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Foreign
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1946

Volume IV

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Foreign Relations
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United States
1946

Volume IV

Paris Peace Conference:
Documents



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PREFACE

This volume, comprising documents generated by the Paris Peace Conference, was compiled and edited under the direct supervision of S. Everett Gleason, Chief of the Foreign Relations Division.

The compiler of the volume was Neal H. Petersen who was assisted by William Slany.

A companion volume, covering the proceedings of the Conference, appears as Volume III in the "Foreign Relations" series for 1946.

The Publication and Reproduction Services Division (Jerome H. Perlmutter, Chief) was responsible for the technical editing of this volume.

WILLIAM M. FRANKLIN
*Director, Historical Office,
 Bureau of Public Affairs*

JANUARY 2, 1970

PRINCIPLES FOR THE COMPILATION AND EDITING OF "FOREIGN RELATIONS"

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 2 FAM 1350 of June 15, 1961, a revision of the order approved on March 26, 1925, by Mr. Frank B. Kellogg, then Secretary of State. The text of the regulation, as further amended, is printed below:

1350 DOCUMENTARY RECORD OF AMERICAN DIPLOMACY

1351 *Scope of Documentation*

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

1352 *Editorial Preparation*

The basic documentary diplomatic record to be printed in *Foreign Relations of the United States* is edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record is guided by the principles of historical objectivity. There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
- d. To avoid giving needless offense to other nationalities or individuals.
- e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department before the decision was made.

1353 *Clearance*

To obtain appropriate clearances of material to be published in *Foreign Relations of the United States*, the Historical Office:

- a. Refers to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
- b. Refers to the appropriate foreign governments requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.

INTRODUCTION

The Paris Conference of twenty-one nations, which met from July 29 to October 15, 1946, convened in accordance with the decision made by the Council of Foreign Ministers at Moscow, December 16–December 26, 1945, to provide the other Allied nations with an opportunity to express their views on the draft peace treaties for Italy, Rumania, Bulgaria, Hungary and Finland. The Conference was charged with considering and recommending changes in the draft treaties which had been prepared by the Council of Foreign Ministers during its sessions at London and Paris, January 18–July 12, 1946.

Volumes III and IV of *Foreign Relations* for 1946 contain documentation on the Paris Peace Conference. Volume III, "Proceedings," includes accounts of the various bodies of the Conference, of the Council of Foreign Ministers and their Deputies during the period of the Conference, and memoranda of conversation. The present volume contains the draft treaties submitted to the Conference by the Council of Foreign Ministers, amendments proposed by delegations, written observations by ex-enemy states, administrative and procedural documentation, United States diplomatic correspondence and memoranda, commission reports on Trieste by a special CFM commission and by the Conference Subcommittee on Trieste, and final Conference recommendations.

For a more detailed description of the scope and organization of the coverage of the Paris Peace Conference provided in *Foreign Relations*, see the introduction to volume III. That introduction also contains information regarding documentation previously published on the Conference. Volume III also includes the following introductory items which are of interest in connection with volume IV: a list of the United States Delegation, a list of persons mentioned in volumes III and IV, a list of abbreviations, and a key to document symbols.

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The index for this volume and volume III is printed in volume III.

I. DRAFT PEACE TREATIES WITH ITALY, RUMANIA, BULGARIA, HUNGARY, AND FINLAND

DRAFT PEACE TREATY WITH ITALY, PREPARED BY THE COUNCIL
OF FOREIGN MINISTERS, PALAIS DU LUXEMBOURG, PARIS, JULY 18,
1946

CFM Files

*Draft Peace Treaty With Italy*¹

PREAMBLE

The U.S.S.R., U.K., U.S.A., China, France, Australia, Belgium, Byelorussian S.S.R., Brazil, Canada, Czechoslovakia, Ethiopia, Greece, India, the Netherlands, New Zealand, Poland, Ukrainian S.S.R., Union of South Africa and Yugoslavia, hereinafter referred to as the Allied and Associated Powers of the one part, and Italy of the other part:

Whereas Italy under the Fascist regime became a party to the Tripartite Pact with Germany and Japan, declared a war of aggression and entered into war with all the Allied and Associated Powers and with other United Nations, and bears her share of responsibility for the war; and

Whereas, under the pressure of military events, the Fascist regime in Italy was overthrown on July 25, 1943, and Italy surrendered unconditionally and accepted terms of Armistice signed on September 3 and 29 of the same year;² and

Whereas after the said Armistice Italian armed forces took an active part in the war against Germany and Italy declared war on Germany as from October 13, 1943, and thereby became a co-belligerent against Germany; and

Whereas the Allied and Associated Powers and Italy are respectively desirous of concluding a treaty of peace which will form the basis of friendly relations between them and settle questions still outstanding as a result of the events hereinbefore recited, thereby enabling the Allied and Associated Powers to support Italy's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations;

¹ The table of contents and the list of annexes in the source text are not printed here.

² Department of State Treaties and Other International Acts Series (TIAS) No. 1604.

Have therefore agreed to declare the cessation of the state of war and for this purpose to conclude the present Peace Treaty, and have accordingly appointed as their Plenipotentiaries.....^{2a}

who, after presentation of their full powers, found in good and due form, have agreed on the following provisions.

PART I. TERRITORIAL CLAUSES

SECTION I.—*Frontiers*

ARTICLE 1

The frontiers of Italy shall be those existing on January 1, 1938, subject to the modifications set out in articles 2, 3,.....

These frontiers are traced on the maps attached to the present treaty.

ARTICLE 2

The frontier between France and Italy, as it existed on January 1, 1938, shall be modified as follows:

1. *Little St. Bernard Pass*

The frontier shall follow the watershed, leaving the present frontier at a point about 2 kilometers Northwest of the Hospice, crossing the road about 1 kilometer Northwest of the Hospice and rejoining the present frontier about 2 kilometers Southeast of the Hospice.

2. *Mont Cenis Plateau*

The frontier shall leave the present frontier about 3 kilometers Northwest of the summit of Rochemelon, cross the road about 4 kilometers Southeast of the Hospice and rejoin the present frontier about 4 kilometers Northeast of Mont d'Ambin.

3. *Mont-Thabor-Chaberton*

1. In the Mont-Thabor area, the frontier shall leave the present frontier about 5 kilometers to the East of Mont-Thabor and run south-eastward to rejoin the present frontier about 2 kilometers West of the Pointe de Charra.

2. In the Chaberton area, the frontier shall leave the present frontier about 3 kilometers North of Chaberton, which it skirts on the East, crosses the road about 1 kilometer from the present frontier, which it rejoins about 2 kilometers Southeast of Montgenevre.

^{2a} Marks of ellipsis throughout this document occur in the source text.

4. *Upper Tinee, Vesubie and Roya Valleys*

The frontier shall leave the present frontier at Colla Lunga, shall follow along the watershed by way of Mont Clapier, Col de Tenda, Mont Marguareis whence it shall run southward by way of Mont Saccarello, Mont Vacchi, Mont Pietravecchia, Mont Lega and shall reach a point approximately 100 meters from the present frontier near Colla Pegairolle, about 5 kilometers to the Northeast of Breil; it then shall run in a southwesterly direction, and shall rejoin the present frontier at the Pas de Strafourche, at about 6 kilometers Southeast of Sospel.

ARTICLE 3

Frontier Between Italy and Yugoslavia

1. The Council of Foreign Ministers agreed that all territory east of the line known as the French line shall be ceded by Italy to Yugoslavia and that the Free Territory of Trieste shall be constituted within the French line bounded on the north by a line drawn from Duino to the French line.

2. U.S. proposal (not yet discussed by the Council of Foreign Ministers) :

The boundary between Yugoslavia and Italy shall follow a line that extends from the junction of the boundaries of Austria, Italy and Yugoslavia as they existed on January 1, 1938, southward along the boundary of 1938 between Yugoslavia and Italy to the junction of that boundary with the boundary between the Italian provinces of Friuli (Udine) and Gorizia;

The line follows the boundary between the Italian provinces of Friuli and Gorizia in a southwesterly direction, passing Monte Mangart (2678) Predil Pass, to Monte Canin (2635);

From Monte Canin, the line continues along the boundary between the Italian provinces of Friuli and Gorizia to a point approximately 0.5 kilometer North of the village of Mernico in the valley of the Iudrio;

Leaving the provincial boundary at this point, the line extends eastward to a point approximately 0.5 kilometer West of the village of Verceglia di Cosbana, and thence southward between the valleys of the Quarnizzo and the Cosbana to a point approximately 1 kilometer Southwest of the village of Fleana, leaving within Yugoslavia the road from Cosbana via Nebola to Castel Dobra;

The line then continues to the Southeast passing approximately 0.7 kilometer South of the town of Vipulzano, leaving the villages of Medana and Cero di sotto within Yugoslavia;

Passing about 0.5 kilometer North of the town of San Floriano, the line extends to Monte Sabotino (610), leaving the town of Poggio San Valentino within Yugoslavia;

The line then extends southward across the Isonzo River, leaving the town of Salcano within Yugoslavia, and passes approximately 2.2 kilometers East of the centre of the city of Gorizia, leaving the highway from Salcano to Aisovissa within Yugoslavia and the town of San Pietro within Italy;

From a point immediately southeast of the town of San Pietro the line extends southwestward to a point between the town of Merna and Highway No. 55, from Gorizia to Trieste, leaving the towns of Vertoiba and Merna within Yugoslavia;

Thence the line continues in a southerly direction across the karst upland approximately 1 kilometer East of Highway No. 55, leaving the village of Opacchiasella in Yugoslavia and the village of Iamiano nuovo in Italy; and from a point approximately 1.3 kilometer East of Iamiano nuovo the line follows the boundary between the Italian provinces of Gorizia and Trieste to its junction with the boundary of the Free Territory of Trieste approximately 2 kilometers Northeast of the village of San Giovanni.

ARTICLE 4

Frontier Between Italy and the Free Territory of Trieste

1. The Council of Foreign Ministers agreed that all territory East of the line known as the French line shall be ceded by Italy to Yugoslavia and that the Free Territory of Trieste shall be constituted within the French line bounded on the North by a line drawn from Duino to the French line.

2. U.S. proposal (not yet discussed by the Council of Foreign Ministers) :

The boundary between the Free Territory of Trieste and Italy shall follow a line that extends from a point on the boundary between the Italian provinces of Gorizia and Trieste approximately 2 kilometers Northeast of the village of San Giovanni, southwestward to a point adjacent to Highway No. 14 and approximately 1 kilometer Northwest of the junction between Highways Nos. 55 and 14 from Gorizia and Monfalcone, respectively, to Trieste;

The line then extends in a southerly direction to a point, in the Gulf of Panzano, equidistant from Punta Sdobba at the mouth of the Isonzo River and Castello Vecchio at Duino, departing from the coastline approximately 2 kilometers West of the town of Duino;

The line then reaches the high seas by following a line placed equidistant from the coastlines of Italy and the Free Territory of Trieste.

ARTICLE 5

The exact line of the new frontiers laid down in Articles 2, 3, 4 . . . of the present Treaty shall be determined on the spot by Boundary Commissions composed of the representatives of the two Governments concerned.

The Commissions will commence their duties immediately on the coming into force of the present Treaty, and shall complete them as soon as possible and in any case within a period of six months.

Any questions which the Commissions are unable to agree upon will be referred to the four Ambassadors acting as provided in Article 75 for final settlement by such methods as they may determine, including, where necessary, the appointment of an impartial third Commissioner.

The expenses of the Boundary Commissions will be borne in equal charges by the two Governments concerned.

U.S. proposal (not yet discussed by the Council of Foreign Ministers).

1. *Addition to first paragraph:*

For the purposes of demarcating on the spot the boundary of the Free Territory of Trieste with Italy on the one hand and with Yugoslavia on the other hand, a third Commissioner shall be appointed to the Boundary Commission by the Security Council of the United Nations to represent that body.

2. *Revision of third paragraph:*

. . . appointment of an impartial additional Commissioner.

3. *Addition to the fourth paragraph:*

. . . and, in regard to the Commission to determine the boundary for the Free Territory of Trieste, by the two Governments concerned and by the Security Council of the United Nations.

4. *Additional paragraph:*

For the purpose of determining on the spot the boundaries of Italy with Yugoslavia and with the Free Territory of Trieste and of the Free Territory of Trieste with Yugoslavia, the Commissioners shall be allowed to depart 0.5 kilometer from the line laid down in the present Treaty in order to adjust the boundary to local geographical and economic conditions, except where the line follows Italian provincial boundaries and provided that no village or town of more 500 inhabitants, no important railroads or highways, and no major power or water supply are placed under a sovereignty contrary to the delimitations laid down in the present Treaty.

SECTION II.—*France* (Special Clauses)

ARTICLE 6

Italy hereby cedes to France in full sovereignty the former Italian territory situated on the French side of the Franco-Italian frontier defined in Article 2.

ARTICLE 7

The Italian Government undertakes to hand over to the French Government all archives, historical or administrative, prior to 1860 and which concern the territory ceded to France under the Treaty of March 24, 1860, and the convention of August 23, 1860.

ARTICLE 8

The Italian Government undertakes to co-operate with the French Government in the possible establishment of a railway connection between Briançon and Modane, via Bardonneche. The necessary arrangements shall be concluded in due time between the two Governments.

The Italian Government undertakes to authorize, free of customs duty and inspection, passport and other such formalities, the passenger and freight railway traffic travelling on the connection thus established, through Italian territory, from one point to another in France, in both directions; furthermore, to take all necessary measures to ensure that the French trains using the said connections are allowed to pass, under the same conditions, duty free and without unjustifiable delay.

ARTICLE 9

1. Plateau of Mont Cenis

In order to secure to Italy the same facilities as Italy enjoyed in respect of hydro-electric power and water supply from the Lake of Mont Cenis before cession of the district to France, the latter shall give Italy under a bilateral agreement the technical guarantees set out in Annex 2.

2. The Tenda-Briga District

In order that Italy should not suffer any diminution in the supplies of electric power which Italy has drawn from sources existing in the Tenda district before its cession to France, the latter shall give Italy under a bilateral agreement the technical guarantees set out in Annex 2.

SECTION III.—*Austria* (Special Clause)

ARTICLE 10

Italy shall enter into or confirm arrangements with Austria to guarantee free movement of passenger and freight traffic between the North and East Tyrol.

SECTION IV.—*Yugoslavia* (Special Clause)

ARTICLE 11

1. Italy hereby cedes to Yugoslavia in full sovereignty the territory situated between the new frontiers of Yugoslavia as defined in Articles 3 and 16 and the Italo-Yugoslav frontier as it existed on January 1, 1938, as well as the commune of Zara and all islands and adjacent islets lying within the following areas:

a. The area bounded:

On the North by the parallel of 42°50' N.;

On the South by the parallel of 42°42' N.;

On the East by the Meridian of 17°10' E.;

On the West by the Meridian of 16°25' E.

b. The area bounded:

On the North by the parallel 45°12' N.;

On the South by the parallel 44°23' N.;

On the West by a line joining the following points:

(i) 45°12' N., 14°17'30'' E.;

(ii) 44°40' N., 14°9'10'' E.;

(iii) 44°23' N., 14°18'30'' E.

On the East by the islands and mainland of Yugoslavia.

2. Italy hereby cedes to Yugoslavia in full sovereignty the island of Pelagosa and the adjacent islets.

The island of Pelagosa shall remain demilitarized.

Italian fisherman shall enjoy the same rights in Pelagosa and the surrounding waters as were enjoyed by Yugoslav fishermen prior to April 6, 1941.

SECTION V.—*Greece* (Special Clause)

ARTICLE 12

Italy hereby cedes to Greece in full sovereignty the Dodecanese Islands. These Islands shall be and shall remain demilitarized.

The procedure and the technical conditions governing the transfer

of these islands to Greece will be determined by agreement between the Governments of the United Kingdom and Greece and arrangements shall be made for the withdrawal of foreign troops not later than 90 days from the date of coming into force of the present Treaty.

SECTION VI.—*Nationality [and Civic Rights]*^{2b} in Ceded Territories

ARTICLE 13

1. Italian citizens who were domiciled on June 10, 1940 in territory transferred by Italy to another State under the present Treaty shall, except as provided in the following paragraph, become citizens with full civil and political rights of the State to which the territory is transferred in accordance with legislation to be introduced to that effect by that State within three months of the coming into force of the present Treaty. Upon becoming citizens of the State concerned, they shall lose their Italian citizenship.

2. The Government of the State to which the territory is transferred shall by appropriate legislation within three months of the coming into force of the present Treaty provide that all persons mentioned in paragraph 1 over the age of eighteen years (or married persons whether under or over that age) whose customary language is Italian, shall be entitled to opt for Italian citizenship within a period of one year from the coming into force of the present Treaty. Any person so opting shall retain Italian citizenship and shall not be considered to have acquired the citizenship of the State to which the territory is transferred.

The option of the husband shall not constitute an option on the part of the wife. Option on the part of the father, or, if the father is not alive, on the part of the mother, shall, however, automatically include all unmarried children under the age of eighteen years.

3. The State to which the territory is transferred may require those who take advantage of the option to move to Italy within a year from the date when the option was exercised.

U.S. proposal:

4. *The State to which the territory is transferred shall take all measures necessary to secure to all persons within the territory, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political opinion and of public meeting.*

^{2b} Bracketed addition appears in the source text.

PART II. POLITICAL CLAUSES

SECTION I.—*General Clauses*

ARTICLE 14

Italy shall take all measures necessary to secure to all persons under Italian jurisdiction, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political opinion and of public meeting.

ARTICLE 15

Italy undertakes to recognise the full force of the Treaties of Peace with Roumania, Bulgaria, Hungary and Finland and other agreements or arrangements which have been or will be reached by the Allied and Associated Powers in respect of Austria, Germany and Japan for the restoration of Peace.

SECTION II.—*Free Territory of Trieste*

ARTICLE 16

I.

