government proposes as soon as possible to lay before the Riksdag, which has just reassembled in ordinary session, a draft law with a view to the prohibition in Sweden of all the transactions enumerated in Proposal No. II, to be substituted for the present arrangement of which you were informed by a letter of October 28th, 1935. I will inform you in due course of the action taken on this Government draft.

As regards administrative and other measures to prevent goods whose export to Italy is prohibited from reaching that country by indirect routes, I venture to refer, as regards the application in Sweden of paragraph (3) of Proposal No. I, to the letter of October 18th, 1935.\(^2\) From this, it will be seen that the Swedish Government only authorises the export of arms and war material intended for warlike purposes in cases in which they are despatched to Governments. As regards the application in Sweden of Proposal No. IV B, the Directorate-General of Customs, by a circular letter of December 9th, 1935, of which the text and French translation are annexed hereto, instructed the Customs offices to demand, in the case of the export to a country other than Italy of the goods mentioned in the Royal Decree of November 14th, 1935 (No. 561),\(^3\) the production, in addition to a regular Customs declaration, of a declaration from the party in possession of the goods, or, in the case of export on behalf of another person, from the latter, to the effect that, so far as he is aware, the goods are not intended to be re-exported to Italy.

In order to permit of regular supervision over exports to European countries not applying the sanctions, the Directorate-General of Customs has been instructed to compile weekly statistical tables showing the volume of the exports of products mentioned in the aforesaid royal decree.

As regards penalties imposed for infringement of the measures put into force, I may state that infringement of the decrees prohibiting the export of arms and implements of war come under the Ordinance of March 3rd, 1916 (No. 49), on penalties for the illicit export of goods, etc. This ordinance, the text of which is attached hereto, amended by Decrees of April 7th, November 3rd and 24th, 1916, August 14th, 1918, June 3rd and September 20th, 1919, and October 2nd, 1920, provides, in Article 1, that any person exporting goods from the Kingdom, contrary to the export prohibitions decreed, shall be liable to a fine of 10 to 10,000 crowns and that the goods illicitly exported shall be confiscated; if the said goods cannot be found, a sum shall be paid equivalent to their value. A French translation of these provisions is annexed hereto. The penalties inflicted for infringement of the provisions of the Royal Decree of November 14th, 1935 (No. 560),\(^4\) prohibiting the importation into the Kingdom of goods originating in Italy, are specified in Article 4 of the said decree. In case of the infringement of the provisions of the Royal Decree of November 14th, 1935 (No. 561),\(^5\) concerning Proposal No. IV, the above-mentioned Order of March 3rd, 1916, is applicable.

For the Minister:

(Signed) H. BECK FRIS,
Director of Political Affairs.

[Translation.]

Circular of December 9th, 1935, from the Directorate-General of Customs publishing a certain provision relating to the Royal Decree of November 14th, 1935 (No. 561), prohibiting the export of certain goods to Italy (Proposal No. IV B).

The Directorate-General of Customs hereby instructs the Customs offices to demand, on the export to a country other than Italy of goods mentioned in the Royal Decree of November 14th, 1935 (No. 561),\(^6\) prohibiting the export of certain goods to Italy, the production, in addition to the regular Customs declaration, of a solemn declaration by the party in possession of the goods or, in the case of export on behalf of a third party, by the latter, to the effect that the goods, so far as he is aware, are not intended to be re-exported to Italy or to a territory belonging, under the terms of the aforesaid decree, to Italy.

The present provision shall be applicable as from December 16th, 1935.

Stockholm, December 9th, 1935.

(Signed) Ture ALSEN,
NilS WENNERHOLM.

Directorate-General of Customs.

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2. See page 261.
3. See page 268.
4. See page 267.
ROYAL DECREE OF MARCH 3RD, 1916, ON PENALTIES FOR THE ILLICIT EXPORT OF GOODS, ETC. (Proposals Nos. IV and IVB).

Article 1.—§ 1. Any person who, contrary to an existing prohibition decreed by the King in a published ordinance, exports goods from the Kingdom shall be liable, for illicit export, to a fine of 10 to 10,000 crowns.

§ 2. The goods illicitly exported shall be confiscated; if the goods cannot be found, the guilty party shall pay a sum equivalent to the value thereof.

PROPOSAL No. II.

12. LETTER, DATED MAY 16TH, 1936, FROM THE PERMANENT DELEGATE OF SWEDEN TO THE SECRETARY-GENERAL.

I am instructed by my Government to communicate to you herewith the following legislative texts (with translations) relating to the dispute between Italy and Ethiopia:

1. Law of April 24th, 1936, empowering the King to prohibit, in certain cases, the granting of credits.

2. Royal Decree of April 30th, 1936, prohibiting the granting of credits to Italy.

(Signed) K. J. WESTMAN,
Minister of Sweden,
Permanent Delegate accredited to the League of Nations.

LAW NO. 123 OF APRIL 24TH, 1936, EMPOWERING THE KING TO PROHIBIT, IN CERTAIN CASES, THE GRANTING OF CREDITS.

Article 1.—In the event of its becoming necessary under Article 16 of the Covenant of the League of Nations to break off or prevent commercial or financial relations with a foreign State, the King shall be empowered, to the extent deemed to be necessary for the attainment of the end in view, to prohibit the granting of credits in the manner hereinafter provided.

Such prohibition may apply to any transaction affording or designed to afford, in any form whatsoever, any credit to or for the foreign State or any public authority or corporation, whether official or private, of the said foreign State or to or for any persons established or pursuing their activities in its territory.

Article 2.—Any undertaking to pay or promise of credit contrary to the above-mentioned prohibition shall be null and void.

Article 3.—The King may enact such provisions as may be necessary for the enforcement of the above-mentioned prohibition and supervision of its application, and also for the prevention of proceedings manifestly liable to prevent the achievement of the purpose of the prohibition.

Article 4.—Any person infringing a prohibition specified in the present law or any provision thereof shall be liable on conviction to a fine or imprisonment, or to imprisonment not exceeding six months without the option of a fine.

Article 5.—Prosecutions for the offences referred to in Article 4 shall be conducted before the ordinary courts of law by the Public Prosecutor.

Fines imposed under the present law shall accrue to the State. Fines which cannot be collected owing to the insolvency of the offenders shall be converted into a term of imprisonment, in accordance with the provisions of the Penal Code.

The present law shall enter into force (as therein provided) on the day following its publication1 in the Swedish Legal Gazette (Swensk Författningssamling) and shall remain in force up to and including February 28th, 1937. Any prohibitions enacted in pursuance of the present law shall only remain applicable until that date. The provisions of the law shall nevertheless continue to apply, even after the end of the above-mentioned period, to offences committed while it remains in force.

[Translation.]

ROYAL DECREE NO. 139, OF APRIL 30TH, 1936, PROHIBITING THE GRANTING OF CREDITS TO ITALY.

In application of the Law of April 24th, 1936 (No. 123), empowering the King to prohibit, in certain cases, the granting of credits, the King has seen fit to order as follows:

Article 1.—No credit shall be granted in any form whatsoever to Italy, or to third parties, when it appears from the circumstances that the credit is intended for Italy.

1 The law was published on April 29th, 1936.
The provisions of the present decree regarding Italy shall apply, not merely to the Italian State and its authorities, but also to official and private corporations in Italy and to persons established or pursuing their activities in Italian territory. Italian territory shall also be held to include the Italian islands in the Ægean Sea, Tripolitania, Cyrenaica, Eritrea and Italian Somaliland.

Article 2.—Goods shall be deemed to have been sold on credit unless the price is placed at the unrestricted disposal of the seller at latest on receipt of the goods by the purchaser.

Article 3.—It shall be prohibited to issue Italian shares, bonds or other securities or to make other capital flotations on behalf of Italy or to subscribe to such issues or capital flotations or to guarantee such transactions or to act as an agent in such transactions.

Article 4.—The law empowering the King to prohibit, in certain cases, the granting of credits already provides that any undertaking to pay or promise of credit contrary to the above-mentioned prohibition shall be null and void.

As regards penalties and prosecutions for offences against the above-mentioned prohibition, together with the recovery or conversion of fines, the provisions of the above-mentioned law shall also be applied.

The present decree shall enter into force (as therein provided) on the day following its publication in the Swedish Legal Gazette (Svensk Författningssamling) and shall remain in force provisionally, but in any case up to February 28th, 1937, at the latest. The provisions of the aforementioned law shall nevertheless continue to apply, even after the end of the above-mentioned period, to offences committed while the present decree remains in force.

SWITZERLAND.

Co-ordination Committee/58.

PROPOSALS Nos. I, II, III, IV AND V.

I. Letter, dated October 28th, 1935, from the Head of the Swiss Federal Political Department to the Secretary-General.

[Translation.]

With reference to your Circular Letters 159 and 168, dated October 15th and 20th respectively, concerning the proposals of the Co-ordination Committee, we have the honour to inform you that the Federal Council fully confirms the statement made on October 10th by its first delegate to the Assembly of the League of Nations concerning Switzerland’s co-operation in the application of Article 16 of the Covenant.