The Council of Foreign Ministers agreed :

1. That all territory East of the line known as the French line shall be ceded by Italy to Yugoslavia and that the Free Territory of Trieste shall be constituted within the French line bounded on the North by a line drawn from Duino to the French line.

2. The integrity and independence of this Free Territory shall be assured by the Security Council of the United Nations.

3. A special Commission, representing the Four Powers of the Council, shall be immediately appointed to consult with representatives of Yugoslavia and Italy, and to examine the whole subject and present preliminary suggestions to the Peace Conference.

4. The permanent Statute shall be submitted to the approval of the Security Council which will report to the General Assembly of the United Nations in accordance with Article 15 of the United Nations Charter.

5. Recommendations for a provisional government and for the formation of a permanent statute shall be made by the Peace Conference of the 21 nations, in accordance with the procedure adopted at the Moscow Conference.

6. The provisional government and the permanent Statute shall preserve the following general principles:

1. The Governor shall be appointed by the Security Council after consultation with Yugoslavia and Italy;
2. Legislative and executive authority shall be established on democratic lines including universal suffrage;
3. Rights of citizens shall be protected in respect to human rights and fundamental freedoms, particularly including religion, language, press, schools and access to public services;
4. Annual reports shall be submitted by the Governor to the Security Council.

II.

NOTE.—The following proposals have not yet been discussed and should be considered only as suggestions of individual delegations:

A. United Kingdom proposal:

Italy renounces her sovereignty over the territory lying between the Adriatic coast and the boundaries defined in Article 4 and . . . as being the boundaries between the Free Territory of Trieste and Italy and Yugoslavia respectively. This territory is hereby constituted the Free Territory of Trieste and shall be governed in accordance with the terms of the Statute in Annex . . . after it has been approved by the Security Council of the United Nations. Upon such approval this statute shall be considered as an integral part of the present Treaty.

B. United States proposal:

1. *Boundary between the Free Territory of Trieste and Italy*

The boundary between the Free Territory of Trieste and Italy shall follow a line that extends from a point on the boundary between the Italian provinces of Gorizia and Trieste approximately 2 kilometers Northeast of the village of San Giovanni, southwestward to a point adjacent to Highway No. 14 and approximately 1 kilometer Northwest of the junction between Highways Nos. 55 and 14 from Gorizia and Monfalcone, respectively, to Trieste:

The line then extends in a southerly direction to a point, in the Gulf of Panzano, equidistant from Punta Sdobba at the mouth of the Isonzo River and Castello Vecchio at Duino, departing from the coastline approximately 2 kilometers West of the town of Duino;

The line then reaches the high seas by following a line placed equidistant from the coastlines of Italy and the Free Territory of Trieste.

2. *Boundary between the Free Territory of Trieste and Yugoslavia*

The boundary between the Free Territory of Trieste and Yugoslavia shall follow a line that extends from a point on the boundary between the Italian provinces of Gorizia and Trieste, approximately 2 kilo-

meters Northeast of the village of San Giovanni, southeastward along this boundary to Monte Lanaro (546) and thence in a southeasterly direction to Monte Cocusso (667), crossing Highway No. 58 from the city of Trieste to Sesana approximately 3.3 kilometers West of the town of Sesana and leaving the villages of Vegliano and Orle within Yugoslavia;

Crossing the railroad from Trieste to Cosina, the line extends to Monte Carso (456), and continues in a southerly direction following the boundary between the Italian provinces of Trieste and Istria to a point approximately 0.7 kilometer southwest of the town of San Servola;

Thence the line continues southward to Monte San Antonio (355), crossing the Risano River approximately 0.3 kilometer West of the village of Risano and leaving the towns of Osposo and Rosario within Yugoslavia;

The line then extends to a point approximately 0.5 kilometer East of the village of Cernova, crossing the Gragogna River approximately 1 kilometer North of that village and leaving the villages of Bucciani and Truscola within Italy and the village of Terseco within Yugoslavia, and thence it continues in a southwesterly direction Southeast of the road between the villages of Cernova and Chervoi leaving this road approximately 0.8 kilometer East of the village of Cucciani and thence in a south-southwesterly direction passing about 0.5 kilometer East of Monte Braico and about 0.4 kilometer West of the village of Sterna Filaria, reaching the Quieto River at a point approximately 1.6 kilometer South of the town of Castagna, passing about 0.4 kilometer West of the town of Piemente and about 0.5 kilometer East of the town of Castagna;

Thence the line follows the principal and improved channel of the Quieto to its mouth and extends through the Porto del Quieto to the high seas by following a line placed equidistant from the coastlines of the Free Territory of Trieste and Yugoslavia.

The United States Delegation proposes the following texts as an alternative to the two paragraphs beginning "thence the line continues southward to Monte San Antonio (355) . . ." in its previous proposal for the definition of the boundary between the Free Territory of Trieste and Yugoslavia:

Following the crests of westward facing escarpments southeastward to a point approximately 0.5 kilometer East of Besovizza, the line then bears westward to a point 0.5 kilometer North of Monte San Antonio (355), leaving the village of Santa Maria del Risano about 0.5 kilometer to the North of the line within Italy and the town of Covedo about 0.5 kilometer to the South of the line within Yugoslavia;

The line then continues southwestward to a point approximately 0.6 kilometer Northwest of the village of Chermi, roughly paralleling and lying about 0.6 kilometer Northwest of the road from Maresego through Duori and thence extends Southeast to a point 0.5 East of the town of Cernova, leaving the town of Boste within Italy and the town of Truscolo with [within] Yugoslavia;

Thence the line continues in a southwesterly direction Southeast of the road between the villages of Cernova and Chervoi leaving this road approximately 0.8 kilometer East of the village of Cucciani and thence in a South-southwesterly direction passing about 0.5 kilometer East of Monte Braico and about 0.4 kilometer West of the village of Sterna Filaria, reaching the Quieto River at a point approximately 1.6 kilometer South of the town of Castagna, passing about 0.4 kilometer West of the town of Piedmonte and about 0.5 kilometer East of the town of Castagna.

3. Guarantees

Italy and Yugoslavia undertake to give to the Free Territory of Trieste the guarantees set out in Annex 9.

SECTION III.—*Italian Colonies*

ARTICLE 17

1. Italy renounces all right and title to the Italian territorial possessions in Africa, i.e. Libya, Eritrea and Italian Somaliland.

2. Pending their final disposal, the said possessions shall continue under their present administration.

3. The final disposal of these possessions shall be determined jointly by the Governments of the U.S.S.R., U.K., U.S.A. and France within one year of the coming into force of the present Treaty, in the manner laid down in the joint declaration of (date) issued by the said Governments.

SECTION IV.—*Special Interests of China*

ARTICLE 18

Italy renounces in favour of China all benefits and privileges resulting from the provisions of the final Protocol signed at Peking on September 7, 1901,³ and all annexes, notes and documents supplementary thereto, and agrees that the said protocol, annexes, notes and documents shall be abrogated in respect of Italy. Italy likewise renounces any claim thereunder to an indemnity.

³ Department of State Treaty Series No. 397.

ARTICLE 19

Italy agrees to the abrogation of the lease from the Chinese Government under which the Italian concession at Tientsin is now held, and to the transfer to the Chinese Government of any documents belonging to the Archives of the Concession which are still in Italian possession.

ARTICLE 20

Italy renounces in favour of China the rights accorded to Italy in relation to the International Settlements at Shanghai and Amoy, and agrees that the said Settlements shall revert to the administration and control of the Chinese Government.

SECTION V.—*Albania*

ARTICLE 21

Italy recognises and undertakes to respect the sovereignty and independence of the State of Albania.

ARTICLE 22

Italy recognises that the Island of Saseno is part of the territory of Albania and renounces all claims thereto.

ARTICLE 23

Italy formally renounces in favour of Albania all property (apart from normal diplomatic and consular premises), rights, interests and advantages of all kinds in Albania acquired by the Italian State, whether before or after 1939. Italy also renounces all claims to special interests or influence in Albania.

ARTICLE 24

Italian nationals in Albania will enjoy the same juridical status as other foreign nationals, but Italy recognises the legality of all Albanian measures annulling or modifying concessions or special rights granted to Italian nationals provided that such measures are taken within a year from the coming into force of the present Treaty.

ARTICLE 25

Italy recognises that all agreements and arrangements made between Italy and the authorities in Albania installed by Italy from April 1939 to September 1943 are null and void.

ARTICLE 26

Italy recognises the legality of any measures which Albania may consider it necessary to take to confirm or give effect to the preceding provisions.

SECTION VI.—*Ethiopia*

ARTICLE 27

Italy recognises and undertakes to respect the sovereignty and independence of the State of Ethiopia.

ARTICLE 28

Italy formally renounces in favour of Ethiopia all property (apart from normal diplomatic or consular premises), rights, interests and advantages of all kinds acquired at any time in Ethiopia by the Italian State.

Italy also renounces all claim to special interests or influence in Ethiopia.

ARTICLE 29

Italy recognises the legality of all measures which the Government of Ethiopia has taken or may thereafter take in order to annul Italian measures respecting Ethiopia taken after October 3, 1935 and the effects of such measures.

ARTICLE 30

Italian nationals in Ethiopia will enjoy the same juridical status as other foreign nationals, but Italy recognises the legality of all measures of the Ethiopian Government annulling or modifying concessions or special rights granted to Italian nationals, provided such measures are taken within a year from the coming into force of the present Treaty.

ARTICLE 31

Italy will restore all Ethiopian works of art, religious objects and objects of historical value removed from Ethiopia to Italy since October 3, 1935.

SECTION VII.—*International Agreements*

ARTICLE 32

Italy undertakes to accept any arrangements which have been or may be agreed for the liquidation of the League of Nations and the Permanent Court of International Justice.

Italy also undertakes to accept any arrangements which have been or may be agreed for the liquidation of the International Institute of Agriculture at Rome.

ARTICLE 33

Italy hereby renounces all rights, titles and claims deriving from the mandate system, or from any undertakings given therewith, and all special rights of the Italian State in respect of any mandated territory.

ARTICLE 34

Italy recognises the provisions of the Final Act of August 31, 1945⁴ and of the Franco-British Agreement of the same date⁵ on the Statute of Tangier, as well as all provisions which may be adopted by the Signatory Powers for carrying out these instruments.

ARTICLE 35

Italy undertakes to accept and recognises any arrangements which may be made by the Allied and Associated Powers concerned for the modification of the Congo Basin Treaties with a view to bringing them into accord with the Charter of the United Nations.

ARTICLE 36

Italy hereby renounces any rights and interests she may possess by virtue of Article 16 of the Treaty of Lausanne signed on July 24, 1923.⁶

SECTION VIII.—*Bilateral Treaties*

ARTICLE 37

1. Each Allied or Associated Power will notify Italy, within a period of six months of the coming into force of the present Treaty, which pre-war bilateral treaties it desires to keep in force or revive. Any provisions not in conformity with the present Treaty shall however be deleted from the above-mentioned Treaties.

2. All Treaties so notified will be registered with the Secretariat of the United Nations in accordance with Article 102 of the United Nations Charter.

3. All Treaties not so notified are to be regarded as abrogated.

⁴ Department of State *Bulletin*, October 21, 1945, p. 613.

⁵ *Ibid.*, p. 616 or 98 United Nations Treaty Series 250.

⁶ For text, see *British and Foreign State Papers*, vol. cxvii, p. 543.

PART III. WAR CRIMINALS

ARTICLE 38

1. Italy shall take the necessary steps to ensure the apprehension and surrender for trial of:

a. Persons accused of having committed, ordered, or abetted war crimes and crimes against peace or humanity;

b. Nationals of the Allied and Associated Powers accused of having violated their national law by treason or collaboration with the enemy during the war.

2. At the request of the United Nations Government concerned, Italy will likewise make available as witnesses persons within its jurisdiction, whose evidence is required for the trial of the persons referred to in paragraph 1 of this Article.

3. Any disagreement concerning the application of the provisions of paragraphs 1 and 2 of this Article shall be referred by any of the Governments concerned to the Ambassadors in Rome of the U.S.S.R., U.K., U.S.A. and France, who will reach agreement with regard to the difficulty.

PART IV. NAVAL, MILITARY AND AIR CLAUSES

SECTION I.—*Duration*

ARTICLE 39

Each of the military, naval and air clauses of the present Treaty will remain in force until modified in whole or in part by agreement between the Allied and Associated Powers and Italy or, after Italy becomes a member of the United Nations, by agreement between the Security Council and Italy.

SECTION II.—*General Limitations*

ARTICLE 40

1. *a.* The system of permanent Italian fortifications and military installations along the Franco-Italian frontier, and their armaments, shall be destroyed or removed.

b. This system is deemed to comprise only artillery and infantry fortifications whether in groups or separated, pillboxes of any type, shelters, observation posts and military cableways, whatever may be their importance and actual condition of maintenance or state of construction and which are constructed of metal, masonry or concrete or excavated in the rock.

c. The destruction or removal, mentioned in sub-paragraphs *a* and *b*, is limited to a distance of 20 kilometers from any point on the frontier as defined by this treaty, and shall be completed within one year from the coming into force of the present treaty.

2. Any reconstruction of the above-mentioned fortifications and installations is prohibited.

3. *a.* The following construction to the east of the Franco-Italian frontier is prohibited: permanent fortifications where weapons capable of firing into French territory or territorial waters can be emplaced; permanent military installations capable of being used to conduct or direct fire into French territory or territorial waters; and permanent supply and storage facilities emplaced solely for the use of the above mentioned fortifications and installations.

b. This prohibition does not include the other types of non-permanent fortifications or surface accommodations and installations which are designed to meet only requirements of an internal character and of local defence of the frontiers.

4. In a coastal area 15 kilometers deep, stretching from the Franco-Italian frontier to the meridian of 9°30' East, Italy shall not be authorised to establish any new, or to expand any existing, naval bases or permanent naval installations. This does not prohibit minor alterations in and the maintenance in good repair of existing naval installations provided that their overall capacity will not thereby be increased.

ARTICLE 41

1. *a.* Any permanent Italian fortifications and military installations along the Italo-Yugoslav frontier, and their armaments, shall be destroyed or removed.

b. These fortifications and installations are deemed to comprise only artillery and infantry fortifications whether in groups or separated, pillboxes of any type, shelters, observation posts and military cableways, whatever may be their importance and actual condition of maintenance or state of construction, and which are constructed of metal, masonry or concrete or excavated in the rock.

c. The destruction or removal, mentioned in sub-paragraphs *a* and *b*, is limited to a distance of 20 kilometers from any point on the frontier, as defined by this Treaty, and shall be completed within one year from the coming into force of the present Treaty.

2. Any reconstruction of the above-mentioned fortifications and installations is prohibited.

3. *a.* The following construction to the west of the Italo-Yugoslav frontier is prohibited; permanent fortifications where weapons capable

of firing into Yugoslav territory or territorial waters can be emplaced; permanent military installations capable of being used to conduct or direct fire into Yugoslav territory or territorial waters; and permanent supply and storage facilities emplaced solely for the use of the above-mentioned fortifications and installations.

b. This prohibition does not include the other types of non-permanent fortifications or surface accommodations and installations which are designed to meet only requirements of an internal character and of local defence of the frontiers.

4. In a coastal area 15 kilometers deep, stretching from the frontier between Italy and Yugoslavia [*and between Italy and the Free Territory of Trieste*] to the latitude of 44°50' North, and in the islands adjacent to this coast, Italy shall not be authorised to establish any new nor to expand any existing naval bases or permanent naval installations. This does not prohibit minor alterations in and the maintenance in good repair of existing naval installations and bases provided that their overall capacity will not thereby be increased.

5. In the Apulian Peninsula east of Longitude 17°45' East, Italy shall not be allowed to construct any new permanent military, naval or military air installations nor to expand the existing installations. This does not prohibit minor alterations in and the maintenance in good repair of existing installations provided that their overall capacity will not thereby be increased. Accommodation for such security forces as may be required for tasks of an internal character and local defence of frontiers will, however, be permitted.

ARTICLE 42

1. Pantellaria, the Pelagian Islands (Lampedusa, Lampione and Linosa), and Pianosa (in the Adriatic) shall be and shall remain completely demilitarised.

2. Such demilitarization shall be completed within one year of the coming into force of the present Treaty.

ARTICLE 43

1. In Sardinia all permanent coast defense artillery emplacements, and their armaments and all naval installations which are located within a distance of 30 kilometers from French territorial waters shall be removed to the mainland of Italy or demolished within one year from the coming into force of the present Treaty.

2. In Sicily and Sardinia all permanent installations and equipment for the maintenance and storage of torpedoes, sea-mines and bombs shall be demolished or removed to the mainland of Italy within one year from the coming into force of the present Treaty.

3. No improvements to, reconstruction, or extensions of existing installations or permanent fortifications in Sicily and Sardinia will be permitted; however, with the exception of the Northern Sardinia areas described in paragraph 1, normal maintenance of such installations or permanent fortifications and weapons already installed in them may be carried out.

4. In Sicily and Sardinia Italy shall be prohibited from constructing any naval, military and air-force installations or fortifications except for such accommodation for security forces as may be required for tasks of an internal character.

ARTICLE 44

Italy shall not possess, construct or experiment with (i) any self-propelled or guided missiles or apparatus connected with their discharge (ii) any guns with a range of over 30 kilometers (iii) sea mines of non-contact types actuated by influence mechanisms (iv) any torpedoes capable of being manned.

ARTICLE 45

The acquisition of war material of German or Japanese origin or design, either from inside or outside Italy, or its manufacture, is prohibited.

ARTICLE 46

Italy shall not manufacture or possess, either publicly or privately, any war material different in type from, or exceeding in quantity that required for the forces permitted in Sections III, IV and V below.

SECTION III.—*Limitations To Be Imposed on the Italian Navy*

ARTICLE 47

1. The present Italian Navy shall be reduced to the following number of units:

a. Major War Vessels:

Two	Battleships;
Four	Cruisers;
Four	Fleet Destroyers;
Sixteen	Torpedo Boats;
Twenty	Corvettes.

b. Minor War and Auxiliary Vessels:

Such number as can be manned and maintained in full commission by a maximum of 2,500 officers and men.