Consequently, the Government of the Confederation has decided to prohibit, as from October 31st, 1935, the exportation, re-exportation and transit to Ethiopia and to Italy of the categories of arms, munitions and implements of war enumerated in the list drawn up by the Co-ordination Committee. It has also prohibited the exportation, for re-exportation to Ethiopia or Italy, of the same categories of arms, munitions and implements of war to countries other than Ethiopia or Italy. In view of Article 9 of the Hague Convention of October 18th, 1907, concerning the rights and duties of neutral Powers and persons in case of land warfare, and in view of our Statute of Neutrality, we cannot forego the embargo on arms, munitions and implements of war destined for Ethiopia.

The Federal Council accepts Proposal No. II of the Co-ordination Committee (Financial Measures), subject to a more specific definition of certain methods of application; it also accepts Proposal No. IV (Embargo on Certain Exports to Italy). It is prepared to adopt, on the date to be fixed by the Co-ordination Committee, the measures which these two Proposals involve.

It takes note of Proposal No. V (Organisation of Mutual Support).

As regards Proposal No. III (Prohibition of Importation of Italian Goods), the Federal Council asks the Co-ordination Committee to consider the following facts:

It cannot be denied, and it has never been disputed in the discussions which have taken place up to the present, that Switzerland finds herself in a truly exceptional situation in the present conflict. It is sufficient to point out that the Swiss Confederation is composed of populations speaking German, French, Italian, and Ladin or Romansch. The Italian regions of Switzerland speak the language of the country against which very severe measures are to be applied. The relations of these Italian-speaking regions with the neighbouring State, both cultural and commercial, are consequently and quite naturally very close and are still further favoured by the fact that the frontiers of these regions are open towards the south, whereas lofty mountains render communications with the rest of the country less easy.

Moreover, Switzerland as a whole does not export to Italy any goods that Italy could not dispense with easily. The only exceptions are a few raw materials which it will, as a matter of fact, be no longer possible to send to Italy as a result of our acceptance of Proposal No. IV.

1 The decree was published on May 13th, 1936.
If, in these circumstances, Switzerland acceded to Proposal No. III, she would certainly lose all 
er her exports to Italy, would sever ancient and strong ties and would throw about ten thousand 
persons into a state of irritating unemployment which would be of no advantage to anyone. 

Paragraph 3 of Article 16 of the Covenant, which has just as much legal force as the other 
provisions of that article, entitles Switzerland to seek compensation from the other Members 
of the League of Nations for the special sacrifices imposed upon her. This principle is, moreover, 
recognised in Recommendation No. V of the Co-ordination Committee. The Federal Council 
has examined this latter document with the greatest care and has reached the conclusion that, 
even if the other States Members showed the greatest goodwill—as they undoubtedly would— 
it would still unfortunately be impossible to compensate Switzerland, even partially, for the heavy 
losses in which the application of Proposal No. III would involve her. How, indeed, could the 
States in question repair the political, intellectual and moral injury caused by a rupture of all 
economic relations between the Italian-speaking parts of Switzerland and Italy? Nor is it easier 
to conceive how any adequate compensation could be afforded to the general economy of Swit-
zerland, if the special character of Swiss exports be considered in comparison with the character 
of the goods sold by Italy abroad. The goods exported by Switzerland are very varied; as, 
moreover, their quality is in most cases adapted to individual needs, the prices are noticeably 
different from those of the products of third countries. Even if the other States Members made 
she special and very liberal concessions in the matter of trade policy, Switzerland could hardly 
count on the absorption by other markets of a large part of the goods she has hitherto exported 
to Italy.

The representatives of Switzerland will willingly supply more detailed explanations to the 
Co-ordination Committee concerning these indisputable facts.

In spite, however, of the peculiar situation of Switzerland, the Federal Council does not 
take as its starting-point the argument that it cannot, or will not, participate in measures tending 
to achieve the object aimed at in Proposal No. III. It is also prepared, in this respect, to 
co-operate in a manner which not only would not be detrimental to the common aims, but would 
be such as to secure the full attainment of those aims by different methods that Switzerland would 
be in a position to adopt. The object is to make it impossible for Italy to purchase, with currency 
derived from her exports, goods which she may need for the conduct of the war. Switzerland 
is one of a small number of countries whose trade with Italy has, up to the present, provided 
Italy with a fairly large surplus of currency. The Federal Council is prepared to take action to 
eliminate this surplus by abolishing direct payments. This result may be immediately attained 
by direct compensatory trading without an exchange of currency.

Moreover, in order to refute forthwith the objection that Swiss trade might, thanks to this 
procedure, develop at the expense of the interests of other States Members—a supposition that 
the representatives of the Federal Council have already refuted most categorically on several 
occasions—the Federal Council is prepared to take the necessary steps to ensure that trade 
between Italy and Switzerland shall not exceed the volume it has hitherto attained.

On this point, also, the representatives of Switzerland hold themselves at the disposal of the 
Co-ordination Committee to supply all other necessary information and details.

The Federal Council hopes that the States represented on the Co-ordination Committee 
will admit that it is actuated by a desire to co-operate; the proposed solution differs, it is true, 
from Proposal No. III in the method to be followed, but the aim in both cases is the same.

(Signed) MOTTA.

Co-ordination Committee/58(a).

PROPOSALS Nos. I, II AND IV.

2. LETTER, DATED NOVEMBER 14TH, 1935, FROM THE HEAD OF THE SWISS FEDERAL 
POLITICAL DEPARTMENT TO THE SECRETARY-GENERAL.

[Translation.]

With reference to our previous communications and in particular to your Circular Letter 193, 
of November 7th,1 we have the honour to transmit herewith three copies of the three decrees 
which the Federal Council has issued in respect of Proposals I, II2 and IV of the Co-ordination 
Committee.

Since these decrees are framed on very simple lines, it would appear unnecessary to give 
a summary of them in a special note.

(Signed) G. MOTTA.

DECREE OF OCTOBER 28TH, 1935, OF THE FEDERAL COUNCIL, CONCERNING THE EXPORTATION, 
RE-EXPORTATION AND TRANSIT OF ARMS, AMMUNITION AND IMPLEMENTS OF WAR, TO 
ETHIOPIA AND ITALY (Proposal No. I).

The Swiss Federal Council,

In consideration of the undertakings arising for Switzerland out of Article 16 of the Covenant 
of the League of Nations;

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In consideration of the proposal dated October 11th/16th, 1935, formulated by the Co-ordination Committee, which met at Geneva with a view to ensuring the application of the said Article 16;
In consideration of Articles 7 and 9 of the Hague Convention of October 18th, 1907, regarding the rights and duties of neutral Powers and persons in case of land warfare;
In consideration of the Declaration of London of February 13th, 1920;
In consideration of Article 102, paragraphs 8 and 9, of the Constitution;
Decrees as follows:

Article 1.—The exportation, re-exportation and transit of the following categories of arms, ammunition and implements of war to Ethiopia and Italy or her possessions are prohibited: ¹

Category I.
1. Rifles and carbines and their barrels.
3. Guns, howitzers and mortars of all calibres, their mountings, barrels and recoil mechanisms.
4. Ammunition for the arms enumerated under 1 and 2 above; filled and unfilled projectiles for the arms enumerated under 3 above, and prepared propellant charges for these arms.
5. Grenades, bombs, torpedoes and mines, filled or unfilled, and apparatus for their use or discharge.
6. Tanks, armoured vehicles and armoured trains; armour-plate of all kinds.

Category II.
Vessels of war of all kinds, including aircraft-carriers and submarines.

Category III.
1. Aircraft, assembled or dismantled, both heavier and lighter than air, and their propellers or air-screws, fuselages, aerial-gun mounts and frames, hulls, tail units and under-carriage units.
2. Aircraft engines.

Category IV.
Revolvers and automatic pistols of a weight in excess of 1 lb. 6 oz. (630 grammes) and ammunition therefor.

Category V.
1. Flame-throwers and all other projectors used for chemical or incendiary warfare.
2. Mustard gas, Lewisite, ethyldichlorarsine, methyldichlorarsine, and all other products destined for chemical or incendiary warfare.
3. Powder for war purposes, and explosives.

Article 2.—The export, for the purpose of re-exportation to Ethiopia or Italy or her possessions, of the same categories of arms, ammunition and implements of war to any country other than Ethiopia or Italy is likewise prohibited.

Article 3.—Articles 74 et sqq. of the Federal Customs Law of October 1st, 1925, shall be applicable to breaches of the present decree.

Article 4.—The present decree shall come into force on October 31st, 1935.

The Department of Finance and Customs is entrusted with its execution.
Berne, October 28th, 1935.

On behalf of the Swiss Federal Council:
(Signed) R. MINGER,
President of the Confederation.
(Signed) G. BOVET,
Chancellor of the Confederation.

[Translation.]


The Swiss Federal Council,
In consideration of the undertakings arising for Switzerland out of Article 16 of the Covenant of the League of Nations;
In consideration of the proposal, dated October 14th, 1935, formulated by the Co-ordination Committee, which met at Geneva with a view to ensuring the application of the said Article 16;

¹ This nomenclature was drawn up at Geneva; it has been maintained without change for practical reasons, although certain articles do not concern Switzerland.
² See also page 279.
In consideration of Article 102, paragraphs 8 and 9 of the Constitution;
Decrees as follows:

**Article 1.**—The following operations are prohibited:

(1) All loans to or for the Italian Government and all subscriptions to loans issued in Italy or elsewhere by or for the Italian Government;
(2) All banking or other credits to or for the Italian Government, and any further execution by advance, overdraft or otherwise of existing contracts to lend directly or indirectly to the Italian Government;
(3) All loans to or for any public authority, person or corporation in Italian territory, and all subscriptions to such loans issued in Italy or elsewhere;
(4) All banking or other credits to or for any public authority, person or corporation in Italian territory, or any further execution by advance, overdraft or otherwise of existing contracts to lend directly or indirectly to such authority, person or corporation;
(5) All issues of shares or other capital flotations for any public authority, person or corporation in Italian territory, and all subscriptions to such issues of shares or capital flotations in Italy or elsewhere.