2. The names of the vessels to be retained by Italy under paragraph 1 are given in Annex 4A.

ARTICLE 48

Italy shall effect the following disposal of excess units of the Italian Navy:

a. The units of the Italian Navy specified in Annex 4B shall be placed at the disposal of the Governments of the U.S.S.R., U.K., U.S.A. and France.

b. Ships required to be transferred in compliance with sub-paragraph *a* above shall be fully equipped, in operational condition including a full outfit of armament stores, and complete with on-board spare parts and all necessary technical data.

c. The transfer of ships specified above shall be effected within three months of the coming into force of the present Treaty, except that, in the case of ships that cannot be refitted within three months, the time limit for the transfer may be extended by the Four Governments.

d. Reserve allowances of spare parts and armament stores for ships specified in Annex 4B shall, as far as possible, be supplied with the ships.

The balance of reserve spare parts and armament stores shall be supplied to an extent and at dates to be decided by the Four Governments, in any case within a maximum of one year after the coming into force of the present Treaty.

e. Details relating to the above transfers will be arranged by a Four Power Commission to be established under a separate protocol.

ARTICLE 49

1. Italy shall effect the following disposal of submarines and non-operational ships. Time-limits specified below should be taken as commencing with the coming into force of the present Treaty.

a. Surface ships afloat not listed in Annex 4 including ships under construction afloat, shall be sunk in a depth of over fifty fathoms within six months.

b. Ships under construction on slips shall be destroyed or scrapped for metal within six months.

c. Submarines afloat and not listed in Annex 4B shall be sunk in the open sea in a depth of over a hundred fathoms within three months.

d. Ships sunk in Italian harbors and approach channels, in obstruction of normal shipping, shall be destroyed by demolition or may be salvaged and subsequently sunk in a depth of over fifty fathoms within two years.

e. Ships sunk in shallow Italian waters, not in obstruction of normal shipping, shall, within one year, be rendered incapable of salvage.

f. Ships capable of reconversion, which do not come within the definition of war material and which are not listed in Annex 4, may be reconverted to civilian uses or are to be demolished within two years.

2. Italy undertakes, prior to the sinking or destruction of ships and submarines as provided for in the preceding paragraph, to salvage such equipment and spare parts as may be useful in completing the on-board and reserve allowances of spare parts and equipment to be supplied, in accordance with Article 48*d*, for all operational ships specified in Annex 4B.

ARTICLE 50

1. No battleship shall be constructed or acquired by Italy.

2. No aircraft carrier, submarine or other submersible craft, M.T.B. or specialised types of assault craft shall be constructed, acquired, employed or experimented with, by Italy.

3. The total standard displacement of the war vessels other than battle-ships of the Italian Navy, including ships under construction as from the date of the launching, shall not exceed 67,500 tons.

4. Any replacement of war vessels by Italy shall be effected within the limit of tonnage given in paragraph 3. There shall be no restriction on the replacement of auxiliary vessels.

5. Italy undertakes not to acquire or lay down any war vessels before January 1, 1950, except as necessary to replace any ship accidentally lost, in which case the displacement of the new ship is not to exceed by more than 10% the displacement of the ship lost.

6. The terms used in this Article are, so far as necessary, defined in Annex 5A.

ARTICLE 51

1. The total personnel of the Italian Navy, excluding any naval air personnel, shall not exceed 22,500 officers and men.

2. During the period of minesweeping due to the war, Italy shall be authorised to employ for this purpose an additional number of officers and men not to exceed 2,500, such period to be determined by the International Control Board for Mine Clearance of European Waters.

3. Permanent naval personnel in excess of that permitted under paragraph 1 shall be progressively reduced as follows, time-limits being taken as commencing with the coming into force of the present Treaty.

a. To 27,500 within 6 months.

b. To 22,500 within 9 months.

Two months after the completion of minesweeping by the Italian Navy, the excess personnel authorised by paragraph 2 is to be disbanded or absorbed within the above numbers.

4. Personnel, other than those authorised under paragraph 1 and 2, and any naval air personnel authorised under Article 56, shall not receive any form of naval training as defined in Annex 5B.

SECTION IV.—*Limitations To Be Imposed on the Italian Army*

ARTICLE 52

1. The Italian Army, including the Frontier Guards, shall be limited to a force of 185,000 combat, service and overhead personnel and 65,000 Carabinieri, though either of the above elements may be varied by 10,000 as long as the total ceiling does not exceed 250,000. The organisation and armament of the Italian ground forces, as well as their deployment throughout Italy, shall be designed to meet only tasks of internal character, local defence of Italian frontiers and anti-aircraft defence.

2. The armament of the Italian Army will not include more than 200 tanks, medium and heavy.

ARTICLE 53

The Italian Army, in excess of that permitted under Article 52, shall be disbanded within six months of the coming into force of the present Treaty.

ARTICLE 54

Personnel other than those forming part of the Italian Army or Carabinieri shall not receive any form of military training as defined in Annex 5B.

SECTION V.—*Limitations To Be Imposed on the Italian Air Force*

ARTICLE 55

1. The Italian Air Force, including any Naval Air Arm, shall be limited to a force of 200 fighter and reconnaissance types and 150 transport, air-sea rescue, training (school type) and liaison types of aircraft. These totals include reserve aircraft. All aircraft except for fighter and reconnaissance aircraft will be unarmed. The organisation and armament of the Italian Air Force as well as their deployment throughout Italy will be designed to meet only tasks of internal character, local defence of Italian frontiers and defence against enemy air attacks.

2. Italy shall not possess or acquire any aircraft designed primarily as bombers with internal bomb-carrying facilities.

ARTICLE 56

1. The personnel of the Italian Air Force, including any Naval Air personnel, shall be limited to a total of 25,000 effectives, which will include combat, service and overhead personnel.

2. Personnel other than those forming part of the Italian Air Force shall not receive any form of military air training as defined in Annex 5B.

ARTICLE 57

The Italian Air Force, in excess of that permitted under Article 56 above, shall be disbanded within six months of the coming into force of the present Treaty.

SECTION VI.—*Disposal of War Material* (as defined in Annex 5C.)

ARTICLE 58

1. All Italian war material in excess of that permitted for the Armed Forces specified in Sections III, IV and V shall be placed at the disposal of the Governments of the U.S.S.R., U.K., U.S.A. and France according to such instructions as they may give to Italy.

2. All Allied war material in excess of that permitted for the Armed Forces specified in Sections III, IV and V shall be placed at the disposal of the Allied or Associated Power concerned according to the instructions to be given to Italy by the Allied or Associated Power concerned.

3. All German and Japanese war material in excess of that permitted for the Armed Forces specified in Sections III, IV and V and all German or Japanese drawings, including existing blueprints, prototypes, experimental models and plans, shall be placed at the disposal of the Governments of the U.S.S.R., U.K., U.S.A. and France in accordance with such instructions as they may give to Italy.

4. Italy shall renounce all rights to the above-mentioned war material and shall comply with the provisions of this Article within one year from the coming into force of the present treaty except as provided for in Articles 47 to 51 thereof.

Italy shall furnish the Governments of the U.S.S.R., U.K., U.S.A. and France lists of all excess war material within six months from the coming into force of the present treaty.

SECTION VII.—*Prevention of German and Japanese Rearmament*

ARTICLE 59

Italy undertakes to co-operate fully with the Allied and Associated Powers with a view to ensuring that Germany and Japan are unable

to take steps outside German and Japanese territories towards rearmament.

ARTICLE 60

Italy undertakes not to permit the employment or training in Italy of any technicians (including military or civil aviation personnel) who are or have been nationals of Germany or Japan.

ARTICLE 61

Italy undertakes not to acquire or manufacture civil aircraft, which are of German or Japanese design or which embody major assemblies of German or Japanese manufacture or design.

SECTION VIII.—*Prisoners of War*

ARTICLE 62

1. Italian prisoners of war shall be repatriated as soon as possible in accordance with arrangements mutually agreed upon by the individual Powers detaining them and Italy.

2. All costs (including maintenance costs) incurred in moving Italian prisoners of war from their respective assembly points as chosen by the Government of the Allied or Associated Power concerned, to the point of their entry into Italian territory, shall be borne by the Italian Government.

PART V. WITHDRAWAL OF ALLIED FORCES

ARTICLE 63

1. All armed forces of the Allied and Associated Powers shall be withdrawn from Italy as soon as possible and in any case not later than 90 days from the coming into force of the present Treaty.

2. All Italian goods for which compensation has not been made and which are in possession of the armed forces of the Allied and Associated Powers in Italy at the time of the coming into force of the present Treaty shall be refunded to the Italian Government within the same period of 90 days or due compensation shall be made.

3. All bank and cash balances in the hands of the forces of the Allied and Associated Powers at the time of the coming into force of the present Treaty which have been supplied free of cost by the Italian Government shall similarly be returned or a corresponding credit given the Italian Government.

PART VI. CLAIM ARISING OUT OF THE WAR

SECTION I.—*Reparation*

ARTICLE 64

A. Reparation for the U.S.S.R.

1. Italy shall pay the Soviet Union reparation in the amount of \$100,000,000 over a period of seven years from the date of the coming into force of the present Treaty. Deliveries from current industrial production shall not be made during the first two years.

2. Reparation shall be made from the following sources:

a. A share of the Italian factory and tool equipment designed for the manufacture of war implements which is not required by the permitted military establishments and is not readily susceptible of conversion to civilian purposes and which is removed from Italy pursuant to Article 58 of the present Treaty.

b. Italian assets in Roumania, Bulgaria and Hungary, subject to the exceptions specified in paragraph 5 of Article 69.

c. Italian current industrial production.

3. The quantities and types of goods to be delivered shall be the subject of agreements between the Italian Government and the Government of the U.S.S.R. and shall be selected and deliveries scheduled in such a way as to avoid interference with the economic reconstruction of Italy and the imposition of additional liabilities on other Allied or Associated Powers. Agreements concluded under this paragraph shall be communicated to the four Ambassadors in Rome of the U.S.S.R., U.K., U.S.A. and France.

4. The U.S.S.R. shall furnish to Italy on commercial terms the materials which are normally imported into Italy and which are needed for the production of these goods. Payments for these materials shall be made by deducting the value of the materials furnished from the value of the goods delivered to the U.S.S.R.

5. The four Ambassadors shall determine the value of the Italian assets to be transferred to the U.S.S.R.

B. Reparation for Other Powers

NOTE.—The claims put forward by other Powers, in particular France, Yugoslavia, Greece, Albania and Ethiopia, will be considered at the Peace Conference together with the means whereby and the extent to which they shall be met.

SECTION II.—*Restitution*

ARTICLE 65

1. Italy accepts the principles of the United Nations Declaration of January 5, 1943,⁷ and will return property removed from United Nations territories.

2. The obligation to make restitution applies to all identifiable property at present in Italy which was removed by force or duress by any of the Axis Powers from the territory of any of the United Nations, irrespective of any subsequent transactions by which the present holder of any such property has secured possession.

3. The Italian Government undertakes to return the property referred to in the present Article in good order and, in this connection, to bear all costs in Italy relating to labour, materials and transport.

4. The Italian Government will cooperate with the United Nations in, and will provide at its own expense all necessary facilities for, the search for and restitution of property liable to restitution under the present Article.

5. The Italian Government shall take the necessary measures to effect the return of property covered by this Article held in any third country by persons subject to Italian jurisdiction.

6. Claims for the restitution of property shall be presented to the Italian Government by the Government of the country from whose territory the property was removed, it being understood that rolling stock shall be regarded as having been removed from the territory to which it originally belonged. The period during which such claims may be presented shall be six months from the date of coming into force of the present Treaty.

7. The burden of identifying the property and of proving ownership shall rest on the claimant Government, and the burden of proving that the property was not removed by force or duress shall rest on the Italian Government.

8*. The Italian Government accepts the obligation to restore to the Government of the United Nation concerned all monetary gold looted by or wrongfully removed to Italy or to transfer to the Government of the United Nation concerned an amount of gold equal in weight and fineness to that looted or wrongfully removed. This obligation is recognised by the Italian Government to exist irrespective of any transfers or removals of gold from Italy to any other Axis Power or a neutral country.

⁷ *Foreign Relations*, 1943, vol. I, p. 443.

*Paragraph 8 is agreed by the U.S. Delegation subject to the question of the settlement of disputes. [Footnote in source text.]

SECTION III.—*Renunciation of Claims by Italy*

ARTICLE 66

1. Italy waives all claims of any description against the Allied and Associated Powers on behalf of the Italian Government or Italian nationals arising directly out of the war or out of actions taken because of the existence of a state of war in Europe after September 1, 1939, whether or not the Allied or Associated Power was at war with Italy at the time, including the following:

a. Claims for losses or damages sustained as a consequence of acts of forces or authorities of the Allied or Associated Powers.

b. Claims arising from the presence, operations, or actions of forces or authorities of the Allied or Associated Powers in Italian territory.

c. Claims with respect to the decrees and orders of Prize Courts of the Allied or Associated Powers, Italy agreeing to accept as valid and binding all decrees or orders of such Prize Courts on or after September 1, 1939 concerning Italian ships or Italian goods or the payment of costs.

d. Claims arising out of the exercise or purported exercise of belligerent rights.

2. The provisions of this Article will bar, completely and finally, all claims of the nature referred to herein, which will be henceforward extinguished, whoever may be the parties in interest. The Italian Government agrees to make equitable compensation in lire to persons who furnished supplies or services on requisition to the forces of the Allied or Associated Powers in Italian territory and in satisfaction of non-combat damage claims against the forces of the Allied and Associated Powers arising in Italian territory.

3. Italy likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Italian Government or Italian nationals against any of the United Nations which severed diplomatic relations with Italy and took action in cooperation with the Allied or Associated Powers.

4. The Italian Government will assume full responsibility for all Allied military currency issued in Italy by the Allied military authorities, including all such currency in circulation on the date of the coming into force of the present Treaty.

5. The waiver of claims by Italy under paragraph 1 of this Article includes any claims arising out of actions taken by any of the Allied or Associated Powers with respect to Italian ships between September 1, 1939 and the date of the coming into force of the present Treaty, as well as any claims and debts arising out of the Conventions on prisoners of war now in force.

6. The provisions of the present Article shall not be deemed to affect the ownership of submarine cables which at the outbreak of the war were owned by the Italian Government or Italian nationals.

NOTE.—The U.S. and U.S.S.R. Delegations reserve the right to propose changes with regard to the treatment in the present Treaty of submarine cables after further study of the legal aspects of the subject.

ARTICLE 67

Italy hereby renounces on its own behalf and on behalf of Italian nationals all claims, including debts, against Germany and German nationals outstanding on May 8, 1945, except those arising out of contracts and other obligations entered into, and rights acquired, before September 1, 1939. This renunciation by Italy on its own behalf shall be deemed to include not only all inter-governmental claims in respect of arrangements entered into in the course of the war, but also all claims for loss or damage arising during the war. This renunciation shall be without prejudice to any dispositions in favour of Italy or Italian nationals made by the Powers in occupation of Germany.

PART VII. PROPERTY RIGHTS AND INTERESTS

SECTION I.—*United Nations' Property in Italy*

ARTICLE 68

1. Insofar as Italy has not already done so, Italy shall restore all the legal rights and interests in Italy of the United Nations and their nationals as they existed on June 10, 1940, and shall return all property in Italy of the United Nations and their nationals as it now exists.

2. The Italian Government undertakes that all property, rights and interests passing under this Article shall be restored free of all encumbrances and charges of any kind to which they may have become subject as a result of the war and without the imposition of any charges by the Italian Government in connection with their return. The Italian Government will nullify all measures, including seizures, sequestration or control, taken by it against United Nations property between June 10, 1940 and the coming into force of the present Treaty. In cases where the property has not been returned within 6 months of the coming into force of the present Treaty, application shall be made to the Italian authorities not later than 12 months from the coming into force of the present Treaty, except in cases in which the claimant is able to show that he could not file his application within this period.

3. The Italian Government undertakes to invalidate transfers involving property, rights and interests of any description belonging to United Nations nationals, where such transfers resulted from force or duress exerted by Axis Governments or their agencies during the war.

4. U.S. proposal:

a. *Where, as a result of the war, the property cannot be returned or the United Nations national has suffered a loss because of injury to the property, the Italian Government shall compensate the owner by the payment of a sum in lire sufficient at the date of payment to enable the recipient to purchase similar property or to make good the loss or damage suffered.*

b. *Sums in lire paid by the Italian Government under this Article shall be freely usable in Italy but shall be subject to the foreign exchange control regulations which may be in force in Italy from time to time.*

c. *In cases where a corporation or association of any nationality other than that of one of the United Nations has suffered a loss of its property in Italy as a result of the war, compensation in lire shall be paid by the Italian Government to United Nations nationals who have directly, or indirectly through intermediate corporations or associations of any nationality other than that of one of the United Nations, an ownership interest in the corporation or association which has suffered the loss. This compensation shall be that fractional part of the amount which would be required to enable the corporation or association to make good the loss or damage suffered, which the interest of the United Nations nationals constitutes of the totality of ownership interests in the corporation. Such compensation, however, shall not be required in case the Italian Government shall provide to the corporation or the association itself such full compensation or restoration as would be due under this Article if it were a corporation or association of one of the United Nations. In cases where the corporation or association receives from the Italian Government partial compensation for the damage or loss sustained, the United Nations nationals shall be paid by the Italian Government compensation in lire in an amount equal to their respective proportionate shares of the loss or damage for which the corporation or association does not itself receive compensation from the Italian Government. For purposes of this paragraph the extent of interest of a United Nations national shall be determined as of June 10, 1940, or the outbreak of war between the United Nation concerned and Italy, as may be the more favourable to the United Nations national.*

d. *As used in this Article, the phrase "as a result of the war" included the consequences of any action taken by the Italian Government, any action taken by any of the belligerents, any action taken under the Armistice of September 3, 1943, and any action or failure to act caused by the existence of a state of war.*

U.S.S.R. proposal:

Italy recognises the necessity for compensation for the property of United Nations and their nationals in Italy, lost or damaged during the war. In view of the fact, however, that Italy was the first of the Axis Powers to break with Germany and come over to the side of the United Nations, and in consideration of the losses sustained by Italy in the course of military operations against Germany on Italian territory, it is agreed that such compensation will be made in part to the extent of one third of the loss and will be paid in Italian lire.

The U.K. and French Delegations approved the U.S. proposal subject to reservation as to the drafting.

5. All reasonable expenses incurred in Italy in establishing claims, including the assessment of loss or damage, shall be borne by the Italian Government.

6. United Nations nationals and their property shall be exempted from any exceptional taxes, levies or imposts, imposed on their capital assets in Italy by the Italian Government, or any Italian authority between the date of Armistice and the coming into force of the present Treaty for the specific purpose of meeting charges arising out of the war or of meeting the costs of occupying forces or of reparation payable to any of the United Nations. Any sums which have been so paid shall be refunded.

7. The owner of the property concerned and the Italian Government may agree upon arrangements in lieu of the provisions of this Article.

8. As used in this Article:

a. "United Nations nationals" means individuals who are nationals of any of the United Nations or corporations or associations organised under the laws of any of the United Nations at the date of the coming into force of the present Treaty, provided that they also had this status at the date of the Armistice with Italy.

The term "United Nations nationals" also includes all individuals, corporations or associations which under the laws in force in Italy during the war, have been treated as enemy.

b. "Owner" means the United Nations national, as defined in sub-paragraph a above, who is entitled to the property in question, and includes a successor of the owner, provided that the successor is also a United Nations national as defined in sub-paragraph a. If the successor has purchased the property in its damaged state, the transferor

shall retain his rights to compensation under this Article, without prejudice to obligations between the transferor and the purchaser under domestic law.

c. "Property" means all movable or immovable property, whether tangible or intangible, including industrial, literary and artistic property, as well as all rights, estates or interests in property of any kind.

SECTION II.—*Italian Property in the Territory of Allied and Associated Powers*

ARTICLE 69

1. Each of the Allied and Associated Powers shall have the right to seize, retain, liquidate or take any other action with respect to all property, rights and interests within its territory which on the date of coming into force of the present Treaty belong to Italy or to Italian nationals, and to apply such property or the proceeds thereof to such purposes as it may desire, within the limits of its claims and those of its nationals against Italy or its nationals, including debts, other than claims fully satisfied under other Articles of the present Treaty. All Italian property, or the proceeds thereof, in excess of the amount of such claims, shall be returned.

2. The liquidation and disposition of Italian property shall be carried out in accordance with the law of the Allied or Associated Power concerned. The Italian owner shall have no rights with respect to such property except those which may be given him by that law.

3. The Italian Government undertakes to compensate Italian nationals whose property is taken under this Article and not returned to them.

4. No obligation is created by this Article on any Allied or Associated Power to return industrial, literary or artistic property to the Italian Government or Italian nationals, or to include such property in determining the amounts which may be retained under paragraph 1 of this Article. The Government of each of the Allied and Associated Powers shall have the right to impose such limitations, conditions and restrictions on rights or interests with respect to industrial, literary and artistic property acquired prior to the coming into force of the present Treaty in the territory of that Allied or Associated Power by the Government of nationals of Italy, as may be deemed by the Government of the Allied and Associated Power to be necessary in the national interest.

5. The property covered by paragraph 1 of this Article shall be deemed to include Italian property which has been subject to control

by reason of a state of war existing between Italy and the Allied or Associated Power having jurisdiction over the property, but shall not include:

a. Property of the Italian Government used for consular or diplomatic purposes.

b. Property belonging to religious bodies or private charitable institutions and used for religious or charitable purposes.

c. Property of natural persons who are Italian nationals permitted to reside within the territory of the country in which the property is located or to reside elsewhere in United Nations territory, other than Italian property which at any time during the war was subjected to measures not generally applicable to the property of Italian nationals resident in the same territory.

d. Property rights arising since the resumption of trade and financial relations between Italy and the Allied and Associated Powers, or arising out of transactions between Italy and the Government of any Allied or Associated Power since September 3, 1943.

e. *Property in ceded territories of Italian nationals, to which the provisions of Annex 3 shall apply.*

f. *Property of natural persons residing in ceded territories or in the Free Territory of Trieste who do not opt for Italian nationality under this Treaty, and property of corporations or associations having siège social in ceded territories or in the Free Territory of Trieste, provided that such corporations or associations are not owned or controlled by persons in Italy.*

SECTION III.—*Debts*

ARTICLE 70

1. The Contracting Parties agree that the existence of the state of war shall not, in itself, be regarded as affecting the obligation to pay pecuniary debts arising out of obligations and contracts which existed, and rights acquired, before the existence of a state of war, which became payable prior to the coming into force of the present Treaty, and which are due by the Government or nationals of Italy to the Government or nationals of one of the Allied and Associated Powers or are due by the Government or nationals of one of the Allied and Associated Powers to the Government or nationals of Italy.

2. Except as otherwise expressly provided in the present Treaty, nothing therein shall be construed as impairing debtor-creditor relationships arising out of pre-war contracts concluded either by the Government or nationals of Italy.

PART VIII. GENERAL ECONOMIC RELATIONS

ARTICLE 71

Pending the conclusion of commercial treaties or agreements between Italy and the United Nations, the Italian Government shall, during the 18 months following the coming into force of the present Treaty, grant the following treatment to each of the United Nations which, in fact, reciprocally grants similar treatment in like matters to Italy:

a. In all that concerns duties and charges on importation or exportation, the internal taxation of imported goods and all regulations pertaining thereto, the United Nations shall be granted unconditional most-favoured-nation treatment.

b. In all other respects, Italy shall make no arbitrary discrimination against goods originating in or destined for any territory of any of the United Nations as compared with like goods originating in or destined for any other territory of the United Nations or of any other foreign country.

c. Natural and legal persons who are nationals of any of the United Nations shall be granted national and most-favoured-nation treatment in all matters pertaining to commerce, industry, shipping and other forms of business activity within Italy . . .

The *U.S.S.R.* Delegation proposes the following text as an integral part of the paragraph:

. . . excluding certain branches where, in accordance with the internal legislation of the country, private enterprise does not take place.

The *U.K.*, *U.S.* and *French* Delegations propose the following alternative to the *U.S.S.R.* proposal:

This paragraph shall not be deemed to confer on the United Nations, or their nationals, rights to engage in any branch of commerce, industry, shipping or other form of business activity which under Italian law is a monopoly of the Italian State. Nevertheless, the most-favoured-nation principle shall be observed in any such cases in which foreign participation is allowed.

Proposed further addition to this paragraph by the *U.S.* Delegation supported by the *U.K.* Delegation.

It is further understood that this paragraph shall not apply to civil aviation, but that Italy will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic and will afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Italian territory.

The *U.S.S.R.* Delegation sees no reason for inclusion of this addition in the Treaty.

2. The foregoing undertakings by Italy shall be understood to be subject to the exceptions customarily included in commercial treaties concluded by Italy before the war; and the provisions with respect to reciprocity granted by each of the United Nations shall be understood to be subject to the exceptions customarily included in the commercial treaties concluded by that Power.

PART IX. SETTLEMENT OF DISPUTES

ARTICLE 72

U.K. proposal:

Any disputes which may arise in connection with Articles 65 and 68 [and Annexes 6, 7 and 8] of the present Treaty shall be referred to a Conciliation Commission composed of an equal number of representatives of the United Nations Government concerned and of the Italian Government. If agreement has not been reached within three months of the dispute having been referred to the Conciliation Commission, either Government may require the addition of a third member to the Commission, and failing agreement between the two Governments on the selection of this member, the President of the International Court of Justice shall be requested to make the appointment. The decisions of the Commission, as so constituted, shall be taken by the same procedure as is provided for decisions of the International Court itself in Articles 48 and 55-57 of the Statute of the Court and shall be final and binding on all parties.

U.S.S.R. proposal:

*Any disputes which may arise in giving effect to the present Articles 65 and 68 of the present Treaty shall be referred to a Conciliation Commission consisting of Representatives of the Government of the United Nations concerned and the Government of Italy, appointed on an equal footing. If within 3 months after the dispute has been referred to the Conciliation Commission no agreement has been reached, either Government may ask for the addition to the Commission of a third member selected by mutual agreement of the two Governments from nationals of third countries. Should the two Governments fail to agree on the selection of a third member of the Commission, the Governments shall apply to the Ambassadors in Rome of the *U.S.S.R.*, *U.K.*, *U.S.A.* and *France*, who will appoint the third member of the Commission.*

NOTE.—The U.S. Delegation can accept either the U.K. proposal or the U.S.S.R. proposal provided the following sentence is added at the end of the latter:

If the Ambassadors are unable to agree within a period of one month upon the appointment of the third member, the Secretary General of the United Nations shall be requested by either party to make the appointment.

The French Delegation has the same position as the U.S. Delegation provided Annexes 6, 7 and 8 also covered by the article.

PART X. MISCELLANEOUS ECONOMIC PROVISIONS

ARTICLE 73

Articles 65, 68, 71 and Annex 8 of the present Treaty shall apply to the Allied and Associated Powers and to those of the United Nations which have broken diplomatic relations with Italy.

ARTICLE 74

The provisions of Annexes 3, 6, 7 and 8 shall, as in the case of the other Annexes, have force and effect as integral parts of the present Treaty.

PART XI. FINAL CLAUSES

ARTICLE 75

For a period not to exceed 18 months from the coming into force of the present Treaty the Ambassadors in Rome of the U.S.S.R., the U.K., the U.S.A., and France, acting in concert, will represent the Allied and Associated Powers in dealing with the Italian Government in all matters concerning the execution and interpretation of the present Treaty.

The four Ambassadors will give the Italian Government such guidance, technical advice and clarification as may be necessary to ensure rapid and efficient compliance with the spirit and terms of the present Treaty.

The Italian Government undertakes to afford the said four Ambassadors all necessary information and any assistance they may require in the fulfilment of the tasks devolving on them under the present Treaty.

ARTICLE 76

U.K., U.S. and French proposal:—

Except where any other procedure is specifically provided under any article of the present Treaty, disputes concerning the interpreta-

tion or execution of the Treaty shall be referred to the four Ambassadors acting as provided under Article 75 and, if not resolved by them within a period of two months shall, at the request of any party to any dispute, be referred to the International Court of Justice. Any dispute still pending at, or arising after, the date when the Ambassadors terminate their functions under Article 75 and which is not settled by direct diplomatic negotiations, shall equally at the request of any party to the dispute, be referred to the International Court of Justice.

U.S.S.R. proposal:

Save where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be settled by direct diplomatic negotiations; if the disputes are not settled in this way, they shall be referred to the four Ambassadors acting as provided under Article 75 of the Treaty, except that in this case the Ambassadors will not be restricted by the time-limit provided in that Article.

ARTICLE 77

Any other member of the United Nations not a signatory to the present Treaty which is at war with Italy may accede to the Treaty and upon accession will be deemed to be an Associated Power for the purposes of the Treaty.

Instruments of accession will be deposited with the Government of the French Republic and shall take effect upon deposit.

ARTICLE 78

The present Treaty of which the French, English and Russian texts are authentic, shall be ratified by the Allied and Associated Powers. It shall also be ratified by Italy. It will come into force immediately upon the deposit of ratifications by France, U.K., U.S.A. and U.S.S.R. The instruments of ratification will, in the shortest time possible, be deposited with the Government of the French Republic.

With respect to each Allied or Associated Power whose instrument of ratification is thereafter deposited, the Treaty shall come into force upon the date of deposit. The present Treaty will be deposited in the archives of the Government of the French Republic, which shall furnish certified copies to each of the signatory States.

Done in the city of
in the French, English, Russian and Italian languages.

ANNEX 1

*Maps of Italian Frontiers*⁸

(See Article 1)

ANNEX 2

Guarantees in Connection With Mont Cenis and Tenda-Briga

(See Article 9)

GUARANTEES TO BE GIVEN BY FRANCE TO ITALY IN CONNECTION WITH
THE CESSION OF THE PLATEAU OF MONT CENISI. *In respect of water supplied from the lake of Mont Cenis for hydro-electric purposes*

a. France shall so control the supply of water from the Lake of Mont Cenis to the underground conduits supplying the Gran Scala Venaus and Monpantero hydro-electric plants, as to supply for those plants such quantities of water at such rates of flow as Italy may require.

b. France shall repair and maintain in good and substantial condition and, as may be necessary, shall renew all the works required for the purposes of controlling and supplying the water in accordance with paragraph *a* insofar as these works are within French territory.

c. France shall inform Italy, as and when required by Italy, of the amount of water in the Lake of Mont Cenis and of any other information pertaining thereto so as to enable Italy to determine the quantities of water and rates of flow to be supplied to the said underground conduits.

d. France shall carry out the foregoing provisions with due regard for economy and shall charge Italy the actual cost incurred in so doing.

II. *In respect of electricity produced at the Gran Scala hydro-electric plant*

a. France shall operate the Gran Scala hydro-electric plant so as to generate (subject to the control of the supply of water as provided in Guarantee I) such quantities of electricity at such rates of output as Italy may require, after the local requirements (which shall not substantially exceed the present requirements) in the vicinity of Gran Scala within French territory have been met.

⁸ No maps accompanied the English text of the treaty.

b. France shall operate the pumping plant adjacent to the Gran Scala plant so as to pump water to the Lake of Mont Cenis as and when required by Italy.

c. France shall repair and maintain in good and substantial condition and, as may be necessary, shall renew all the works comprising the Gran Scala hydro-electric plant and pumping plant together with the transmission line and equipment from the Gran Scala plant to the Franco-Italian boundary.

d. France shall transmit over the transmission line from Gran Scala to the Franco-Italian boundary the electricity required by Italy as aforesaid, and shall deliver that electricity to Italy at the point at which that transmission line crosses the Franco-Italian boundary into Italian territory.

e. France shall maintain the voltage and periodicity of the electricity supplied as aforesaid at such values as Italy may reasonably require.

f. France shall arrange with Italy for telephone communication between Gran Scala and Italy and shall communicate with Italy in order to ensure that the Gran Scala plant, the pumping plant and transmission line are operated in such a manner as to comply with the foregoing guarantees.

g. The price to be charged by France and paid by Italy for the electricity available to Italy from the Gran Scala plant (after the local requirements as aforesaid have been met) shall be the same as the price charged in France for the supply of similar quantities of hydro-electricity in French territory in the neighbourhood of Mont Cenis or in other regions where conditions are comparable.

III. *Duration of guarantees.*

Unless otherwise agreed between France and Italy these guarantees will remain in force in perpetuity.

IV. *Supervisory Technical Commission.*

A Franco-Italian Supervisory Technical Commission comprising an equal number of French and Italian members shall be established to supervise and facilitate the execution of the foregoing guarantees which are designed to secure the same facilities as Italy enjoyed in respect of hydro-electric and water supplies from the Lake of Mont Cenis before the cession of this region to France.

GUARANTEES TO BE GIVEN BY FRANCE TO ITALY IN CONNECTION WITH THE CESSION OF THE TENDA-BRIGA DISTRICT TO FRANCE

1. Guarantees to ensure to Italy the supply of electricity generated by the two 16½ period generators of the hydro-electric plant at San

Dalmazzo; and the supply of electricity generated at 50 periods at the hydro-electric plants at Le Mesce, San Dalmazzo and Confine in excess of such amount thereof as may be required by France for supply to the Sospel, Menton and Nice areas until the complete reconstruction of the wrecked hydro-electric plants at Breil and Fontan, it being understood that such amount will decrease as reconstruction of these plants proceeds, will not exceed 5,000 KW in power and 3,000,000 KWH per month and that, if no special difficulties are encountered in the reconstruction, the work should be completed not later than the end of 1947.

a. France shall operate the said plants so as to generate (subject to such limitations as may be imposed by the amount of water available and taking into account as far as reasonably practicable the needs of the plants downstream) such quantities of electricity at such rates of output as Italy may require, firstly, at 16 $\frac{2}{3}$ cycles for the Italian railways in Liguria and South Piedmont, and secondly, at 50 cycles for general purposes, after the requirements by France for Sospel, Menton and Nice, as aforesaid, and of the local requirements in the vicinity of San Dalmazzo, have been met.

b. France shall repair and maintain in good and substantial condition and, as may be necessary, shall renew all the works comprising the Le Mesce, San Dalmazzo and Confine hydro-electric plants together with the transmission lines and equipment from the Le Mesce and Confine plants to the San Dalmazzo plant and also the main transmission lines and equipment from the San Dalmazzo plants to the Franco-Italian boundary.

c. France shall inform Italy, as and when required by Italy, of the rate of flow of water at Le Mesce and Confine and of the amount of water stored at San Dalmazzo and of any other information pertaining thereto so as to enable Italy to determine her electricity requirements as indicated in paragraph *a.*

d. France shall transmit over the main transmission lines from San Dalmazzo to the Franco-Italian boundary the electricity required by Italy as aforesaid, and shall deliver that electricity to Italy at the points at which those main transmission lines cross the Franco-Italian boundary into Italian territory.

e. France shall maintain the voltage and periodicity of the electricity supplied as aforesaid at such values as Italy may actually require.

f. France shall arrange with Italy for telephone communications between San Dalmazzo and Italy and shall communicate with Italy in order to ensure that the said hydro-electric plants and transmission lines are operated in such a manner as to comply with the foregoing guarantees.

2. Guarantee concerning the price to be charged by France to Italy for the electricity made available to Italy under paragraph 1 above until terminated in accordance with paragraph 3 below.

The price to be charged by France and paid by Italy for the elec-

tricity made available to Italy from the Le Mesce, San Dalmazzo and Confine hydro-electric plants after the requirements by France for Sospel, Menton and Nice and the local requirements in the vicinity of San Dalmazzo have been met as provided in paragraph 1 *a*, shall be the same as the price charged in France for the supply of similar quantities of hydro-electricity in French territory in the neighbourhood of the Upper Roya Valley or in other regions where conditions are comparable.