**Article 2.**—Should the application of the provisions of Article 1 entail serious consequences for branches, agencies or participations of Swiss firms in Italy, the National Bank may authorise certain limited loans.

**Article 3.**—Any person who deliberately and in violation of the prohibition laid down in Article 1 of the present decree,

Grants loans or subscribes to loans;
Grants banking or other credits, or proceeds with the execution of loan contracts by advance, overdraft or otherwise;
Issues shares or subscribes to share issues or capital flotations;

is liable to a fine of not more than 20,000 francs or imprisonment for not more than 12 months; the two penalties may be combined.

If the person has acted in negligence, the penalty shall be a fine of not more than 10,000 francs. The first part of the Federal Penal Code of February 4th, 1853, is applicable.

**Article 4.**—If the punishable acts are committed in the course of the management of a public corporation, or a limited company, or a partnership, the penal provisions shall apply to the persons who acted on its behalf, but the corporation, company or partnership shall be collectively responsible for the payment of the fine and costs.

**Article 5.**—The punishable acts specified in this decree shall fall within the jurisdiction of the Federal Tribunal.

**Article 6.**—This decree shall come into force on November 18th, 1935.

Berne, November 12th, 1935.

On behalf of the Swiss Federal Council:
(Signed) R. MINGER,
President of the Confederation.
(Signed) G. BOVET,
Chancellor of the Confederation.

[Translation.]

**DECREE OF NOVEMBER 12TH, 1935, OF THE FEDERAL COUNCIL CONCERNING ECONOMIC MEASURES TO BE TAKEN IN RESPECT OF ITALY IN APPLICATION OF ARTICLE 16 OF THE COVENANT OF THE LEAGUE OF NATIONS (Proposal No. IV).**

The Swiss Federal Council,
In consideration of the undertakings arising for Switzerland out of Article 16 of the Covenant of the League of Nations;
In consideration of the proposal dated October 9th, 1935, formulated by the Co-ordination Committee assembled at Geneva with a view to ensuring the application of the said Article 16;
In consideration of Article 102, paragraphs 8 and 9, of the Constitution;
Decrees as follows:

**Article 1.**—The goods mentioned under the following numbers of the Swiss Customs tariff may only be exported on production of an authorisation from the Directorate-General of Customs.

<table>
<thead>
<tr>
<th>Tariff No.</th>
<th>Description of Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>132 a and b</td>
<td>Horses.</td>
</tr>
<tr>
<td>133</td>
<td>Mules.</td>
</tr>
<tr>
<td>134</td>
<td>Asses.</td>
</tr>
<tr>
<td>135</td>
<td>Camels and other draught and pack animals not elsewhere specified.</td>
</tr>
<tr>
<td>ex 148 b</td>
<td>Rubber and gutta-percha, crude.</td>
</tr>
<tr>
<td>516</td>
<td>Bauxite, crude or ground.</td>
</tr>
</tbody>
</table>
Tariff No. | Description of Goods
---|---
707 | Iron ores.
708 | Waste from iron working (filings, shavings, etc.).
710 a/710 b | Iron alloys of every kind (ferro-molybdenum, ferro-silico-manganese-aluminium, ferro-silicon, ferro-manganese-silicon, etc.); crude.
711 | Iron waste and scrap iron.
853 | Tin in bars, pigs and plates; tin ores.
859 | Nickel in cubes, sponge or cast bars; nickel scrap and waste.
862 | Aluminium and aluminium alloys, in lumps, ingots, cast plates, bars or scrap.
864 | Chromium, manganese, titanium, tungsten, vanadium, in the form of ores or crude metal (pieces, bars or powder).
875 | Aluminium oxide (calcinated alumina).
878 | Nickel in cubes, sponge or cast bars; nickel scrap and waste.
1021 | Chromium, manganese, titanium, tungsten, vanadium, in the form of ores or crude metal (pieces, bars or powder).

**Article 2.**—The Directorate-General of Customs is authorised to issue export permits for goods in the list in Article 1, which are not consigned to Italy or Italian possessions:

1. For unlimited quantities for export to countries which have themselves prohibited the export of the goods in question to Italy and Italian possessions;
2. For limited quantities for export to countries which have not imposed such export prohibitions.

In such cases, the exports in any given country must not exceed the quarterly average of exports to the country in question during the years 1932 to 1934.

**Article 3.**—The provisions of this decree are also applicable to goods of the same kinds reshipped from Switzerland to Italy or her possessions.

Swiss carrying agencies will only accept consignments of the goods enumerated in Article 1 on production of the export permit required under Article 2.

Consignments for export which arrive at Swiss frontier Customs offices without the export permit required under Article 2 will be detained by those offices, which will immediately notify the Directorate-General of Customs.

**Article 4.**—Infringements of the provisions of this decree will be deemed to be prohibited traffic within the meaning of Article 70 and following articles of the Customs Act of October 1st, 1925.

**Article 5.**—Any person knowingly exporting goods of the kinds specified above to a third country for reshipment to Italy, or having good reason to suppose from the circumstances that the goods will be reshipped to Italy, shall also be deemed to have committed a punishable offence.

**Article 6.**—In accordance with the Customs Union Treaty concluded on March 29th, 1923, between the Swiss Confederation and the Principality of Liechtenstein, this decree shall also be applicable to the territory of the latter State.

**Article 7.**—This decree shall come into force on November 18th, 1935. The Department of Finance and Customs shall be responsible for its enforcement.

Berne, November 12th, 1935.

On behalf of the Swiss Federal Council:

(Signed) R. MINGER,
President of the Confederation.

(Signed) G. BOVET,
Chancellor of the Confederation.

Co-ordination Committee/58(b).

PROPOSALS Nos. II A, III, III A, IV, IV A AND IV B.


[Translation.]

In continuation of our letter of to-day's date, and with reference to your Circular Letter 193, of November 7th, with regard to Proposals Nos. II A, III A, IV A and IV B adopted on the 6th instant by the Committee of Eighteen, we have the honour to inform you of the following:

In accordance with the statement made on November 5th by the Swiss delegate at the last meeting of the Sub-Committee on Economic Measures, we are of opinion that Proposal No. II A is not applicable to the special system of payments which the Federal Council proposes to put into force in order to attain the object aimed at in Proposal No. III. The system in question is a system of direct compensation trade without any foreign exchange passing between Switzerland and Italy.
The decision of the Federal Council of November 12th, 1935,1 which we have this day transmitted, was taken in application of Proposals Nos. IV and IV B regarding the embargo on certain exports to Italy and the diversion of trade. As you will observe, it provides that the goods enumerated in paragraph I of Proposal No. IV may only be exported with the permission of the Swiss Customs. This provision will enable the Federal authorities to exercise complete control over the destination and volume of the exports of the products in question in accordance with Proposal No. IV B.

As regards the resolution in the matter of current contracts adopted on November 6th by the Committee of Eighteen, it does not apply to Switzerland in view of the special line we have taken up with regard to the prohibition of the import of Italian goods.

(Signed) G. Motta.

Co-ordination Committee/58(c).

PROPOSAL No. II A.


[Translation.]

In order to regulate and facilitate the transfer of payments between the Swiss Confederation and the Kingdom of Italy, the two Governments have concluded the following Agreement:

Article I.—Payments between Italy and Switzerland must be effected in Switzerland through the Swiss National Bank and in Italy through the Banca d’Italia acting for the Istituto Nazionale per i Cambi con l’Estero according to the rules and procedure laid down in the following articles.

With this end in view, the Swiss National Bank shall open with the Istituto Nazionale per i Cambi con l’Estero a general account not carrying interest and expressed in Swiss francs, and the Istituto Nazionale per i Cambi con l’Estero shall open at the Swiss National Bank a general account not carrying interest and expressed in Italian lire.

Subject to the exceptions enumerated in the present Agreement, no other direct or indirect form of payment is allowed without a special permit issued after previous agreement between the Istituto Nazionale per i Cambi con l’Estero and the Swiss Clearing Office.

Article 2.—All obligations of debtors domiciled in Switzerland, including those which have fallen due and have not been settled on the date of the entry into force of the present Agreement, towards creditors domiciled in Italy or in territory subject to Italian authority, must be settled by a payment in Swiss francs through the Swiss National Bank, which shall credit the amount to the general account of the Istituto Nazionale per i Cambi con l’Estero and the Swiss Clearing Office.

Article 3.—All the obligations of debtors domiciled in Italy or territories subject to Italian authority, including those which have fallen due and have not been settled on the date of the entry into force of the present Agreement, towards creditors domiciled in Switzerland, must be settled by a payment in Italian lire to the Banca d’Italia acting for the Istituto Nazionale per i Cambi con l’Estero, which shall credit the amount to the general account of the Swiss National Bank.

Article 4.—The Istituto Nazionale per i Cambi con l’Estero and the Swiss National Bank shall reciprocally notify one another of the payments made and of the date of each of them, with any other necessary particulars. The notice of payment is equivalent to an authorisation to pay the creditor, in conformity with the provisions of the present Agreement, after the regularity of the transfers has been verified by the Istituto Nazionale per i Cambi con l’Estero or the Swiss Clearing Office.

Article 5.—All payments shall be made to creditors in the currency of their country, to the extent allowed by the balance of the general accounts and in the chronological order of payments. Nevertheless, the Swiss Clearing Office and the Istituto Nazionale per i Cambi con l’Estero reserve the right, taking into account the assets available, to limit to 500,000 Swiss francs or 2,000,000 Italian lire the sum to be paid monthly to the same creditor.

The debtor is only discharged of his debt by the payment of the amount of the latter to the Swiss National Bank or the Istituto Nazionale per i Cambi con l’Estero when the creditor has actually received the full amount due to him.

Article 6.—Remittances and payments shall be made on the basis of the rate of exchange laid down by common agreement between the Swiss National Bank and the Istituto Nazionale per i Cambi con l’Estero.

Claims and debts expressed in currencies other than the Swiss franc and the Italian lire shall be converted into francs or lire at the current rate (cheque at Rome or Zurich).

Article 7.—The payments indicated in Articles 2 and 3 may be made either directly by the debtors or by the representatives of Swiss or Italian export firms or by banks or intermediate firms acting for the parties concerned.

Article 8.—The amounts paid to the Swiss National Bank shall be utilised as follows:

(1) 20 % of the sums received shall be employed for the payment of the financial claims defined in Article 9, 1, of the present Agreement;

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1 See page 275.
(2) 80% shall be employed for the payment of claims arising out of the trade in goods and expenses connected with this trade, in accordance with Article 9, 2, of the present Agreement, and for all other payments which are not excluded from the transfer by the present Agreement.

Article 9.—1. Financial claims shall be taken to mean those in respect of interest, dividends and other payments arising out of the investment of capital and payable at regular intervals to creditors domiciled in Switzerland or Italy.

2. Claims arising out of the trade in goods and expenses connected with this trade shall be taken to mean, in particular, those arising from:

(a) The delivery of goods of Swiss or Italian origin, including advances in so far as such are usual in trade;
(b) The delivery of electric power;
(c) The Italo-Swiss improvement and repair trade, within the limits of the cost of the operation undergone by the goods;
(d) Services rendered in connection with the exchange of goods between Italy and Switzerland (such as commissions, cover, expenses of commercial travellers, transport expenses, Customs duties, fees, salaries, wages and pensions paid to representatives, employees and workmen, royalties on patents, and other similar payments);
(e) Interest and exchange differences arising out of the traffic in goods;
(f) Matters connected with intellectual property (copyright, licences, etc.);
(g) General administrative costs incurred by Swiss or Italian firms in respect of the exploitation of undertakings they possess in the other country;
(h) Profits on commercial transactions realised in Italy and Switzerland by firms domiciled in Switzerland or Italy.

Article 10.—The mode of payment provided for in the present Agreement does not apply to:

(a) Minor frontier traffic, including payments for wages, salaries, pensions, fees and similar payments, of concern to inhabitants of the frontier zone;
(b) Traffic in goods originating elsewhere than in the contracting countries;
(c) Payments in connection with the tourist traffic and expenses in respect of health cures, education and studies on behalf of persons domiciled in Switzerland or Italy who are temporarily in the other country;
(d) Payments resulting out of the settlement of accounts between the railways of the two countries which are effected between the Italian State Railways and the Swiss Federal Railways through the Central Clearing Office at Brussels and between the Italian State Railways and the Bernina Railway through the banks;
(e) Payments in connection with insurance and re-insurance between Switzerland and Italy;
(f) Payments of the Swiss and Italian Postal Administrations, but only in so far as they compensate one another. The balance remaining in favour of one of the Administrations shall be settled in accordance with the provisions of Articles 2 and 3;
(g) Payments for passenger shipping tickets received in Switzerland on behalf of Italian shipping companies, and payments arising out of air transport effecting both countries;
(h) Transfers of funds arising out of the performance of banking services.

The Istituto Nazionale per i Cambi con l’Estero and the Swiss Clearing Office may jointly agree to derogations from the provisions of the present article in special cases.

Article 11.—The Istituto Nazionale per i Cambi con l’Estero and the Swiss Clearing Office may jointly agree to private compensations being settled outside the accounts referred to in Article 1.

Article 12.—If the present Agreement is terminated, the importers of the country in favour of which an untransferred balance remains shall continue to pay the value of their imports to the proper general account until the claims corresponding to this balance have been fully paid off.

Article 13.—In accordance with the Treaty of Customs Union concluded on March 29th, 1923, between the Swiss Confederation and the Principality of Liechtenstein, the present Agreement shall also be applicable to the territory of the Principality of Liechtenstein.

Article 14.—The two Governments shall enact the measures necessary for the execution of the present Agreement and particularly to oblige the debtors and creditors of their respective countries to observe the provisions of the said Agreement.

Article 15.—The present Agreement shall be ratified as soon as possible. Nevertheless, the contracting parties agree to put it into force provisionally by a simple exchange of notes.

Article 16.—If, contrary to the anticipations on the basis of which the present Agreement was concluded, the actual results prove to be materially different from the premises accepted by the contracting parties when the Agreement was concluded, each contracting party shall be entitled, with a view to a suitable revision, to ask for the summoning of a conference which must meet within fifteen days of the request. If within twenty days of the beginning of the negotiations, no understanding has been reached regarding a modification of the Agreement, the latter may be denounced on one month’s notice.

The present Agreement may be denounced at any time on three months’ notice.

1 See also pages 279 and 331.
PROPOSAL No. II.

5. LETTER, DATED DECEMBER 18TH, 1935, FROM THE SWISS FEDERAL POLITICAL DEPARTMENT TO THE SECRETARY-GENERAL.

[Translation.]

In compliance with the request made to it, the Federal Political Department has the honour to give the Secretariat of the League of Nations confirmation of the fact that the steps taken by the Federal Council in connection with the Co-ordination Committee’s Proposal No. II are also being taken by the Principality of Liechtenstein.1

It avails itself of this opportunity to renew to the Secretariat the assurance of its high consideration.

CZECHOSLOVAKIA.

PROPOSAL No. I.

1. LETTER, DATED OCTOBER 22ND, 1935, FROM THE PERMANENT DELEGATE OF CZECHOSLOVAKIA TO THE SECRETARY-GENERAL.

[Translation.]

With reference to your Circular Letter 157,2 dated the 22nd of this month, regarding Proposal No. I of the Co-ordination Committee (War Material), I have the honour to inform you, on behalf of the Government of the Czechoslovak Republic, that my Government has duly given immediate effect to the above-mentioned Proposal, the provisions of which have been in force as from October 9th, 1935.

I shall have the honour to send you, as soon as possible, the text of the decree bringing the proposed measures into force, together with a summary of its main provisions in French.

(Signed) KUNZL-JIZERSKY.

PROPOSAL No. II.

2. LETTER, DATED OCTOBER 23RD, 1935, FROM THE PERMANENT DELEGATE OF CZECHOSLOVAKIA TO THE SECRETARY-GENERAL.

[Translation.]

With reference to your Circular Letter 159,3 dated the 15th of this month, regarding Proposal No. II of the Co-ordination Committee (Financial Measures), I have the honour to inform you that the Government of the Czechoslovak Republic has carried the provisions of the above-mentioned proposal into effect as from October 9th, 1935.

I shall have the honour to send you, as soon as possible, the text of the decree bringing the proposed measures into force, together with a summary of its main provisions in French.

(Signed) KUNZL-JIZERSKY.

PROPOSALS Nos. III AND IV.

3. LETTER, DATED OCTOBER 28TH, 1935, FROM THE MINISTRY FOR FOREIGN AFFAIRS OF CZECHOSLOVAKIA TO THE SECRETARY-GENERAL.

[Translation.]

With reference to your Circular Letter 168,4 dated October 20th, 1935, with which you were good enough to transmit to the Government of the Czechoslovak Republic, inter alia, Proposals Nos. III and IV, adopted on October 19th by the Co-ordination Committee, I have the honour to inform you that my Government is prepared to enforce the measures contemplated in the said Proposals on a date to be fixed, with its concurrence, by the Co-ordination Committee.

(Signed) A. HEIDRICH.

1 See also page 331.
2 See page 13.
3 See page 14.
PROPOSAL No. V.

4. LETTER, DATED OCTOBER 31ST, 1935, FROM THE PERMANENT DELEGATE OF CZECHOSLOVAKIA TO THE SECRETARY-GENERAL.

[Translation.]

With reference to your Circular Letter 168,1 of October 20th, 1935, with which you were good enough to transmit to the Government of the Czechoslovak Republic, inter alia, Proposal No. V regarding the organisation of mutual support, adopted on October 19th, 1935, by the Co-ordination Committee, I have the honour to inform you that my Government accepts the said Proposal.

(Signed) R. Künz1l-Jízerský.

Co-ordination Committee/41(b).

PROPOSALS Nos. I AND II.

5. LETTER, DATED NOVEMBER 2ND, 1935, FROM THE PERMANENT DELEGATE OF CZECHOSLOVAKIA TO THE SECRETARY-GENERAL.

[Translation.]