3. Guarantee of a reasonable period of time for the supply of the electricity by France to Italy.

Unless otherwise mutually agreed between France and Italy, paragraphs 1 and 2 shall remain in force until December 31, 1961 and shall terminate then or on any subsequent December 31 if either country shall have given to the other at least two years' notice in writing of its intention to terminate.

4. Guarantee of full and equitable utilization by France and Italy of the waters of the Roya and its tributaries for hydro-electric production.

a. France shall operate the hydro-electric plants in the French territory of the Roya, taking into account as far as reasonably practicable the needs of the plants downstream. France shall inform Italy in advance of the amount of water which it is expected will be available each day, and shall furnish any other information pertaining thereto.

b. Through bilateral negotiations France and Italy shall develop a mutually agreeable, co-ordinated plant for the exploitation of the water resources of the Roya.

5. A commission or such other similar body as may be agreed shall be established to supervise the carrying out of the plan mentioned in paragraph 4*b* and to facilitate the execution of the guarantees contained in paragraphs 1-4.

ANNEX 3

Economic and Financial Provisions Relating to Ceded Territories

1.† The Successor State shall receive, without payment, Italian State and para-statal property within territory ceded to it under the present Treaty, as well as all relevant archives concerning the territory in question.

The following are considered as State or para-statal property for the purposes of this article: movable and immovable property of the Italian State, of local authorities and of public institutions and

†The *U.S.* and *U.K.* Delegations accepted this paragraph without prejudice to any question of reparation. [Footnote in source text.]

publicly owned companies and associations, as well as movable and immovable property formerly belonging to the Fascist Party or its auxiliary organizations.

2. The Successor State shall make arrangements for the conversion into its own currency of Italian currency held within the Ceded Territory by persons continuing to reside on the said territory or juridical persons continuing to carry on business there. Full proof of the source of the funds to be converted may be required from their holders.

3. U.K. proposal:

The Successor Government shall not be required to make any contribution to the service of the Italian public debt but it shall assume the obligations of the Italian Government to holders of the Italian public debt who continue to reside in the said territory or who, being juridical persons, retain their head office or principal place of business there. Full proof of the source of such holdings may be required from the holders.

French and U.S.S.R. proposal:

The State to which a territory is ceded shall be exempt from any part whatever in the payment of the Italian public debt. Nevertheless, the State to which a territory is ceded shall be liable for that part of the public debt specifically incurred for the purpose of construction of public works on the ceded territory, and shall respect all privileges guaranteeing the servicing thereof.

The U.S. Delegation supports the U.K. draft but is prepared to consider other arrangements which would be equitable.

4. Special arrangements shall be concluded between Italy and the Successor State to govern the conditions under which the obligations of Italian public or private social insurance organizations towards the inhabitants of the Ceded Territory and a proportionate part of the reserves accumulated by the said organizations shall be transferred to similar organizations of the Successor State.

5. The property, rights and interests of Italian nationals permanently resident in the Ceded Territories at the date of the coming into force of the present Treaty shall, provided they have been lawfully acquired, be respected on a basis of equality with the rights of nationals of the Successor State.

The property, rights and interests within the Ceded Territory of other Italian nationals and also of Italian juridical persons, provided they have been lawfully acquired, shall be subject only to such legis-

lation as may be enforced from time to time regarding the property of foreign nationals and juridical persons generally.‡

U.S. proposal supported by U.K. :

Such property, rights and interests shall not be subject to retention or liquidation under the provisions of Article 69 of the present Treaty but shall be restored to their owners freed of any measures of this kind, or from any other measure of transfer, compulsory administration or sequestration taken between September 8, 1943 and the date of the coming into force of the present Treaty, in the condition in which they were before the application of the measures in question.

The *U.S.S.R.* Delegation does not consider this provision necessary.

6. Persons who opt for Italian nationality and move to Italy shall be permitted, after the settlement of any debts or taxes due from them in Ceded Territory, to take with them their movable property and transfer their funds, provided such property and funds were lawfully acquired. No export or import duties will be imposed in connection with the moving of such property. Further they shall be permitted to sell their movable and immovable property under the same conditions as nationals of the Successor State.

The removal of property to Italy will be effected under conditions and within the limits agreed upon between Italy and the Successor State.

The conditions and time-periods of the transfer of the funds, including the proceeds of sales, shall likewise be agreed.

7. U.S. and U.K. proposal :

Companies incorporated under Italian law and having siège social in the Ceded Territory, which wish to remove siège social to Italy, shall likewise be dealt with under the provisions of paragraph 6 of this Article, provided that more than fifty per cent of the capital of the company is owned by persons usually resident outside the Ceded Territory, or by persons who have opted under the present Treaty to move to Italy.

The *French* Delegation is not opposed to the inclusion of this paragraph, under the condition that not only a majority of the capital, but also the greater part of the activity of the company should lie outside the Ceded Territory

‡The first two sub-paragraphs are accepted without prejudice to any question of reparation.

The *French* Delegation proposed that the Successor State may take over free of charge, the property, rights and interests of all Italian concessionary companies or public utility services such as water, gas, electricity and transport and that in such cases the Italian Government should pay fair compensation to the parties concerned. [Footnote in source text.]

The *U.S.S.R.* Delegation considers that there is no reason for inclusion of such a provision in the Peace Treaty.

8. Debts owed by persons in Italy to persons in the Ceded Territory or by persons in the Ceded Territory to persons in Italy shall not be affected by the cession. Italy and the Successor State undertake to facilitate the settlement of such obligations. As used in this paragraph, the term "persons" includes juridical persons.

9[§]. The property in Ceded Territory of the United Nations and their nationals, if not already freed from Italian measures of sequestration or control and returned to its owner, shall be returned in the condition in which it now exists.

10. French proposal supported by U.K. and U.S. subject to drafting

A new agreement shall be negotiated between the Danube-Sava-Adriatic Railway Company, the Governments concerned, and the Committee of Bondholders of the Company, in order to determine the method of applying the provisions of the Rome Agreement of March 29, 1923, laying down the Company's Articles of Association, and the modifications required to adapt them to the changes which have followed on the redistribution of the lines over the territories of various States. This Agreement shall contain all the provisions necessary to ensure satisfactory servicing of the bonds and payments of amounts in arrears.

The *U.S.S.R.* Delegation considers that there is no reason for the inclusion in the Peace Treaty of the French Delegation's proposal, because a Peace Treaty should not contain provisions dealing with particular private Companies.

11.|| The provisions of this Annex shall not apply to the former Italian Colonies.

NOTE.—*Pending agreement on the Statute of the Free Territory of Trieste, the U.S. Delegation does not consider that this Annex applies to the Free Territory of Trieste and is of the opinion that special provisions may be required.*

§ It is agreed that the question of compensation by Italy in case restoration of property is impossible should be studied in relation to other appropriate provisions of the Treaty. [Footnote in source text.]

|| When a decision is reached on Italian colonies, the question has to be reconsidered. [Footnote in source text.]

ANNEX 4

(See Article 47)

The names in this Annex are those which were used in the Italian Navy on June 1, 1946.

Part A. List of Ships To Be Left to Italy

MAJOR WAR VESSELS

Battleships	<i>Doria.</i>	Torpedo-Boats . .	<i>Sirio.</i>
	<i>Duilio.</i>	Corvettes	<i>Ape.</i>
Cruisers	<i>Abruzzi.</i>		<i>Baionetta.</i>
	<i>Garibaldi.</i>		<i>Chimera.</i>
	<i>Montecuccoli.</i>		<i>Cormorano.</i>
	<i>Cadorna.</i>		<i>Danaide.</i>
Destroyers	<i>Carabiniere.</i>		<i>Driade.</i>
	<i>Granatiere.</i>		<i>Fenice.</i>
	<i>Grecale.</i>		<i>Flora.</i>
	<i>Do Recco.</i>		<i>Folaga.</i>
Torpedo-Boats . .	<i>Abba.</i>		<i>Gabbiano.</i>
	<i>Aretusa.</i>		<i>Gru.</i>
	<i>Calliope.</i>		<i>Ibis.</i>
	<i>Carini.</i>		<i>Minerva.</i>
	<i>Cassiopea.</i>		<i>Pellicano.</i>
	<i>Clio.</i>		<i>Pomona.</i>
	<i>Fabrizi.</i>		<i>Scimittara.</i>
	<i>Giovannini.</i>		<i>Sfnge.</i>
	<i>Libra.</i>		<i>Sibilla.</i>
	<i>Monzambano.</i>		<i>Urania.</i>
	<i>Mosto.</i>		Plus one vessel
	<i>Orione.</i>		to be salvaged,
	<i>Orsa.</i>		completed or
	<i>Pilo.</i>		constructed.
	<i>Sagittario.</i>		

MINOR WAR VESSELS

Minesweepers . . .	<i>R.D. Nos. 20, 32, 34, 38, 40, 41, 102, 103, 104, 105, 113, 114, 129, 131, 132, 133, 134, 148, 149.</i>
Vedettes	<i>Nos. 201, 204, 211, 218, 222, 224, 233, 235.</i>

AUXILIARY NAVAL VESSELS

Fleets Tankers . .	<i>Nettuno.</i> <i>Lete.</i>	Tugs (Large) . . .	<i>San Vito.</i> <i>Ventimiglia.</i>
Water Carriers . .	<i>Arno.</i> <i>Frigido.</i> <i>Mincio.</i> <i>Ofanto.</i> <i>Oriстано.</i> <i>Pescara.</i> <i>Po.</i> <i>Sesia.</i> <i>Simeto.</i> <i>Stura.</i> <i>Tronto.</i> <i>Vipacco.</i>	Tugs (Small) . . .	<i>Argentario.</i> <i>Astico.</i> <i>Cordevole.</i> <i>Generale Pozzi.</i> <i>Irene.</i> <i>Passero.</i> <i>L. 10.</i> <i>N. 1.</i> <i>N. 4.</i> <i>N. 5.</i> <i>N. 9.</i> <i>N. 22.</i> <i>N. 26.</i> <i>N. 27.</i> <i>N. 32.</i> <i>N. 47.</i> <i>Porto Rosso.</i> <i>Porto Vecchio.</i> <i>San Bartolomco.</i> <i>San Benedetto.</i> <i>Tagliamento.</i> <i>N. 52.</i> <i>N. 53.</i> <i>N. 78.</i> <i>N. 96.</i> <i>N. 104.</i> <i>RLN. 1.</i> <i>RLN. 3.</i> <i>RLN. 9.</i> <i>RLN. 10.</i>
Tugs (Large) . . .	<i>Abbazia.</i> <i>Asinara.</i> <i>Atlante.</i> <i>Capraia.</i> <i>Chioggia.</i> <i>Emilio.</i> <i>Gagliardo.</i> <i>Gorgona.</i> <i>Licosa.</i> <i>Lilibeo.</i> <i>Ianosa.</i> <i>Mestra.</i> <i>Piombino.</i> <i>Porto Empedocle.</i> <i>Porto Fossone.</i> <i>Porto Pisano.</i> <i>Porto Rose.</i> <i>Porto Recanati.</i> <i>San Pietro.</i>		
Training Ship . . .	<i>Vespucci.</i>		
Transports	<i>Amalia Messina.</i> <i>Montegrappa.</i> <i>Tarantola.</i>		
Supply Ship	<i>Miraglia.</i>		
Repair Ship	<i>Paoinotti</i> (after conversion from S/H Depot Ship).		
Surveying Ships .	<i>Azio</i> (after conversion from minelayer). <i>Cherso.</i>		
Lighthouse- service vessel.	<i>Buffoluto.</i>		
Cable Ship	<i>Rampino.</i>		

*Part B. List of Ships To Be Placed at the Disposal of the Governments
of the U.S.S.R., U.K., U.S.A. and France*

MAJOR WAR VESSELS

Battleships	<i>Cesare.</i> <i>Italia.</i> <i>Vittorio Veneto.</i>	Destroyers	<i>Velite.</i>
Cruisers	<i>Aosta.</i> <i>Pompeo.</i> <i>Regolo.</i> <i>Savoia.</i> <i>Scipione.</i>	Torpedo-Boats . .	<i>Aliseo.</i> <i>Animoso.</i> <i>Ardimentoso.</i> <i>Ariete.</i> <i>Fortunale.</i> <i>Indomito.</i>
Sloop	<i>Eritrea.</i>	Submarines	<i>Alagi.</i> <i>Atropo.</i> <i>Dandolo.</i> <i>Giada.</i> <i>Marea.</i> <i>Nichelio.</i> <i>Platino.</i> <i>Vortice.</i>
Destroyers	<i>Artigliere.</i> <i>Fuciliere.</i> <i>Legionario.</i> <i>Mitragliere.</i> <i>Oriani.</i> <i>Riboty.</i>		

MINOR WAR VESSELS

M. T. B.	<i>M.S. Nos. 11, 24, 31, 35, 52, 53, 54, 55, 56, 61, 64, 65, 72, 73, 74, 75.</i> <i>MAS. Nos. 433, 434, 510, 514, 516, 519, 520, 521, 523, 538, 540, 543, 545, 547, 562.</i> <i>M.E. Nos. 38, 39, 40, 41.</i>
Minesweepers . . .	<i>RD Nos. 6, 16, 21, 25, 27, 28, 29.</i>
Gunboat	<i>Illyria (ex Albania).</i>
Vedettes	<i>Nos. 237, 240, 241, 245, 246, 248.</i>
Landing Craft . .	<i>Nos. 713, 717, 722, 726, 728, 729, 737, 744, 758, 776, 778, 780, 781, 784, 800, 831.</i>

AUXILIARY NAVAL VESSELS

Tankers	<i>Prometeo.</i> <i>Stige.</i> <i>Tarvisio.</i> <i>Urano.</i>	Tugs (Large) . . .	<i>Porto Torres.</i> <i>Porto Tricare.</i> <i>Procida.</i> <i>Promontore.</i> <i>Rapallo.</i> <i>Salvore.</i> <i>San Angelo.</i> <i>San Antioco.</i> <i>San Remo.</i> <i>Talamone.</i> <i>Taormina.</i> <i>Toulado.</i> <i>Tifeo.</i> <i>Vado.</i> <i>Vigoro.</i>
Water Carriers . .	<i>Anapo.</i> <i>Aterno.</i> <i>Basento.</i> <i>Bisagno.</i> <i>Dalmazia.</i> <i>Idria.</i> <i>Isarco.</i> <i>Istria.</i> <i>Liri.</i> <i>Metauro.</i> <i>Polcevera.</i> <i>Sprungola.</i> <i>Timavo.</i> <i>Tirso.</i> <i>Vas 226.</i>	Tugs (Small) . . .	<i>Generale Valfre.</i> <i>Licata.</i> <i>Noli.</i> <i>Velosca.</i> <i>N. 2.</i> <i>N. 3.</i> <i>N. 23.</i> <i>N. 24.</i> <i>N. 28.</i> <i>N. 35.</i> <i>N. 36.</i> <i>N. 37.</i> <i>N. 80.</i> <i>N. 94.</i>
Tugs (Large) . . .	<i>Arsachena.</i> <i>Basiluzzo.</i> <i>Capo d'Istria.</i> <i>Carbonara.</i> <i>Cefalu.</i> <i>Ercole.</i> <i>Gaeta.</i> <i>Lampedusa.</i> <i>Lipari.</i> <i>Liscanera.</i> <i>Marechiaro.</i> <i>Mesco.</i> <i>Molara.</i> <i>Nereo.</i> <i>Porto Conte.</i> <i>Porto Adriano.</i> <i>Porto Quieto.</i>	Depot Ship	<i>Anteo.</i>
		Training Ship . . .	<i>Colombo.</i>
		Auxiliary-Mine-layer.	<i>Fasana.</i>
		Transports	<i>Giuseppe Messina.</i> <i>Montecucco.</i> <i>Panigaglia.</i>

ANNEX 5(A)

Naval Definitions

STANDARD DISPLACEMENT

The standard displacement of a surface vessel is the displacement of the vessel, complete, fully manned, engined and equipped ready for sea, including all armament and ammunition, equipment, outfit, provisions and fresh water for crew, miscellaneous stores and implements of every description that are intended to be carried in war, but without fuel or reserve feed water on board.

The standard displacement is expressed in tons of 2240 lb. (1,016 kgs.).

WAR VESSEL

A war vessel, whatever its displacement, is:

- a.* A vessel specifically built or adapted as a fighting unit for naval, amphibious or naval air warfare;
- b.* Or a vessel which has one of the following characteristics:
 1. Mount a gun with a calibre exceeding 4.7 inches (120 mm.);
 2. Mount more than four guns with a calibre exceeding 3 inches (76 mm.);
 3. Is designed or fitted to launch torpedoes or to lay mines;
 4. Is designed or fitted to launch self-propelled or guided missiles;
 5. Is designed for protection by armour plating exceeding 1 inch (25 mm.);
 6. Is designed or adapted primarily for operating aircraft at sea;
 7. Mount more than two aircraft launching apparatus;
 8. Is designed for a speed greater than twenty knots if fitted with a gun of a calibre exceeding 3 inches (76 mm.).

A war vessel belonging to sub-category *a* is no longer to be considered as such after the twentieth year since completion if all weapons are removed.

BATTLESHIP

A battleship is a war vessel, other than an aircraft carrier, the standard displacement of which exceeds 10,000 tons, or which carries a gun with a calibre exceeding 8 inches (203 mm.).

AIRCRAFT CARRIER

An aircraft carrier is a war vessel whatever her displacement, designed or adapted primarily for the purpose of carrying and operating aircraft.

SUBMARINE

A submarine is a vessel designed to operate below the surface of the sea.

SPECIALISED TYPES OF ASSAULT CRAFT

- a.* All types of craft specially designed or adapted for amphibious operations.
- b.* All types of small craft specially designed or adapted to carry an explosive or incendiary charge for attacks on ships or harbours.