I have the honour to send you herewith the Czechoslovak text, together with a French translation, of the Czechoslovak Government’s decision putting into effect the provisions of Proposals Nos. I and II adopted by the Co-ordination Committee together with the notice of the Ministry for Trade and Industry under which the Government’s decision as regards Proposal No. I was put into force.

(Signed) R. Künz1l-Jízerský.

[Translation.]


In conformity with the proposal of the Ministry for Foreign Affairs No. 131.642/IV-6/35, dated October 16th, 1935, supplemented by a letter from the same Ministry No. 132.680/IV-6/35, dated October 18th, 1935, the Government of the Czechoslovak Republic adopted on October 18th, 1935, Proposal No. I, decided upon by the Co-ordination Committee at its meeting on October 11th, 1935, together with Proposal No. II decided upon by the same Committee at its meeting on October 14th, 1935.

All the authorities concerned, and particularly the Ministries for Finance, Commerce and Industry, National Defence, Foreign Affairs, Posts and Telegraphs and Railways, as well as the Czechoslovak National Bank, are instructed to take without delay the necessary steps to put these proposals into effect.

The authorities concerned are also instructed to inform as soon as possible the Prime Minister’s Office and the Ministry for Foreign Affairs of the steps they have taken to give effect to the said proposal, bearing in mind the date indicated in Proposal No. III.

The Ministry for Foreign Affairs is instructed to notify this communication to the League of Nations.

[Translation.]


In virtue of paragraph 1, No. 1, sub-paragraph 3, of the Government Decree of July 13th, 1920, No. 442 of the Collection of Laws and Decrees, I render the exportation of the following articles subject to the procedure of authorisation as from October 19th, 1935:

1. Military rifles and carbines and their barrels (ex p. t. 478 b/3, ex p. t. 478 c/1).
2. Machine-guns, automatic rifles and machine-pistols of all calibres and their barrels (ex p. t. 478 b/1, ex p. t. 478 b/3).
3. Guns, howitzers and mortars of all calibres, their mountings, barrels and brakes (ex p. t. 478 b/1).
4. Ammunition for the arms under 1 and 2 above, filled and unfilled projectiles for the arms under 3 above and propellents for those arms (ex No. t. 643, ex No. t. 644, ex No. t. 645, ex No. t. 646).
5. Grenades, bombs, torpedoes and mines—filled or unfilled (ex No. t. 643, ex No. t. 644, ex No. t. 645)—and apparatus for their use or discharge (ex p. t. 478 b/1, ex No. t. 538, ex No. t. 553 c/).
6. Tanks, military armoured vehicles and armoured trains (ex No. t. 527, ex No. t. 528, ex No. t. 547, ex p. t. 548 b/1, ex p. t. 599 b/1, ex p. t. 553 a/d, ex No. t. 555, ex No. t. 556, ex No. t. 557)—armour of all kinds (ex No. t. 433, ex No. t. 445, ex No. t. 471, ex No. t. 483).
7. Vessels of war of all kinds, including aircraft-carriers and submarines (ex p. t. 558, ex No. t. 559).
8. Aircraft, assembled or dismantled, heavier and lighter than air and their propellers or air-screws, fusilages, fire turrets, hulls, tail units and undercarriage units.
9. Aircraft engines (P. t. 554 b/).
10. Revolvers and automatic pistols of a weight in excess of 630 grammes (ex p. t. 478 b/3) and ammunition therefor (ex No. t. 643, ex No. t. 644).
11. Flame-throwers and all other projecting appliances for chemical or incendiary warfare (ex p. t. 478 b/1, ex p. t. 478 b/3, ex No. t. 528, ex No. t. 538, ex p. t. 553 c/).
12. Mustard gas, Lewisite, ethylarsine dichlorate, methylarsine dichlorate and all other products intended for chemical (ex p. t. 620 b/, ex No. t. 621 and ex p. t. 622 d/) or incendiary warfare (ex p. t. 488 / (iron thermite), ex No. t. 513 (aluminium powder), ex p. t. 596 a/ (white phosphorus), ex p. t. 596 b/ (metallic sodium), ex p. t. 622 d/ (thermites) and ex No. t. 641 (magnesium powder).
13. Gunpowder and explosives (ex No. t. 645, ex No. t. 646).

(Signed) J. N. Najman,
Minister for Commerce and Industry.

Co-ordination Committee/82(f).

PROPOSAL No. II A.

6. LETTER,
DATED NOVEMBER 2ND, 1935, FROM THE PERMANENT DELEGATION OF CZECHOSLOVAKIA TO THE SECRETARY-GENERAL.

[Translation.]
1. There is a clearing agreement in existence between the Czechoslovak Republic and Italy.
2. The agreement was concluded on March 18th, 1935, and came into force on March 25th.
3. There is a credit balance in favour of Czechoslovakia amounting on October 26th, 1935, to 17,912,929.87 lire.

Co-ordination Committee/41(d).


7. TELEGRAM,
DATED NOVEMBER 22ND, 1935, FROM THE MINISTER FOR FOREIGN AFFAIRS OF CZECHOSLOVAKIA TO THE CHAIRMAN OF THE CO-ORDINATION COMMITTEE.

[Translation.]
To Chairman Vasconcellos: Texts of measures taken have just been sent by post. Proposals Nos. I, II, II A, III, III A, IV, IV B are already in force.—Benes, Minister.

Co-ordination Committee/41(e).

PROPOSAL No. II.

8. LETTER,
DATED NOVEMBER 23RD, 1935, FROM THE PERMANENT DELEGATE OF CZECHOSLOVAKIA TO THE SECRETARY-GENERAL.

[Translation.]
I have the honour to request you to convey the following information to the Co-ordination Committee.

In accordance with a decision taken by the Czechoslovak Government on October 18th, 1935, the Ministry for Finance has given the National Bank of Czechoslovakia all necessary instructions to render impossible the operations listed in Proposal No. II adopted by the Co-ordination Committee on October 14th, 1935. These instructions were given under the Government Decree of February 29th, 1924 (No. 46 of the Collection of Laws and Decrees), putting into execution certain provisions of the Law of December 14th, 1923 (No. 7 of the Collections of Laws and Decrees, of 1924), on the protection of Czechoslovak currency (notes and coin). The Minister for Finance has accordingly amplified the aforesaid Government decree by his notice, dated November 8th, 1935, prohibiting certain financial operations which had not so far been covered by the Government Decree of October 14th, 1935.

A French translation of the text of the Czechoslovak Government’s decision of October 18th, 1935, and of the notice of the Minister for Commerce and Industry, dated October 19th, 1935, No. 88.952/35, was sent to you in my letter of November 2nd.1

I have the honour to enclose the text of the notice issued by the Ministry for Finance on November 8th, 1935, and of the Government Decree of February 29th, 1924 (see Supplement to the Bulletin of the National Bank of Czechoslovakia, No. 60 (10), of October 1931, pages 4-11).

(Signed) R. Künzl-Jizersky.

1 See Communication No. 5, page 280.
ORDER OF THE MINISTRY FOR FINANCE (58), DATED NOVEMBER 8TH, 1935, CONCERNING THE GRANTING OF CREDITS ABROAD.

MINISTRY FOR FINANCE.
No. 125,432/35-IIA/4a.

In consideration of Article 17, paragraph 9, of the Government Decree of February 29th, 1924 (No. 46 of the Collection of Laws and Decrees), putting into execution certain provisions of the Law of December 14th, 1923 (Collection of Laws and Decrees, for 1924), on the protection of Czechoslovak currency (notes and coin),

On the advice of the National Bank of Czechoslovakia,

I order, with effect from the publication of this notice:

The following to be added to Article 17, paragraph 6, of the Government Decree No. 46, of the Collection of Laws and Decrees:

"It is prohibited to grant credits in Czechoslovak crowns or in foreign currency to establishments, commercial firms, or persons in Italy or Italian possessions."

The following to be added to Article 17, paragraph 7, of the Government Decree No. 46 of the Collection of Laws and Decrees:

"It is prohibited to grant credits to Italy or Italian possessions in any currency whatsoever in the form of exports of goods (credit sales)."

(Signed) Dr. TRAPL.

[Translation.]

GOVERNMENT DECREE OF FEBRUARY 29TH, 1924
(No. 46 of the Collection of Laws and Decrees).

In execution of certain provisions of the Law of December 14th, 1923 (Collection of Laws and Decrees, 1924, No. 7), regarding the protection of the Czechoslovak currency and the circulation of legal instruments of payment;

In consideration of Article 2, paragraphs 1-3, of Articles 15 and 20 of the Law of December 14th, 1923 (Collection of Laws and Decrees, 1924, No. 7), concerning the protection of the Czechoslovak currency and the circulation of legal instruments of payment, the Government of the Czechoslovak Republic decrees:

Article 1.—I. Only banks, credit establishments and firms to which the Finance Minister has granted an authorisation for this purpose at their request are authorised to trade in foreign instruments of payment.

2. The right to engage in the trade in bank-notes and foreign currency hitherto granted to the banks in accordance with the provisions of Article 2, paragraph 1, of the Government Decree of November 28th, 1919, No. 644 of the Collection of Laws and Decrees, or as conferred by the Finance Minister in virtue of Article 2, paragraph 2, of the above-mentioned decree, remains valid. The right granted to central offices may also be exercised by their agencies in Czechoslovakia when no restrictive stipulation has been expressly enacted in this respect.

3. The Finance Minister fixes the conditions and extent of newly granted authorisations; he may at any time restrict them and withdraw them temporarily or for an unlimited period, and this also applies to the authorisations mentioned in paragraph 2. The Banking Office of the Finance Ministry or its successor, acting as a bank of issue, may submit proposals to the Finance Ministry for this purpose.

4. The granting of the authorisation, as well as its restriction or withdrawal, shall be published in the Monitor of the Finance Ministry and in the Official Journal at the expense of the party concerned.

5. The banks, credit establishments and firms authorised to engage in the trade in bank-notes and foreign currency shall hereinafter be referred to as “banks (Article 1)” and the Banking Office of the Finance Ministry as “the Banking Office”.

6. The Finance Minister shall be entitled, when the economic situation permits, to remove in whole or in part the restrictions on the trade in bank-notes and foreign currency at such time as he may think fit.

Article 2.—I. Any transaction in relation to foreign instruments of payment in which a “bank (Article 1)” does not appear as a contracting party is strictly prohibited.

2. The term “foreign instruments of payment” in the present decree includes, on the one hand, notes such as Treasury notes, bank-notes and all kinds of metallic coin of foreign countries, and, on the other hand, foreign exchange—i.e., bills expressed in foreign currencies and also cheques, letters of credit, money orders and all kinds of payment orders on foreign centres. The trade in foreign instruments of payment for the purposes of the present decree consists in the exchange, sale, purchase, hypothecation and cession of the above-mentioned instruments and in any credit or loan operation involving such transactions.

Article 3.—I. No one may act as an intermediary agent in transactions relating to foreign instruments of payment carried out between “banks (Article 1)”, when such transactions do not
take place with the assistance of an accredited broker, without a special authorisation from the Finance Ministry. This authorisation may be made subject to certain conditions and may be withdrawn at any moment.

2. Persons having hitherto acted as intermediary agents in transactions in foreign instruments of payment are obliged, if they wish to continue to perform these functions, to apply for a licence for this purpose to the Finance Ministry within fourteen days of the date on which the present decree takes legal effect. The Finance Ministry is the sole judge in deciding whether such licences shall be granted or not. Intermediary agents may continue provisionally to perform their functions until a decision has been taken on their application.

3. The granting of the licence, as well as its restriction or withdrawal, shall be published in the Monitor of the Finance Ministry and in the Official Journal at the expense of the party concerned.

4. It is strictly forbidden to act as intermediary agent in transactions carried out on behalf of firms not authorised to engage in the trade in foreign instruments of payment or to utilise the services of unlicensed intermediary agents.

5. Any transaction relating to foreign instruments of payment for the agent’s own account is strictly prohibited, even in cases where such transactions are otherwise permitted by law.

Article 4.—1. The sale by arbitrage of Czechoslovak crowns (Treasury notes, foreign currency, cheques on Prague, etc.) against foreign instruments of payment and likewise the sale by arbitrage abroad of foreign currency against Czechoslovak crowns and the sale on orders from abroad of foreign currency against Czechoslovak crowns on the Prague market are permitted only in the case of “banks (Article I)” and only with the authorisation of the Banking Office on the conditions fixed by the latter.

2. The trade from “bank (Article I)” to “bank (Article I)” of free foreign instruments of payment (that is to say, instruments of payment acquired under the terms of Article 15, paragraph 4, last proposal) and of instruments of payment in respect of which the Banking Office cancels the obligation of surrender is permitted both on the Bourse and outside the Bourse on the open market.

3. Operations of arbitrage on foreign instruments of payment held in the possessor’s own right, to the exclusion of the Czechoslovak crown, are permitted only in the case of “banks (Article I)”.

The Banking Office has power to authorise exceptions.

4. The Minister for Finance has power, when economic requirements demand such a measure, and on the proposal of the Banking Office, to restrict the purchases and sales of foreign instruments of payment by arbitrage effected from “bank (Article I)” to “bank (Article I)” mentioned in paragraph 2, and if necessary he may authorise the “banks (Article I)” to effect operations of arbitrage against Czechoslovak crowns, either conditionally or in general terms.

Article 5.—1. Apart from the cases enumerated in Article 4, the “banks (Article I)” may employ instruments of foreign payment and their available funds abroad only within the limits of the present decree and for purposes not in contradiction with the provisions of the latter.

2. The Banking Office has power to fix from time to time the maximum amount of foreign currency that the “banks (Article I)” may place freely at the disposal of their customers and likewise the amount of payments that may be made abroad in foreign currency without special permit.

Article 6.—1. Transfers of foreign currency and payments abroad in foreign currency may be carried out freely by the “banks (Article I)” on behalf of their customers, when such payments are employed for the purchase of goods abroad, in settlement of costs resulting from the purchase and importation of the said goods (for example, transport, insurance, warehousing, Customs, commission, etc.) and on condition that the equivalent value of the foreign currency transferred to a firm does not exceed, in the case of any specific foreign currency, 20,000 Czechoslovak crowns per day. Nevertheless, when the equivalent value of the foreign currency and payments demanded exceeds 3,000 Czechoslovak crowns, the customer shall be bound to submit to the “bank (Article I)” all the necessary documents establishing the legitimacy of his demand. The “bank (Article I)” is bound to examine these documents produced as proof in support of the demand and to keep a register of the transfers thus granted, in accordance with a form fixed by the Banking Office.

2. The Banking Office has power to fix or to modify from time to time the maximum transfers and payments that may be made without previous authorisation.

Article 7.—1. Instruments of foreign payment forming part of the free available funds held by the “banks (Article I)” cannot be placed by the latter at the disposal of their customers for the purpose of payments abroad as defined in Article 6 to an amount exceeding that fixed in Articles 5 and 6, without previous authorisation from the Banking Office unless at the same time an import permit is produced or, if necessary, a declaration of importation; in the case of articles for which importation is free, the relevant documents establishing the due date of the invoices or the actual importation of the said articles are required.

2. In the case of payments to be made in advance, their due date shall be proved by means of invoices, purchase contracts or other similar documents, irrespective of whether the “bank (Article I)” serving as intermediary applies to the Banking Office in order to obtain the necessary foreign currency, or whether it has recourse to a transaction on the open market.
3. The importer is bound, within three months following the transfer of the foreign currency applied for, to submit all the necessary documents showing that the goods have actually been imported. When the importer has not complied with this obligation, the “bank (Article 1)” will inform the Control Service at the Ministry for Finance, which, in exceptional cases when importation could not be effected within the time-limit prescribed, shall have power to extend the said time-limit.

4. The “bank (Article 1)” is required to state on the import permits or import declarations, or on all documents required under the present article, that the foreign exchange has been transferred or registered. In the case of import permits or import declarations issued by the Ministry for Commerce (Section for the Regulation of Imports and Exports) which still bear the clause “without foreign exchange” and the validity of which has not yet expired, no exchange can be transferred by the “bank (Article 1)” without the previous approval of the Finance Ministry (Control Service).

5. The control hitherto effected by the Customs in regard to the foreign exchange clause affixed to import permits and declarations is suspended; imported goods may be cleared through the Customs, even if the exchange clause affixed to those documents has not yet been filled in by a bank. If the import permit or declaration has not been submitted to the “bank (Article 1)”, for the registration or transfer of foreign exchange, no subsequent transfer can be effected without the previous approval of the Finance Ministry (Control Service).

Article 8.—1. When the payment in respect of which the foreign exchange was transferred has not been made, or the whole of the foreign exchange has not been required for that purpose, the person who applied for the transfer is required to hand over to the Banking Office, through his bank, the whole or part of the foreign exchange placed at his disposal; the Banking Office shall credit this to the “bank (Article 1)” at the original rate, or at the current rate if the original rate was higher. Similarly, the purchase of foreign exchange, the supply of which for import purposes has previously been arranged for by the Banking Office (Article 9) shall be cancelled if the amount of the said purchase or the remainder has not been utilised within the stipulated time-limit. The “bank (Article 1)”, which has acted as intermediary in this transaction must refund to the Banking Office any loss due to the fact that the rate on the day of cancellation is lower than the rate at which the foreign exchange was purchased.

2. When foreign exchange transferred as the result of purchase in the open market has not been used, or has only been partly used for the foregoing purposes, the “bank (Article 1)” which transferred it is required to sell the foreign exchange not utilised in the open market and to furnish a statement of purchase and sale to the Control Service attached to the Finance Ministry. Any profit made owing to the difference in the rates shall be paid to the Treasury through the “bank (Article 1)”.

3. The Banking Office has power, in general, or in special cases, or as regards the instruments of payment of certain States, to waive the application of the provisions of the present article or of Article 7, either without any limitation of the amount or up to a certain amount.

Article 9.—The Banking Office, through the “banks (Article 1)” and on production of import permits or declarations, or simply on the communication of the contents of those documents or of the wording of the invoices in the case of articles for which no import permit is needed, may supply importers with the foreign exchange they require by means of sale on the stock exchange at a specified rate, reserving the right not to furnish the foreign exchange previously arranged for until the production of vouchers showing the date on which payment falls due for which the foreign exchange has been requested. The conditions and formalities governing such transactions shall be fixed by the Banking Office.