MOTOR TORPEDO BOAT

A vessel of a displacement less than 200 tons, capable of a speed of over 25 knots and of operating torpedoes.

ANNEX 5(B)

Definitions of Military, Air and Naval Training

Military training is defined as: the study of and practice in the use of war material specially designed or adapted for army purposes, and training devices relative thereto; the study and carrying out of all drill or movements which teach or practice evolutions performed by fighting forces in battle; and the organised study of tactics, strategy and staff work.

Military air training is defined as: the study of and practice in the use of war material specially designed or adapted for air force purposes, and training devices relative thereto; the study and practice of all specialised evolutions, including formation flying, performed by aircraft in the accomplishment, of an air force mission, and the organised study of air tactics, strategy and staff work.

Naval training is defined as: the study, administration or practice in the use of warships or naval establishments as well as the study or employment of all apparatus and training devices relative thereto, which are used in the prosecution of naval warfare except for those which are also normally used for civilian purposes; also the teaching, practice or organised study of naval tactics, strategy and staff work including the execution of all operations and manœuvres not required in the peaceful employment of ships.

ANNEX 5(C)

Definition and List of War Material

The term "War Material" as used in the present Treaty shall include all arms, ammunition and implements specially designed or adapted for use in war as listed below:

The Signatory Powers reserve the right to amend, by modification or addition, the list, periodically, in the light of subsequent scientific development.

Category I.

1. Military rifles, carbines, revolvers and pistols; barrels for these weapons and other spare parts not readily adaptable for civilian use;

2. Machine-guns, military automatic or autoloading rifles, and machine pistols; barrels for these weapons and other spare parts not readily adaptable for civilian use; machine-gun mounts.

3. Guns, howitzers, mortars, cannon special to aircraft; breechless or recoilless guns and flame-throwers; barrels and other spare parts not readily adaptable for civilian use, carriages and mountings for the foregoing.

4. Rocket projectors; launching and control mechanisms for self-propelling and guided missiles; mountings for same.

5. Self-propelling and guided missiles, projectiles, rockets, fixed ammunition and cartridges, filled or unfilled, for the arms listed in 1-4 inclusive above and fuses, tubes or contrivances to explode or operate them. Fuses required for civilian use are not included.

6. Grenades, bombs, torpedoes, mines, depth charges and incendiary materials or charges, filled or unfilled; all means for exploding or operating them. Fuses required for civilian use are not included.

7. Bayonets.

Category II.

1. Armoured fighting vehicles; armoured trains, not technically convertible to civilian use.

2. Mechanical and self-propelled carriages for any of the weapons listed in Category I; special type military chassis or bodies other than those enumerated in 1. above.

3. Armour plate, greater than three inches in thickness, used for protective purposes in warfare.

Category III.

1. Aiming computing devices, including predictors and plotting apparatus, for fire control; direction of fire instruments; gun sights; bomb sights; fuse setters; calibration equipment for the calibration of guns and fire control instruments.

2. Assault bridging, assault boats and storm boats.

3. Deceptive warfare, dazzle and decoy devices.

4. Personal war equipment of a specialised nature not readily adaptable to civilian use.

Category IV.

1. Warships of all kinds, including converted vessels and craft designed or intended for their attendance or support, which cannot be technically reconverted to civilian use, as well as weapons, armour, ammunition, aircraft and all other equipment, material, machines, and installations not used in peace time on ships other than warships.

2. Landing craft and amphibious vehicles or equipment of any kind; assault boats or devices of any type as well as catapults or other apparatus for launching or throwing aircraft, rockets, propelled weapons or any other missile, instrument or device whether manned or unmanned, guided or uncontrolled.

3. Submersible or semi-submersible ships, craft, weapons, devices or apparatus of any kind, including specially designed harbour defence booms, except as required by salvage, rescue or other civilian uses, as well as all equipment, accessories, spare parts, experimental or training aids, instruments or installations as may be especially designed for the construction, testing, maintenance or housing of the same.

Category V.

1. Aircraft, assembled or unassembled, both heavier and lighter than air, which are designed or adapted for aerial combat by the use of machine-guns, rockets, projectors, or artillery or for the carrying and dropping of bombs, or which are equipped with, or which by reason of design or construction are prepared for, any of the appliances referred to in paragraph 2 below.

2. Aerial gun mounts and frames, bomb racks, torpedo carriers and bomb release or torpedo release mechanisms; gun turrets and blisters.

3. Equipment specially designed for and used solely by airborne troops.

4. Catapults or launching apparatus for ship-borne, land or sea-based aircraft; apparatus for launching aircraft weapons.

5. Barrage balloons.

Category VI.

Asphyxiating, lethal, toxic, incapacitating substances intended for war purposes, or manufactured in excess of civilian requirements.

Category VII.

Propellants, explosives, pyrotechnics, liquefied gases destined for the propulsion, explosion, charging, filling of, or use in connection with the war material in the present categories, not capable of civilian use or manufactured in excess of civilian requirements.

Category VIII.

Factory and tool equipment specially designed for the production and maintenance of the products enumerated above and not technically reconvertible to civilian uses.

ANNEX 6

Special Provisions Relating to Certain Kinds of Property

A. INDUSTRIAL, LITERARY AND ARTISTIC PROPERTY

1. *a.* A period of one year from the coming into force of the present Treaty shall be accorded to the Allied and Associated Powers or their nationals without extension fees or other penalty of any sort in order to enable such persons to accomplish all necessary acts for the obtaining or preserving in Italy of rights in industrial, literary and artistic property which were not capable of accomplishment owing to the existence of a state of war.

b. Allied and Associated Powers or their nationals who had duly applied in any Allied or Associated Power for a patent or registration of a utility model not earlier than 12 months before the outbreak of the war with Italy or during the war, or for the registration of an industrial design or model or trade mark not earlier than 6 months before the outbreak of the war with Italy or during the war, shall be entitled within 12 months after the coming into force of the present Treaty to apply for corresponding rights in Italy with a right of priority based upon the previous filing of the application in that Allied and Associated Power.

c. Each of the Allied and Associated Powers or its nationals shall be accorded a period of one year from the coming into force of the present Treaty during which they may institute proceedings against those persons who are alleged illegally to have infringed their rights in industrial, literary or artistic property between the date of the outbreak of the war and the coming into force of the Present Treaty.

2. A period from the outbreak of the war until a date 18 months after the coming into force of the present Treaty shall be excluded in considering the time within which a patent should be worked or a design or trade mark used.

3. The period from the outbreak of the war until the coming into force of the present Treaty shall be excluded from the normal term of rights in industrial, literary and artistic property which were in force in Italy at the outbreak of the war or which are recognised or established under this Annex and belonging to any of the Allied and Associated Powers, or their nationals. Consequently, the normal duration of such rights shall be deemed automatically extended in Italy for a further term corresponding to the period so excluded.

4. The foregoing provisions concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Italy and its nationals, *but nothing in these provisions shall operate so as to*

give to Italy or any of its nationals greater rights than are accorded in like cases by any of the Allied or Associated Powers to any other of the United Nations.

The *U.S.S.R.* Delegation considers it unnecessary to include the passage in italics.

The *U.S.* Delegation would not agree to this Annex unless paragraph 4 were included in its entirety.

5. Third parties in the territories of any the Allied and Associated Powers or Italy who before the coming into force of the present Treaty have bona fide acquired industrial property rights conflicting with rights restored under this Article or with rights obtained with priority claimed thereunder, or have bona fide manufactured, used or sold the subject-matter of such rights, shall be permitted, without any liability for infringement, to continue to exercise such rights and to continue or to resume such manufacture, use or sale which had been bona fide acquired or commenced. In Italy, such permission shall take the form of a non-exclusive license granted on terms and conditions to be mutually agreed by the parties thereto or in default of agreement to be fixed by the Conciliation Commission established under Article 72 of the present Treaty. In the territories of the Allied and Associated Powers, however, bona fide third parties shall receive such protection as is accorded under similar circumstances to bona fide third parties whose rights are in conflict with those of the nationals of other Allied and Associated Powers.

6. Nothing in this Annex shall be construed to entitle Italy or its nationals to any patent or utility model rights in the territory of any of the Allied and Associated Powers with respect to inventions relating to any article listed by name in the definition of war material contained in Annex 5 of present Treaty made or upon which applications were filed by Italy or any of its nationals in Italy or in the territory of any other of the Axis Powers or in any territory occupied by the Axis forces, during the time when the place in question was under the control of enemy forces or authorities.

7. Italy shall extend the benefits of this Article to any United Nation other than an Allied or Associated Power which undertakes to extend to Italy the benefits accorded to Italy under this Article.

The *U.S.S.R.* Delegation does not see the reason for inclusion of paragraph 7 of the present Treaty.

8. Nothing in this Annex shall be understood to conflict with Articles 68, 69 and 70 of the present Treaty.

B. INSURANCE

U.K. proposal:

1. *United Nations insurers shall be granted full facilities by the Italian Government to recover their former portfolios of business in Italy and they shall not be required to conform to any legislative enactments more onerous than those which were applicable to them before the outbreak of war.*

2. *Insofar as the guarantee deposits and reserves of United Nations insurers have been reduced by reason of the payment of insurance claims arising out of the war, they shall be entitled to compensation from the Italian Government by way of the reinstatement of such deposits or reserves to the amount of the claims.*

3. *The Italian Government undertakes that if any United Nations insurer desires to resume business in Italy and it is found that the value of any guarantee depositor reserves required to be held as a condition of carrying on business in Italy have been diminished by reason of disappearance or depreciation of the securities in which they were constituted, Italy shall either:*

a. *itself reconstitute the deposits or reserves except in so far as the diminution or disappearance was caused by payment of losses already compensated for under paragraph 2 above; or*

b. *accept the securities at the value at the outbreak of war for the purpose of compliance with the legal requirements relating to such deposits and reserves.*

The U.S.S.R. Delegation considers that this subject is also covered by Article 68 on United Nations property in Italy and sees no reason to include any special provisions relating to insurance.

The U.S. Delegation is not opposed in principle to treaty provisions on special problems relating to insurance but is unable to accept the draft as a whole.

ANNEX 7

*Contracts, Prescriptions and Negotiable Instruments*U.K. proposals:

I. CONTRACTS

1. *Any contract concluded between enemies shall be deemed to have been dissolved as from the time when any of the parties became an enemy, except in respect of any debt accrued or money paid or other pecuniary obligation arising out of any act done thereunder, and subject to the exceptions set out in the following paragraph. The provisions of this paragraph shall be without prejudice to contracts of*

insurance and reinsurance, which shall be subject to a separate agreement. (Alternatively a special annex can be included.)

2. *The following classes of contracts notwithstanding the provisions of paragraph 1 are excepted from dissolution and without prejudice to the rights contained in Article 69, remain in force subject to the application of municipal laws, orders or regulations made since the outbreak of war by any member of the United Nations and subject to the proper law and terms of the contracts:*

a. *Contracts for the transfer of estates or of movable or immovable property where the property therein has passed or delivery been made before the parties became enemies;*

b. *Leases or agreements for leases of land, houses or parts thereof;*

c. *Contracts of mortgages or lien;*

d. *Concessions of mines, quarries or deposits;*

e. *Contracts between individuals or associations and states, municipalities or other similar juridical persons charged with administrative functions, and concessions granted by states, municipalities or other similar juridical persons charged with administrative functions.*

f. *Any contract of which the execution shall be required in the general interest within six months from the date of the coming into force of the present treaty by a government of one of the United Nations of which one of the parties to such a contract is a national; when the execution of the contract thus kept alive would, owing to the alteration of particular conditions, cause one of the parties substantial prejudice, the Conciliation Commission established under Article 72 shall be empowered to award fair compensation to the prejudiced parties.*

3. *If a contract is dissolved in part under paragraph 1, the remaining provisions of that contract shall, subject to the same application of municipal laws as is provided for in paragraph 2, continue in force if they are severable, but where they are not severable the contract shall be deemed to have been dissolved in its entirety.*

4. *Nothing in the present Annex shall be deemed to invalidate the transactions lawfully carried out in accordance with a contract between enemies if it has been carried out with the authority of the Government of one of the United Nations.*

5. *For the purposes of Parts I, II and III of the present Annex the parties to a contract shall be regarded as enemies when trading between them shall have been prohibited by or otherwise become unlawful under laws, orders or regulations to which one of these parties or the contract was subject. They shall be deemed to have become enemies from the date when such trading was prohibited or otherwise become unlawful.*

II. PERIODS OF PRESCRIPTION

1. *All periods of prescription, or limitation of right of action, whether they began to run before or after the outbreak of war, shall be treated in the territory of the High Contracting Parties, as far as regards relations between enemies, as having been suspended for the duration of the war. They shall begin to run again at earliest three months after the coming into force of the present Treaty. This provision shall apply to the period prescribed for the presentation of interest or dividend coupons or for the presentation for repayment of securities drawn for repayment or repayable on any other ground.*

2. *Where, on account of failure to perform any act or comply with any formality during the war, measures of execution have been taken in Italian territory to the prejudice of a national of one of the United Nations, the claim of such national shall, if the matter does not fall within the competence of the Courts of one of the United Nations, be heard by the Conciliation Commission established under Article 72.*

3. *Upon the application of any interested person who is a national of one of the United Nations the Conciliation Commission shall order the restoration of the rights which have been prejudiced by the measures of execution referred to in paragraph 2 wherever such restoration is equitable and possible. If such restoration is inequitable or impossible the Conciliation Commission may award compensation to the prejudiced party to be paid by the Italian Government.*

4. *Where a contract between enemies has been dissolved by reason either of failure on the part of either party to carry out its provisions or of the exercise of a right stipulated in the contract itself the party prejudiced may apply to the Conciliation Commission for relief. The Commission will have the powers provided for in paragraph 3.*

5. *The provisions of the preceding paragraphs of this Article shall apply to United Nations nationals who have been prejudiced by reason of measures referred to above taken by Italy on invaded or occupied territory, if they have not been otherwise satisfactorily compensated.*

6. *Italy shall compensate any third party who may be prejudiced by any restitution or restoration ordered by the Conciliation Commission under the provisions of the preceding paragraphs of this Part.*

7. *As regards negotiable instruments, the period of three months provided under paragraph 1 shall commence as from the date on which any exceptional regulations applied in the territories of the interested Power with regard to negotiable instruments shall have definitely ceased to have force.*

III. NEGOTIABLE INSTRUMENTS

1. *As between enemies no negotiable instrument made before the war shall be deemed to have become invalid by reason only of failure within the required time to present the instrument for acceptance or payment or to give notice of non-acceptance or non-payment to drawers or endorsers or to protest the instrument, nor by reason of failure to complete any formality during the war.*

2. *Where the period within which a negotiable instrument should have been presented for acceptance or for payment, or within which notice of non-acceptance or non-payment should have been given to the drawer or endorser, or within which the instrument should have been protested, has elapsed during the war, and the party who should have presented or protested the instrument or have given notice of non-acceptance or non-payment, has failed to do so during the war, a period of not less than three months from the coming into force of the present Treaty shall be allowed within which presentation, notice of non-acceptance or non-payment or protest may be made.*

3. *If a person has either before or during the war become liable upon a negotiable instrument in accordance with an undertaking given to him by a person who has subsequently become an enemy, the latter shall remain liable to indemnify the former in respect of his liability notwithstanding the outbreak of war.*

IV. MISCELLANEOUS

1. *Stock Exchange and Commercial Exchange Contracts.*

a. *Rules made during the war by any recognised Exchange or Commercial Association providing for the closure of contracts entered into before the war by an enemy are confirmed by the High Contracting Parties, as also any action taken thereunder, provided:*

i. That the contract was expressed to be made subject to the rules of the Exchange or Association in question;

ii. That the rules applied to all persons concerned;

iii. That the conditions attaching to the closure were fair and reasonable.

b. *The preceding paragraph shall not apply to rules made during the occupation by Exchanges or Commercial Associations in the districts occupied by the enemy.*

2. *Security.*

The sale of a security held for an unpaid debt owing by an enemy shall be deemed to have been valid irrespective of notice to the owner if the creditor acted in good faith and with reasonable care and prudence, and no claim by the debtor on the ground of such sale shall be admitted.

This stipulation shall not apply to any sale of securities effected by an enemy during the occupation in regions invaded or occupied by the enemy.

In view of the constitutional position of the Federal Government, the U.S. Delegation would be unable to accept any obligations on the matters covered by this Annex. The U.S. would not object to the inclusion of provisions on these subjects in the treaty but would wish to have a clause included making them inapplicable as between the United States and Italy.

The U.S.S.R. Delegation sees no reason for inclusion in the Peace Treaty of the matters covered by this Annex.

The French Delegation supports the U.K. proposal with regard to Prescriptions and Negotiable Instruments.

ANNEX 8

Prize Courts and Judgments

A. PRIZE COURTS

Each of the Allied and Associated Powers reserves the right to examine, according to a procedure to be established by it, all decisions and orders of the Italian Prize Courts involving ownership rights of its nationals, and to recommend to the Italian Government that revision shall be undertaken of these decisions or orders which may not be in conformity with international law.

Italy undertakes to supply copies of all documents comprising the records of these cases, including the decisions taken and orders issued, and to accept all recommendations made, subsequent to the examination of the said cases, and to give effect to such recommendations.

B. JUDGMENTS

U.S. proposal supported by U.S.S.R.:

The Italian Government shall take the necessary measures to enable nationals of any of the United Nations at any time within one year after the coming into force of the present Treaty to submit to the appropriate Italian authorities for review any judgment given by an Italian Court between June 10, 1940, and the coming into force of the present Treaty in any proceeding in which the United Nations national was unable to make adequate presentation of his case as plaintiff or defendant. The Italian Government shall provide that, where the United Nations national has suffered injury by reason of any such judgment, he shall be restored in the position in which he was

before the judgment was given or shall be afforded such relief as may be just and equitable in the circumstances. The term "United Nations nationals" includes corporations or associations organised or constituted under the laws of any of the United Nations.