Article 10.—For the transfer of foreign exchange for an amount in excess of that specified in Article 5, paragraph 2, and its use for purposes other than those enumerated in Articles 6 and 7 (for instance, payment of debts, purchase of securities and immovable property, acquisition of various rights abroad, purchase abroad of commodities for export to another foreign country, payment of maintenance allowances and other grants, cost of medical treatment, etc.) the authorisation of the Banking Office is necessary, and the latter may require certain conditions to be fulfilled in respect of the use of the foreign exchange so transferred.

Article 11.—1. Payments abroad by means of the foreign exchange transferred may only be effected through the “bank (Article 1)” which has registered the transfer in question.” As a rule, such payments must be made in the currency specified in the original invoice.

2. Foreign exchange transferred in accordance with Articles 6 and 7 is registered by the authorised “banks (Article 1)” under the conditions fixed by the Banking Office.

Article 12.—1. The opening of current accounts expressed in Czechoslovak crowns for private individuals or firms domiciled abroad and, in general, the opening of accounts the holders of which, whether domiciled or not in Czechoslovakia, place their orders abroad, is permitted only in the case of banks, establishments or firms authorised to deal in all bank notes and all foreign exchange (hereinafter included in the term “banks”). The “bank” is required to administer such accounts under the head “foreign account”.

2. The amounts to be freely credited to such accounts may not exceed 3,000 Czechoslovak crowns each day. Unless a permit has been previously obtained from the Banking Office, higher amounts, of whatever origin, may only be credited to any given account up to a total not exceeding 20,000 Czechoslovak crowns each day, provided always that the person concerned
supplies the “bank” with all such documents as may be necessary to prove that the payment credited to his account is the result of a legitimate business transaction. The “bank” is required to examine the documents submitted, to endorse them with the amount credited and to keep a register of such transactions in accordance with the instructions issued by the Banking Office.

3. Sums representing the value of goods imported under Czechoslovak crown import permits or declarations issued by the Ministry for Commerce (Import and Export Regulations Department) and such endorsed “value in Czechoslovak crowns to be credited by the bank”—always assuming that such permits and declarations are still valid—may only be freely credited, without restriction as to the amount, by the “bank” having registered the documents in question and the Czechoslovak crown cover resulting therefrom.

4. Sums representing the value of goods imported under import permits or declarations issued by the Ministry for Commerce (Import and Export Regulation Department), without the inclusion of a clause specifying the currency in which payment is to be made, together with sums representing the value of goods the importation of which is unrestricted, may be freely credited by the “bank” up to a total not exceeding 100,000 Czechoslovak crowns, provided that the said “bank” first verifies the documents relating thereto. It is also required to endorse such documents with the amount credited and keep a register in a form prescribed by the Banking Office. When the amounts thus credited exceed 100,000 crowns, a prior authorisation must be obtained from the Banking Office.

5. When payment in advance in Czechoslovak crowns has been authorised by the Ministry for Commerce (Import and Export Regulation Department) and when the manner in which payment is to be made has been duly indicated by the endorsement “value in Czechoslovak crowns to be credited by the bank”, the documents establishing that the goods have actually been imported must be presented to the “bank” and subsequently to the Banking Office by which payment in advance has been authorised within not more than three months of the date on which the amount was credited. In the case of payments made in advance, any subsequent cancellation of the credit must be notified to the Banking Office, together with a statement of reasons.

6. Foreign accounts may only be credited with Czechoslovak crown amounts under unexpired import permits and declarations issued by the Ministry for Commerce (Import and Export Regulation Department) with the clause “without foreign exchange” if authority has previously been obtained from the Finance Ministry (Control Department). If the import permits and declarations have not been presented to the “bank” for registration or the crediting of Czechoslovak crown amounts, such amounts may only be credited if authority has first been obtained from the Finance Ministry (Control Department).

7. Unless authority has previously been obtained from the Banking Office, Czechoslovak crown amounts representing the proceeds of the sale of securities may only be credited up to a total not exceeding 20,000 Czechoslovak crowns, provided always that the securities sold formed part of a legally deposited foreign holding—that is to say, if they have been purchased out of a foreign Czechoslovak crown account or imported from abroad and deposited under an authority obtained from the Banking Office.

8. The amount of cheques drawn by a private person of Czechoslovak nationality on a Czechoslovak “bank” and of cheques of foreign origin for sums not exceeding 3,000 Czechoslovak crowns may only be credited on the presentation to the “bank” of an authority from the Banking Office certifying that such cheques may be drawn and sent abroad. The same applies to securities, letters of credit, etc. Cheques drawn by a bank upon itself for an amount exceeding 3,000 Czechoslovak crowns must be endorsed “transferable within the country only” (or words to the same effect) unless the person or firm applying for such cheques furnishes the “bank” with an authorisation from the Banking Office authorising payment abroad by cheque.

9. Czechoslovak crown amounts resulting from arbitrage operations may not be credited unless the operation concerned has been duly authorised.

10. No restrictions are placed upon the free utilisation of the credit balances of such foreign accounts in Czechoslovak crowns.

11. Foreign accounts with national firms not authorised to deal in foreign instruments of payment or only authorised to deal in them in certain cases are deemed to be free foreign accounts for the purposes of the present decree.

12. The Banking Office is empowered to fix, from time to time and in a general way, the maximum amounts which may be credited without its prior authorisation together with the legal nature of such credits.

Article 13.—1. The Postal Cheques Office at Prague is also empowered to open Czechoslovak crown current accounts for persons or firms domiciled abroad and to accept Czechoslovak crown deposits and payments for the credit of such accounts.

2. The Banking Office fixes the maximum amounts which may be credited to such accounts without its prior authorisation and, in conjunction with the Postal Cheques Office, lays down the rules governing the control of such accounts.

Article 14.—1. Czechoslovak crown payments abroad exceeding 3,000 crowns may only be effected by transfers to a foreign account through a Czechoslovak bank (Article 12, paragraph 1) or the Postal Cheques Office. The same applies to Czechoslovak crown balances standing to the credit of foreigners as the result of compensation operations between individuals or foreign firms. The banks (Article 12, paragraph 1) effecting such transfers are required to observe the provisions of Article 12.
2. The Banking Office is empowered to authorise the payment of the amounts mentioned in paragraph 1 by means of cheques, bills of exchange or letters of credit on application by the person concerned. Such authorisation gives the person concerned the right to send the funds abroad or to have them transferred to the credit of a foreign account (Article 12, paragraph 8). The Banking Office may also approve this method of payment ex post facto.

3. Authorisation of compensation as between sums accruing from export and import issued by the Ministry for Commerce (Import and Export Regulation Department) ceases to be valid if the person concerned fails to apply to the Banking Office for the renewal of the said authorisation within thirty days of the date on which the original authorisation became effective. In the event of such renewal being refused, the Banking Office specifies at the same time during what period compensation may be continued, due regard being had to the applicant’s requirements.

Article 15.—1. Foreign exchange obtained through the export or sale of goods or securities or representing the balance of compensation operations, together with sums representing the remuneration of work done for a foreigner in Czechoslovakia, etc. (export funds), must be handed over to the Banking Office immediately on their receipt—that is to say, as soon as the persons concerned have been notified that such sums have been placed to their account with a foreign credit establishment or that the letter of credit in respect of the payment of the said sum in advance into a Czechoslovak “bank (Article 1)” has been released. Export funds may be handed over to the Banking Office either directly or through any “bank (Article 1)” in accordance with the terms to be fixed.

2. The Banking Office is empowered, as far as the instruments of payment of certain countries or certain categories of exports are concerned, as an exception, to dispense with the obligation laid down in the preceding paragraph, either in general—that is to say, by stating that, until further orders, the recipient of such payments may dispose of them freely within the limits permitted by the present decree—or conditionally—that is to say, by stipulating that, as soon as the payees have received the foreign funds, they must cause them to be transferred to any “bank (Article 1)” to the credit of a special securities account with the right to leave them on deposit in that account and to sell them at any moment to the “bank (Article 1)”.

3. Operations in foreign instruments of payment which have thus been set free remain subject to the provisions of the present decree; but the exporters may not dispose of their securities account abroad through the “bank (Article 1)” in which the account has been opened, except for purposes and within limits laid down by the present decree.

4. Available funds abroad arising out of other transactions than the export or sale of goods or securities, for instance credits in which the debtor is entitled to dispose freely of the values credited, the transfer of inheritance, the realisation of profits obtained by the sale of speculative values of any kind on foreign stock exchanges, payments to authors, royalties granted on a patent, licences, etc., must be remitted to the Banking Office direct or through a “bank (Article 1)” within fourteen days after the said funds have been effectively liquidated. The Banking Office is empowered from time to time to fix the limit of the amounts and the categories of available funds for which the obligation of transfer is annulled. The present provisions do not apply to the available funds actually belonging to the “banks (Article 1)” arising out of credits, legal arbitration transactions or the sale of securities from the holdings of the “banks (Article 1)” themselves, the export of which has been authorised by the Banking Office.

5. Instruments of payment arising out of funds dispatched by emigrants, in so far as such funds are not claimed by the Banking Office, may be sold freely, either on the Stock Exchange or privately. The payment of such transfers in the original currency or by means of a cheque drawn in that currency is permitted as an exception, but only with the consent of the Banking Office.

Article 16.—1. When goods have been sold abroad for Czechoslovak crowns, the exporter must cause the value to be transferred to a Czechoslovak “bank (Article 1)” which enters the transferred funds in a special register, mentioning the amounts received, and the name and address of the payee, and sends a monthly return to the Control Service of the Ministry for Finance. The above-mentioned obligation does not apply if it is duly established that the payment sent to Czechoslovakia in Czechoslovak crowns has been made in cash.