French proposal:

The Italian Government undertakes to adopt appropriate measures in order that nationals of any of the United Nations may obtain during a period of one year from the coming into force of the present Treaty, revision of the judgments rendered by the Italian courts and tribunals between June 10, 1940, and the date of coming into force of the present Treaty, either in the absence of such nationals, or on account of their inability as a result of circumstances to have defended their cause satisfactorily.

The Italian Government shall indemnify nationals of the United Nations for the prejudice caused through the initial judgment and shall award compensation, if revision of such judgment did not conclude by re-establishing them *de facto* in the situation where they were when the procedure was instituted.

Should dispute arise either as regards the ability of nationals of any of the United Nations to have defended their cause satisfactorily, or the adequacy of the compensation to be awarded by the Italian Government, the said dispute shall be submitted to the Conciliation Commission established under Article 72 of the present Treaty.

U.K. proposal:

1. Judgments given by the Courts of a member of the United Nations in all cases which, under the present Treaty, they are competent to decide, shall be recognised in Italy as final, and shall be enforced without it being necessary to have them declared executory.

2. If a judgment in respect of any dispute which may have arisen has been given during the war by an Italian Court against a United Nations national in a case in which he was not able adequately to present his case whether as plaintiff or defendant, the United Nations national who has suffered prejudice thereby shall be entitled to recover, compensation to be fixed by the Conciliation Commission under the procedure laid down in Article 72 for settlement of disputes.

3. At the instance of United Nations nationals and where it is possible the Conciliation Commission may in lieu of compensation by order replace the parties in the situation which they occupied before the judgment was given by the Italian Court.

4. Such compensation or replacement may likewise be obtained before the Conciliation Commission by the United Nations nationals who have suffered prejudice by judicial measures taken in invaded or occupied territories if they have not been otherwise compensated.

ANNEX 9

(See Article 16)

Free Territory of Trieste

U.S. proposals: (Not yet discussed by the Council of Foreign Ministers).

A. Water supply for Gorizia and vicinity.

Under a permanent concession from the Government of Yugoslavia the commune of Gorizia shall continue to own and operate the springs and water supply installations at Fonte Fredda and Moncorona and the conduits carrying the water to the consuming area. The commune of Gorizia shall operate these springs, installations and conduits in such manner that the water systems shall continue to satisfy the needs for water of the area which has been customarily supplied by these water systems, including those communities which, upon the coming into force of the present treaty, will lie within the territory of Yugoslavia. The communities lying in Yugoslavia shall be supplied with such quantities of water, at such rates of flow and at such reasonable rate of payment by the communities to the commune of Gorizia, as shall be agreed between the commune of Gorizia and the communities in Yugoslavia. Unless otherwise agreed, the water supplies shall be allocated between the users in Italy and in Yugoslavia in approximately the same proportions as have been customary.

The above-mentioned water system shall be operated by the commune of Gorizia without interference by Yugoslavia and the latter shall not require the payment of taxes or charges of any kind in respect of the water systems. The commune of Gorizia shall be permitted freely to make the necessary repairs or additions to the water systems to maintain a water supply adequate to satisfy the requirements of the commune of Gorizia and of the above-mentioned communities in Yugoslavia.

B. Water supply to Northwestern Istria, within the Free Territory of Trieste.

Yugoslavia shall continue to supply water to the region of Northwestern Istria within the boundaries of the Free Territory of Trieste from the spring of San Giovanni de Pinguente through the Quieto water supply system (and from the spring of Santa Maria del Risano through the Risano system). The water so supplied shall be in such amounts, not substantially exceeding those amounts which have been customarily supplied to the region, and at such rates of flow, as the

Free Territory of Trieste may request, but within limits imposed by natural conditions. Yugoslavia shall maintain the water conduits, reservoirs, pumps, purifying systems and such other works within Yugoslav territory as may be required to fulfill this obligation. Temporary allowance must be made in respect of the foregoing obligations on Yugoslavia for necessary repair of war damage to water supply installations. The Free Territory of Trieste shall pay a reasonable price for the water thus supplied, which price shall represent a proportionate share, based on the quantity of water consumed within the Free Territory, of the total cost of operation and maintenance of the Quieto (and the Risano) water supply system(s). Should in the future, additional supplies of water be required by the Free Territory of Trieste, Yugoslavia undertakes to examine the matter jointly with the authorities of the Free Territory and by agreement to take such measures as are reasonable to meet these requirements.

C. Electricity supplies under the new Italian-Yugoslav-Free Territory of Trieste frontiers.

1. Yugoslavia and Italy shall maintain the existing supply of electricity to the Free Territory of Trieste, furnishing to the Free Territory such quantities of electricity at such rates of output as the latter may require. The quantities furnished need not at first substantially exceed those which have been customarily supplied to the area comprised in the Free Territory, but Italy and Yugoslavia shall, on request of the Free Territory, furnish increasing amounts as the requirements of the Free Territory grow.

2. The price to be charged by Yugoslavia or by Italy and to be paid by the Free Territory of Trieste for the electricity furnished to it shall be no higher than the price charged in Yugoslavia or in Italy for the supply of similar quantities of hydro-electricity from the same sources in Yugoslavia or Italian territory.

3. Yugoslavia, Italy and the Free Territory of Trieste shall exchange information continuously concerning the flow and storage of water and the output of electricity in respect of stations supplying the former Italian compartimento of Venezia Giulia so that each of the three parties will be in a position to determine its requirements.

4. Yugoslavia, Italy, and the Free Territory of Trieste shall maintain in good and substantial condition all of the electrical plants, transmission lines, sub-stations and other installations which are required for the continued supply of electricity to the former Italian compartimento of Venezia Giulia.

5. Yugoslavia shall ensure that the existing and any future power installations on the Isonzo are operated so as to provide that such sup-

plies of water as Italy may from time to time request may be diverted from the Isonzo for irrigation in the region from Gorizia southwestward to the Adriatic. Yugoslavia shall be obliged to provide Italy only with such amounts of water for this purpose as do not substantially exceed past requirements.

*6. Yugoslavia, Italy, and the Free Territory of Trieste shall, through joint negotiation, adopt a mutually agreeable convention in conformity with the foregoing provisions for the continuing operation of the electricity system which serves the former Italian *compartimento* of Venezia Giulia. This convention shall be so drawn as to allow for the possible expansion of the aforesaid electricity system by further hydro-electric developments in the Upper Isonzo, by the furnishing of additional supplies of electricity from Northern Italy, or by other means.*

7. Under the aforesaid convention, a Commission, or such other instrumentality as may be jointly agreed, shall be established, with headquarters in Trieste and with equal representation for Yugoslavia, Italy and the Free Territory of Trieste. The Commission shall facilitate the execution of the provisions in paragraphs 1 to 5 above and shall supervise and coordinate the operation and future development of the electricity system.

D. Provisions to facilitate local trade between the Free Territory of Trieste and Yugoslavia and between the Free Territory of Trieste and Italy.

Yugoslavia and the Free Territory of Trieste, and Italy and the Free Territory of Trieste, shall, within one month of the coming into force of the present treaty, undertake negotiations to provide arrangements which shall facilitate the movement across the frontiers between the Free Territory of Trieste and the adjacent areas of Yugoslavia and Italy of foodstuffs and other categories of commodities which have customarily moved between those areas in local trade. This movement may be facilitated by appropriate measures, including the exemption of such commodities, up to agreed quantities or values, from tariffs, customs charges, and export or import taxes of any kind when such commodities are moving in local trade.

DRAFT PEACE TREATY WITH RUMANIA, PREPARED BY THE COUNCIL
OF FOREIGN MINISTERS, PALAIS DU LUXEMBOURG, PARIS, JULY 18,
1946

CFM Files

*Draft Peace Treaty With Rumania*⁹

PREAMBLE

The Union of Soviet Socialist Republics, the United Kingdom, the United States of America, Australia, the Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, India, New Zealand, the Ukrainian Soviet Socialist Republic, and the Union of South Africa, as the States which are at war with Roumania and actively waged war against the European enemy states with substantial military force, hereinafter called the Allied and Associated Powers, of the one part, and Roumania, of the other part;

Whereas Roumania, having become an ally of Hitlerite Germany and participating on her side in the war against the Union of Soviet Socialist Republics, the United Kingdom, the United States of America, and other United Nations, bears her share of responsibility for this war;

Whereas, however, Roumania, on August 24, 1944, entirely ceased military operations against the U.S.S.R., withdrew from the war against the United Nations, broke off relations with Germany and her satellites, and having concluded on September 12, 1944, an Armistice with the Governments of the Union of Soviet Socialist Republics, the United Kingdom and the United States of America,¹⁰ acting in the interests of all the United Nations, took an active part in the war against Germany, and

Whereas the Allied and Associated Powers and Roumania are respectively desirous of concluding a treaty of peace which will form the basis of friendly relations between them and settle questions still outstanding as a result of the events hereinbefore recited, thereby enabling the Allied and Associated Powers to support Roumania's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations;

Have therefore agreed to declare the cessation of the state of war and for this purpose to conclude the present Peace Treaty, and have accordingly appointed as their Plenipotentiaries^{10a}
.
who, after presentation of their full powers, found in good and due form, have agreed on the following provisions :

⁹ The table of contents and the list of annexes in the source text are not printed here.

¹⁰ Department of State, Executive Agreement Series 490.

^{10a} Marks of ellipsis throughout this document occur in the source text.

PART I. FRONTIERS

ARTICLE 1

The frontiers of Roumania, shown on the map annexed to the present Treaty (Annex 1) shall be those which existed on January 1, 1941, with the exception of the Roumanian-Hungarian frontier, which is defined in Article 2 of the present Treaty.

The Soviet-Roumanian frontier is thus fixed in accordance with the Soviet-Roumanian Agreement of June 28, 1940, and the Soviet-Czechoslovak Agreement of June 29, 1945.

ARTICLE 2

The decision of the Vienna Award of August 30, 1940, is declared null and void. The frontier between Roumania and Hungary existing on January 1, 1938, is hereby restored.

PART II. POLITICAL CLAUSES

SECTION I

ARTICLE 3

Roumania shall take all measures necessary to secure to all persons under Roumanian jurisdiction, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms including freedom of expression, of press and publication, of religious worship, of political opinion and of public meeting.

ARTICLE 4

Roumania, which in accordance with the Armistice Agreement has taken measures to set free, irrespective of citizenship and nationality, all persons held in confinement on account of their activities in favour of the United Nations or because of their sympathies with the United Nations, or because of their racial origin, and to repeal discriminatory legislation and restrictions imposed hereunder, undertakes to complete these measures and in future not to take any measures or enact any laws which would be incompatible with the objects and purposes mentioned in this Article.

ARTICLE 5

Roumania, which in accordance with the Armistice Agreement has taken measures for dissolving all organizations of a Fascist type on Roumanian territory, whether political, military or paramilitary, as well as other organizations conducting propaganda hostile to the

Soviet Union or to any of the other United Nations, undertakes not to permit in future the existence and activities of organizations of that nature which have as their aim denial to the people of their democratic rights.

ARTICLE 6

1. Roumania shall take the necessary steps to ensure the apprehension and surrender for trial of:

a. Persons accused of having committed, ordered or abetted war crimes and crimes against peace or humanity;

b. Nationals of the Allied and Associated Powers accused of having violated their national law by treason or collaboration with the enemy during the war.

2. At the request of the United Nations Government concerned, Roumania will likewise make available as witnesses persons within its jurisdiction, whose evidence is required for the trial of the persons referred to in paragraph 1 of this Article.

3. Any disagreement concerning the application of the provisions of paragraphs 1 and 2 shall be referred by any of the Governments concerned to the Heads of the Diplomatic Missions in Bucharest of the U.S.S.R., U.K. and U.S.A. who will reach agreement with regard to the difficulty.

SECTION II

ARTICLE 7

Roumania undertakes to recognize the full force of the Peace Treaties concluded with Italy, Hungary, Bulgaria and Finland, and the agreements or arrangements which have been or will be reached by the Allied and Associated Powers in relation to Austria, Germany and Japan for the restoration of Peace.

ARTICLE 8

The state of war between Roumania and Hungary will terminate upon the coming into force both of the present Treaty of Peace and the Treaty of Peace between U.S.S.R., U.K., U.S.A., Australia, Byelorussian S.S.R., Canada, Czechoslovakia, India, New Zealand, Ukrainian S.S.R., Union of South Africa and Yugoslavia, of the one part and Hungary of the other part.

ARTICLE 9

Roumania undertakes to accept any arrangements which have been or may be agreed for the liquidation of the League of Nations and the Permanent Court of International Justice.

Roumania also undertakes to accept any arrangements which have been or may be agreed for the liquidation of the International Institute of Agriculture at Rome.

ARTICLE 10

1. Each Allied or Associated Power will notify Roumania, within a period of six months of the coming into force of the present Treaty, which pre-war bilateral treaties it desires to keep in force or revive. Any provisions not in conformity with the present Treaty shall however be deleted from the above-mentioned Treaties.

2. All treaties so notified will be registered with the Secretariat of the United Nations in accordance with Article 102 of the United Nations Charter.

3. All treaties not so notified are to be regarded as abrogated.

PART III. NAVAL, MILITARY AND AIR CLAUSES

ARTICLE 11

The maintenance of land, sea and air armaments and fortifications will be closely restricted to meeting tasks of an internal character and local defence of frontiers. In accordance with the foregoing, Roumania is authorised to have armed forces consisting of not more than:

a. A land Army, including frontier troops, with a total strength of 120,000 personnel.

b. Anti-aircraft artillery with a strength of 5,000 personnel.

c. A Navy with a personnel strength of 5,000 and a total tonnage of 15,000 tons.

d. An airforce, including any naval air arm, of 150 aircraft, including reserves, of which not more than 100 may be combat types of aircraft, with a total personnel strength of 8,000. Roumania shall not possess or acquire aircraft designed primarily as bombers with internal bomb-carrying facilities.

These strengths will in each case include combat, service and overhead personnel.

ARTICLE 12

The Roumanian Army, Air Force and Navy in excess of the above strength shall be disbanded within six months from the date of the coming into force of the present Treaty.

ARTICLE 13

Personnel not included in the Roumanian Army, Air Force and Navy respectively, will not receive any form of military training, military air training or naval training as defined in Annex 2.

ARTICLE 14

Roumania shall not possess, construct or experiment with any self-propelled or guided missiles or apparatus connected with their discharge, sea-mines of non-contact types actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft or specialised types of assault craft.

ARTICLE 15

Roumania shall not retain, produce, otherwise acquire, or maintain facilities for the manufacture of war material in excess of that required for the maintenance of the armed forces permitted under Article 11 of the present Treaty.

ARTICLE 16

1. Excess war material of Allied origin shall be placed at the disposal of the Allied or Associated Power concerned according to the instructions given by that Power. Excess Roumanian war material will be placed at the disposal of the Government of the U.S.S.R., U.K. and U.S.A. Roumania will renounce all rights to this material.

2. War material of German origin or design in excess of that required for the armed forces permitted under the present Treaty will be placed at the disposal of the Governments of the U.S.S.R, U.K. and U.S.A. Roumania will not acquire or manufacture any war material of German origin or design, or employ or train any technicians, including military and civil aviation personnel, who are or have been nationals of Germany.

3. Excess war material mentioned in paragraphs 1 and 2, will be handed over or destroyed within one year from the coming into force of the Present Treaty.

4. A definition and list of war material for the purposes of the present Treaty are set out in Annex 3.

ARTICLE 17

Roumania undertakes to co-operate fully with the United Nations in order to ensure that Germany may not be able to take any action outside German territory in the direction of rearmament.

ARTICLE 18

Roumania undertakes not to acquire or manufacture civil aircraft which are of German or Japanese design or which embody major assemblies of German or Japanese manufacture or design.

ARTICLE 19

Each of the military, naval and air clauses of the present Treaty will remain in force until modified in whole or in part by agreement between the Allied and Associated Powers and Roumania, or after Roumania becomes a member of the United Nations, by agreement between the Security Council and Roumania.

ARTICLE 20

1. Roumanian prisoners of war will be repatriated as soon as possible in accordance with arrangements to be agreed upon with Roumania by the individual powers detaining them.

2. All costs, including maintenance costs, incurred in moving Roumanian prisoners of war from their respective assembly points, as chosen by the Government of the Allied or Associated Power concerned to the point of entry into Roumanian territory shall be borne by the Roumanian Government.

War Graves

NOTE.—The U.S. Delegation wishes to reserve its position with respect to an Article covering War Graves until the Peace Conference. The U.S.S.R. Delegation considers such an article unnecessary.

PART IV. WITHDRAWAL OF ALLIED TROOPS FROM ROUMANIA

ARTICLE 21

Upon the coming into force of the present Treaty, all Allied Forces will, within a period of 90 days, be withdrawn from Roumania, subject to the right of the Soviet Union to keep on Roumanian territory such armed forces as it may need for the maintenance of the lines of communication of the Red Army with the Soviet zone of occupation in Austria. All unused Roumanian currency and all Roumanian goods in possession of the Allied forces in Roumania, acquired pursuant to Article 10 of the Armistice, will be returned to the Roumanian Government within the same period of 90 days. Roumania, however, undertakes to make available such maintenance and facilities as may specifically be required for the maintenance of the lines of communication with the Soviet zone of occupation in Austria, for which due compensation will be made to the Roumanian Government.

PART V. REPARATION AND RESTITUTION

ARTICLE 22

Losses caused to the Soviet Union by military operations and by the occupation by Roumania of Soviet territory will be made good by Roumania to the Soviet Union, but taking into consideration that Roumania has not only withdrawn from the war against the United Nations, but has declared and, in fact, waged war against Germany it is agreed that compensation for the above losses will be made by Roumania not in full but only in part, namely to the amount of 300 million United States dollars payable over 8 years from September 12, 1944, in commodities (oil-products, grain, timber, seagoing and river craft, sundry machinery, etc.).

The basis for calculating the settlement provided for in this Article will be the United States dollar at its gold parity on the day of the signing of the Armistice Agreement, i. e. 35 dollars for one ounce of gold.