2. The above-mentioned obligation also applies to sums remaining on credit balances of Czechoslovak firms received as a result of compensation operations with foreign countries.

Article 17.—1. The conclusion of credits abroad in foreign currency is free, as is also the guarantee of a Czechoslovak firm abroad.

2. The conclusion of credits abroad in Czechoslovak crowns, with the exception of credits in Czechoslovak crowns relating to goods taken on credit, is subject to the previous authorisation of the Banking Office.

3. Funds produced by credits in foreign currency can only be freely used in case the credit obtained does not provide the Czechoslovak debtor with available funds coming under the transfer obligation in accordance with the provisions of Article 15, penultimate paragraph.
4. The purchase of Czechoslovak crowns to cover credits concluded abroad in foreign currency requires an authorisation in advance from the Banking Office.

5. It is prohibited, without a permit from the Banking Office, to conclude credits abroad against the pledging of Czechoslovak crowns or transferable securities quoted on the Prague Exchange or to negotiate contango transactions of any kind whatever in which Czechoslovak crowns or transferable securities quoted on the Prague Exchange are used.

6. The grant of credits to establishments, firms or private persons abroad in Czechoslovak crowns or in foreign currency in any form whatever (e.g., commercial credits, advances on bonds or on the pledging of other securities, provisional credits such as postal credits, credits on despatch advices, cheques, letters of credit issued abroad on an establishment or national firm to the debit of a foreign account showing a deficit, etc.) is only permitted up to 20,000 Czechoslovak crowns; for higher amounts, a permit from the Banking Office is required. Credits exceeding 10,000,000 Czechoslovak crowns can only be granted with the consent of the Ministry for Finance.

7. The grant of credits to foreign countries in any currency whatever in the form of the export of goods (sale on credit) is free. On payment, the funds must be remitted to the Banking Office as export values.

8. As regards the businesses in Czechoslovakia of foreign companies or firms which cannot be assimilated to independent civil persons in accordance with the national legal rules, the grant of credits is subject to the same restrictions as are imposed on foreigners. The credits granted may not be allocated to the purchase of foreign instruments of payment except within the limits of the requirements of the firm established in Czechoslovakia.

9. The Minister for Finance reserves the right to fix from time to time, on the advice of the Banking Office, the maximum amount to which the granting of credits in Czechoslovak crowns or foreign currencies to establishments, firms, or private persons abroad remains free, and the manner in which such credits shall be granted; he is also empowered, when economic conditions so require, to allow "banks (Article 1)" to grant credits abroad in the form of instruments of payment against the hypothecation of Czechoslovak crowns or securities negotiated on the Prague Stock Exchange, and to perform any carry-over operations.

**Article 18.—1.** The credit sale of foreign instruments of payment without authorisation from the Banking Office is prohibited.

2. The Banking Office is empowered to give authority for a credit sale in any individual case at the request of the persons concerned. It is also empowered to grant a general authorisation for credit sales on receipt of a reasoned individual application, provided that the volume or nature of the applicant’s business justifies such authorisation and that the applicant binds himself:

(1) To declare the credit sale immediately to the Banking Office, stating the amount in foreign currency sold, the date of payment and the "bank (Article 1)" with which the sale was negotiated;

(2) To deliver to the Banking Office without delay, as export securities, the foreign exchange derived from such sale or acquired in consequence of a direct credit to a foreign country for the same purpose;

(3) Not to effect any credit sales beyond the amount necessitated by his business, and only at a time corresponding to that at which payments are expected from abroad;

(4) To produce full documentary evidence of the liquidation of the transaction in respect of which the credit sale was effected, etc.;

(5) To desposit with the Banking Office as surety for the observance of the provisions of paragraphs 1 to 4 an amount fixed by the Office either in cash or in public stock or in the form of a deposit account book, at the same time stating his agreement that the surety shall be forfeit to the State without appeal in the event of any infringement of those provisions. The surety in question may also be furnished in the form of a banker’s guarantee.

3. The repurchase of export securities sold on credit will not be permitted by the Banking Office unless the credit sale was duly declared and unless it is indisputably established that the goods have been exported against Czechoslovak crowns and not against the currency sold on credit, or unless exportation has not taken place (cancellation); the profit on such credit sales accrues by law to the Banking Office, but the latter may, in exceptional cases, refrain from collecting it.

4. When payment has been made in a currency other than that sold on credit, the funds sent may be converted by arbitrage into the currency sold on credit, but this may only be done through a "bank (Article 1)".

5. The Banking Office reserves the right, when economic conditions so require, not to insist upon the strict observance of the provisions of paragraph (2), Nos. 1 to 5, or to enforce them with lesser severity, to allow credit sales in general, or to withdraw from the various firms the general authorisation for credit sales previously given, should such action be considered expedient.

**Article 19.—1.** The export of Czechoslovak Treasury notes and coin, gold, silver and platinum in ingots, bank-notes, Treasury notes and gold and silver coin of the former Austro-Hungarian Empire or of other foreign States, cheques, letters of credit, bills of exchange and drafts, made out in Czechoslovak crowns or in foreign currencies, and of Czechoslovak and foreign negotiable securities, may not take place without the consent of the Banking Office, which will from time to time specify the classes of security in respect of which an exception may be made to this rule up to a given amount.
2. The importation of negotiable securities, gold, silver and platinum in ingots, foreign instruments of payment and Czechoslovak crowns is, in principle, free. The passport control officers at the frontier, or the Customs officers when they act as passport control officers, must, if requested by the importers, record on sheets prepared by the latter the securities and instruments of payment imported.

3. The Minister for Finance is empowered to prohibit the importation of certain classes of instruments of payment.

Article 20.—I. Travellers will not be permitted to take beyond the frontiers of Czechoslovakia in any one month a greater amount in Czechoslovak Treasury notes and coin or in foreign instruments of payment.

2. The assignment of foreign instruments of payment to persons proceeding abroad must be registered by the “bank (Article 1)” concerned, in a form to be prescribed by the Banking Office.

3. The provisions of this article do not apply to relations of local concern between the populations of frontier districts when the volume and form of such relations are consonant with the normal economic needs of the population. The facilities to be granted in such cases will be separately prescribed.

4. The transit of instruments of payment is free. If, however, a traveller entering Czechoslovakia is in possession of funds of such an amount that their export requires authorisation from the Banking Office, he must apply to the frontier control officers (passport control officers or Customs officers) for a certificate stating the instruments of payment in his possession.

5. In the case of negotiable securities, any person wishing to ensure their free transit must request the aforesaid officers to confirm the details of the securities exported on a sheet to be prepared by him for the purpose.

Article 21.—I. The Banking Office shall from time to time fix the amounts that may be despatched per day for account of a single person, without previous authorisation, in the form of postal orders or in Czechoslovak Treasury notes and coin or in foreign currencies.

2. Individuals may not despatch abroad cheques, letters of credit, bills of exchange, drafts or other instruments of payment made out in foreign currencies, beyond an amount to be fixed from time to time by the Banking Office; the Office is empowered to grant “banks (Article 1)” a general authorisation to despatch such instruments of payment.

3. It is prohibited to send Czechoslovak or foreign securities abroad without authorisation from the Banking Office.

Article 22.—The Banking Office is empowered, when public interest so demands, to require “banks (Article 1)” at any moment to deliver to it the instruments of payment held by them either for their own account or on deposit for their customers (Article 15) for sale on the Prague Stock Exchange at the current rate.

Article 23.—I. For the sole purpose of ensuring the observance of the provisions of this decree, the Ministry for Finance (Control Service) is empowered to inspect the books, statements and all other records of banks, credit establishments, firms and private persons, and to secure expert assistance in such inspection or to entrust certain measures of inspection to other bodies. The agents of the Control Service of the Ministry for Finance shall retain, in the performance of such control, all the rights vested in them under the Government decree of March 1st, 1919, No. 99 of the Collection of Laws and Decrees.

2. The Finance Minister may also entrust this inspection to the Banking Office itself; in this case, the agents of the Banking Office appointed for this purpose possess all the rights conferred in this connection on the agents of the Finance Ministry (Control Service).

3. Banks, credit establishments and firms, as well as any private persons concerned, must furnish the control agents with all explanations they may require and show them all the necessary papers and documents. They are entitled, however, to require the presence at the official inspection, together with the expert appointed by the authorities, of a second expert appointed by themselves, whose expenses they shall defray.

Article 24.—The Banking Office may request the “banks (Article 1)” and, if necessary, the authorised intermediary agents (Article 3) to submit to it, either periodically or in individual cases, a special schedule of the transactions of which they are obliged to keep a record in the exercise of the functions they are entitled to perform in virtue of the present decree.

Article 25.—The authorities issuing permits for the export and import of goods must communicate to the Finance Ministry (Control Service) all figures concerning import and export permits and declarations.

Article 26.—I. Breaches of the provisions of the present decree, when they do not render the offender liable to the penalties laid down in Article 1 of the Law of December 14th, 1923, (No. 7 of the Collection of Laws and Decrees, of 1924), or when they do not render him amenable to penal laws providing more severe penalties, are to be dealt with by the financial authorities of the first instance and be punishable by fines varying between 100 and 500,000 crowns.