ARTICLE 23

1. Roumania accepts the principles of the United Nations Declaration of January 5, 1943,¹¹ and will return property removed from United Nations territories.

2. The obligation to make restitution applies to all identifiable property at present in Roumania which was removed by force or duress by any of the Axis Powers from the territory of any of the United Nations, irrespective of any subsequent transactions by which the present holder of any such property has secured possession.

3. The Roumanian Government and the Government entitled to restitution may conclude agreements which will replace the provisions of the present Article.

4. The Roumanian Government undertakes to return the property referred to in the present Article in good order and, in this connexion, to bear all costs in Roumania relating to labour, materials and transport.

5. The Roumanian Government will co-operate with the United Nations in and will provide at its own expense all necessary facilities for, the search for and restitution of property liable to restitution under the present Article.

6. The Roumanian Government shall take the necessary measures to effect the return of property covered by this Article held in any third country by persons subject to Roumanian jurisdiction.

¹¹ *Foreign Relations*, 1943, vol. I, p. 443.

7. *Claims for the restitution of property shall be presented to the Roumanian Government by the Government of the country from whose territory the property was removed, it being understood that rolling stock shall be regarded as having been removed from the territory to which it originally belonged. The period during which such claims may be presented shall be six months from the date of coming into force of the present Treaty.

8. The burden of identifying the property and of proving ownership shall rest on the claimant government, and the burden of proving that the property was not removed by force or duress shall rest on the Roumanian Government.

PART VI. ECONOMIC CLAUSES

ARTICLE 24

1. Insofar as Roumania has not already done so, Roumania shall restore all the legal rights and interests in Roumania of the United Nations and their nationals as they existed on June 22, 1941, and shall return all property in Roumania including ships** of the United Nations and their nationals as it now exists.

2. The Roumanian Government undertakes that all property, rights and interests passing under this Article shall be restored free of all encumbrances and charges of any kind to which they may have become subject as a result of the war and without the imposition of any charges by the Roumanian Government in connection with its return. The Roumanian Government will nullify all measures, including seizures, sequestration or control, taken by it against United Nations' property between June 22, 1941 and the coming into force of the present Treaty. In cases where the property has not been returned within 6 months of the coming into force of the Treaty, application shall be made to the Roumanian authorities not later than 12 months from the coming into force of the Treaty, except in cases in which the claimant is able to show that he could not file his application within this period.

3. The Roumanian Government undertakes to invalidate transfers involving property, rights and interests of any description belonging to United Nations nationals, where such transfers resulted from force or duress exerted by Axis Governments or their agencies during the war.

*The U.K. Delegation agrees to paragraph 7 on the understanding that the question of restitution of shipping is covered in Article 24. [Footnote in source text.]

**The Agreement of the U.K. Delegation to this paragraph is subject to a definition of the ships deemed to be covered thereby. See also Annex 4 Part C. [Footnote in source text.]

4. U.S. proposal:

a. Where, as a result of the war, the property cannot be returned or the United Nations national has suffered a loss because of injury to the property, the Roumanian Government shall compensate the owner by the payment of a sum in lei sufficient at the date of payment to enable the recipient to purchase similar property or to make good the loss or damage suffered.

b. Sums in lei paid by the Roumanian Government under this Article shall be freely usable in Roumania but shall be subject to the foreign exchange control regulations which may be in force in Roumania from time to time. The Roumanian Government agrees to accord to United Nations nationals fair and equitable treatment with respect to the allocation of materials, and of foreign exchange required for the importation of materials, for the repair or rehabilitation of their properties in Roumania, and in no event to discriminate in these respects against nationals of the United Nations as compared with Roumanian nationals.

c. In cases where a corporation or association of any nationality other than that of one of the United Nations has suffered a loss of its property in Roumania as a result of the war, compensation in lei shall be paid by the Roumanian Government to United Nations nationals who have directly, or indirectly through intermediate corporations or associations of any nationality other than that of one of the United Nations, an ownership interest in the corporation or association which has suffered the loss. This compensation shall be that fractional part of the amount which would be required to enable the corporation or association to make good the loss or damage suffered, which the interest of the United Nations nationals constitutes of the totality of ownership interests in the corporation. Such compensation, however, shall not be required in case the Roumanian Government shall provide to the corporation or the association itself such full compensation or restoration as would be due under this Article if it were a corporation or association of one of the United Nations. In cases where the corporation or association receives from the Roumanian Government partial compensation for the damage or loss sustained, the United Nations nationals shall be paid by the Roumanian Government compensation in lei in an amount equal to their respective proportionate shares of the loss or damage for which the corporation or association does not itself receive compensation from the Roumanian Government. For purposes of this paragraph the extent of interest of a United Nations national shall be determined as of June 22, 1941, or the outbreak of war between the United Nation concerned and

Roumania, as may be the more favorable to the United Nations national.

d. As used in this Article, the phrase "as a result of the war" included the consequences of any action taken by the Roumanian Government, any action taken by any of the belligerents, any action taken under the Armistice of September 12, 1944, and any action or failure to act caused by the existence of a state of war.

U.S.S.R. proposal:

Roumania recognizes the necessity for compensation for the property of the United Nations and their nationals in Roumania lost or damaged during the war. In view of the fact, however, that Roumania has not only withdrawn from the war against the United Nations, but declared war on, and effectively waged war against Germany, and in consideration of the losses sustained by Roumania in the course of military operations against Germany on Roumanian territory, it is agreed that such compensation will be made in part to the extent of one-third of the losses and will be paid in Roumanian lei.

The U.K. and French Delegations approved the U.S. proposal subject to reservation as to the drafting.

5. All reasonable expenses incurred in Roumania in establishing claims, including the assessment of loss or damage, shall be borne by the Roumanian Government.

6. United Nations nationals and their property shall be exempted from any exceptional taxes, levies or imposts, imposed on their capital assets in Roumania by the Roumanian Government, or any Roumanian authority between the date of the Armistice and the coming into force of the present Treaty for the specific purpose of meeting charges arising out of the war or of meeting the costs of occupying forces or of reparations payable to any of the United Nations. Any sums which have been so paid shall be refunded.

7. The owner of the property concerned and the Roumanian Government may agree upon arrangements in lieu of the provisions of this Article.

8. As used in this Article:

a. "United Nations nationals" means individuals who are nationals of any of the United Nations or corporations or associations organised under the laws of any of the United Nations at the date of the coming into force of the present Treaty, provided that they also had this status at the date of the Armistice with Roumania.

The term "United Nations nationals" also includes all individuals, corporations or associations which under the laws in force in Roumania during the war, have been treated as enemy.

b. "Owner" means the United Nations national, as defined in subparagraph *a* above, who is entitled to the property in question, and includes a successor of the owner, provided that the successor is also a United Nations national as defined in subparagraph *a*. If the successor has purchased the property in its damaged state, the transferor shall retain his rights to compensation under this Article, without prejudice to obligations between the transferor and the purchaser under domestic law.

c. "Property" means all movable and immovable property, whether tangible, or intangible including industrial, literary and artistic property, as well as all rights, estates or interests in property of any kind.

ARTICLE 25

Roumania recognises that the Soviet Union is entitled to all German assets in Roumania transferred to the Soviet Union by the Control Council for Germany and undertakes to take all necessary measures for facilitating such transfers.

ARTICLE 26

1. Each of the Allied and Associated Powers shall have the right to seize, retain, liquidate or take any other action with respect to all property, rights and interests within its territory which on the date of coming into force of the present Treaty belong to Roumania or to Roumanian nationals, and to apply such property or the proceeds thereof to such purposes as it may desire, within the limits of its claims and those of its nationals against Roumania or its nationals, including debts other than claims fully satisfied under other Articles of the present Treaty. All Roumanian property, or the proceeds thereof, in excess of the amount of such claims, shall be returned.

2. The liquidation and disposition of Roumanian property shall be carried out in accordance with the law of the Allied or Associated Power concerned. The Roumanian owner shall have no rights with respect to such property except those which may be given him by that law.

3. The Roumanian Government undertakes to compensate Roumanian nationals whose property is taken under this Article and not returned to them.

4. No obligation is created by this Article on any Allied or Associated Power to return industrial, literary or artistic property to the Roumanian Government or Roumanian nationals, or to include such property in determining the amounts which may be retained under paragraph 1 of this Article. The Government of each of the Allied and Associated Powers shall have the right to impose such limitations,

conditions and restrictions on rights or interests with respect to industrial, literary and artistic property acquired prior to the coming into force of the present Treaty in the Territory of that Allied or Associated Power by the Government or nationals of Roumania, as may be deemed by the Government of the Allied or Associated Power to be necessary in the national interest.

5. The property covered by paragraph 1 of this Article shall be deemed to include Roumanian property which has been subject to control by reason of a state of war existing between Roumania and the Allied or Associated Power having jurisdiction over the property, but shall not include:

a. Property of the Roumanian Government used for consular or diplomatic purposes.

b. Property belonging to religious bodies or private charitable institutions and used for religious or charitable purposes.

c. Property of natural persons who are Roumanian nationals permitted to reside within the territory of the country in which the property is located or to reside elsewhere in United Nations' territory, other than Roumanian property which at any time during the war was subjected to measures not generally applicable to the property of Roumanian nationals resident in the same territory.

d. Property rights arising since the resumption of trade and financial relations between Roumania and the Allied and Associated Powers, or arising out of transactions between Roumania and the Governments of any Allied or Associated Power since September 12, 1944.

ARTICLE 27

U.S.S.R. proposal:

1. *Limitations imposed in respect of Roumanian property on the territory of Germany and on the territory of other countries which took part in the war on the side of Germany shall be withdrawn after the coming into force of the present treaty. The rights of Roumanian owners with respect to the disposal of the property in question shall be restored.*

2. *Roumania shall have the right to restitution of identifiable property which was compulsorily or forcibly removed from Roumania after August 24, 1944, and is at present in Germany.*

The restitution of Roumanian property situated in the territory of Germany will be effected in accordance with the instructions of the military authorities of the Powers in occupation of Germany.

U.K., U.S. and French proposal:

Roumania hereby renounces on its own behalf and on behalf of Roumanian nationals all claims, including debts, against Germany

and German nationals outstanding on May 8, 1945, except those arising out of contracts and other obligations entered into, and rights acquired, before September 1, 1939. This renunciation shall be deemed to include not only all inter-governmental claims in respect of arrangements entered into in the course of the war, but also all claims for loss or damage arising during the war. This renunciation shall be without prejudice to any dispositions in favour of Roumania or Roumanian nationals made by the Powers in occupation of Germany.

ARTICLE 28

1. The Contracting Parties agree that the existence of the state of war shall not, in itself, be regarded as affecting the obligations to pay pecuniary debts arising out of obligations and contracts which existed, and rights acquired, before the existence of a state of war, which became payable prior to the coming into force of the present Treaty, and which are due by the Government or nationals of Roumania to the Government or nationals of one of the Allied and Associated Powers or are due by the Government or nationals of one of the Allied and Associated Powers to the government or nationals of Roumania.

2. Except as otherwise expressly provided in the present Treaty, nothing therein shall be construed as impairing debtor-creditor relationships arising out of pre-war contracts concluded either by the Government or nationals of Roumania.

ARTICLE 29

1. Roumania waives all claims of any description against the Allied and Associated Powers on behalf of the Roumanian Government or Roumanian nationals arising directly out of the war or out of actions taken because of the existence of a state of war in Europe after September 1, 1939, whether or not the Allied or Associated Power was at war with Roumania at the time, including the following:

a. Claims for losses or damages sustained as a consequence of acts of forces or authorities of the Allied or Associated Powers;

b. Claims arising from the presence, operations or actions of forces or authorities of the Allied or Associated Powers in Roumanian territory;

c. Claims with respect to the decrees and orders of Prize Courts of the Allied or Associated Powers, Roumania agreeing to accept as valid and binding all decrees and orders of such Prize Courts on or after September 1, 1939, concerning Roumanian ships or Roumanian goods or the payment of costs;

d. Claims arising out of the exercise or purported exercise of belligerent rights.

2. The provisions of this Article will bar, completely and finally, all claims of the nature referred to herein, which will henceforward be extinguished, whoever may be the parties in interest. The Roumanian Government agrees to make equitable compensation in lei to persons who furnished supplies or services on requisition to the forces of the Allied and Associated Powers in Roumanian territory and in satisfaction of non-combat damage claims against the forces of the Allied and Associated Powers arising in Roumanian territory.

3. Roumania likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Roumanian Government or Roumanian nationals against any of the United Nations which severed diplomatic relations with Roumania and took action in cooperation with the Allied and Associated Powers.

4. The Roumanian Government will assume full responsibility for Allied military currency issued in Roumania by the Allied military authorities, including all such currency in circulation on the date of the coming into force of this Treaty.

5. The waiver of claims by Roumania under this Article includes any claims arising out of actions taken by any of the Allied and Associated Powers with respect to Roumanian ships between September 1, 1939, and the date of the coming into force of the present Treaty, as well as any claims and debts arising out of Conventions on prisoners of war now in force.

ARTICLE 30

1. Pending the conclusion of commercial treaties or agreements between Roumania and the United Nations, the Roumanian Government shall during the 18 months following the coming into force of the present Treaty grant the following treatment to each of the United Nations which, in fact, reciprocally grants similar treatment in like matters to Roumania:

a. In all that concerns duties and charges on importation or exportation the internal taxation of imported goods and all regulations pertaining thereto, the United Nations shall be granted unconditional most-favoured-nation treatment.

b. In all other respects, Roumania shall make no arbitrary discrimination against goods originating in or destined for any territory of any of the United Nations as compared with like goods originating in or destined for any other territory of the United Nations or of any other foreign country;

c. Natural and legal persons who are nationals of any of the United Nations shall be granted national and most-favoured-nation treatment in all matters pertaining to commerce, industry, shipping and other forms of business activity within Roumania . . .

The U.S.S.R. Delegation proposes the following text as an integral part of the paragraph:

. . . excluding certain branches where, in accordance with the internal legislation of the country, private enterprise does not take place.

The U.K., U.S. and French Delegations propose the following alternative to the U.S.S.R. proposal:

This paragraph shall not be deemed to confer on the United Nations, or their nationals, rights to engage in any branch of commerce, industry, shipping or other form of business activity which under Roumanian law is a monopoly of the Roumanian State. Nevertheless, the most-favoured-nation principle shall be observed in any such cases in which foreign participation is allowed.

Proposed further addition to this paragraph by the U.S. Delegation supported by U.K.

It is further understood that this paragraph shall not apply to civil aviation, but that Roumania will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic and will afford all the United Nations equality of opportunity for obtaining international commercial aviation rights in Roumanian territory.

The U.S.S.R. Delegation sees no reason for inclusion of this addition in the Treaty.

2. U.S.S.R. proposal:

The foregoing undertakings by Roumania shall be understood to be subject to the exceptions customarily included in commercial treaties concluded by Roumania before the war which relate to relations with neighbouring countries applied to them; and the provisions with respect to reciprocity granted by each of the United Nations shall be understood to be subject to the exceptions customarily included in the commercial treaties concluded by that Power.

French, U.K. and U.S. proposal:

The foregoing undertakings by Roumania shall be understood to be subject to the exceptions customarily included in commercial treaties concluded by Roumania before the war, and the provisions with respect to reciprocity granted by each of the United Nations shall be understood to be subject to the exceptions customarily included in the commercial treaties concluded by that Power.

ARTICLE 31

U.K. proposal:

Any disputes which may arise in connexion with Articles 23 and 24 and Annexes 4, 5 and 6 of the present Treaty shall be referred to a Conciliation Commission composed of an equal number of representatives of the United Nations Government concerned and of the Rouma-

nian Government. If agreement has not been reached within three months of the dispute having been referred to the Conciliation Commission, either Government may require the addition of a third member to the Commission, and failing agreement between the two Governments on the selection of this member, the President of the International Court of Justice shall be requested to make the appointment. The decisions of the Commission, as so constituted, shall be taken by the same procedure as is provided for decisions of the International Court itself in Articles 48 and 55-57 of the Statute of the Court and shall be final and binding on all parties.

U.S.S.R. proposal:

Any disputes which may arise in giving effect to the present Articles 23 and 24 of the present Treaty shall be referred to a Conciliation Commission consisting of an equal number of Representatives of the Government of the United Nations concerned and the Government of Roumania, appointed on an equal footing. If within 3 months after the dispute has been referred to the Conciliation Commission no agreement has been reached, either Government may ask for the addition to the Commission of a third member selected by mutual agreement of the two Governments from nationals of third countries. Should the two Governments fail to agree on the selection of a third member of the Commission, the Governments shall apply to the three Heads of the Diplomatic Missions in Bucharest of the U.S.S.R., U.K. and U.S., who will appoint the third member of the Commission.

The U.S. Delegation can accept either the U.K. proposal or the U.S.S.R. proposal provided the following sentence is added at the end of the latter.

If the three Heads of Mission are unable to agree within a period of one month upon the appointment of the third member, the Secretary-General of the United Nations shall be requested by either party to make the appointment.

The French Delegation has the same proposition as the U.S. Delegation provided Annexes 4, 5 and 6 are covered by the Article.

ARTICLE 32

Articles 23, 24 and 30 and Annex 6 of this Treaty shall apply to the Allied and Associated Powers and France and to those of the United Nations which have broken off diplomatic relations with Roumania.

ARTICLE 33

The provisions of Annexes 4, 5 and 6 shall, as in the case of the other Annexes, have force and effect as integral parts of the present Treaty.

PART VII. CLAUSES RELATING TO THE DANUBE

ARTICLE 34

U.K. and U.S. proposal:

1. *Navigation on the Danube River, its navigable tributaries and connecting canals shall be free and open on terms of entire equality to the nationals, vessels of commerce and goods of all states.*

2. *Sanitary, police and other laws and regulations applicable to the Danube River system shall be administered by Roumania in a non-discriminatory manner and shall not unreasonably impede commercial navigation.*

3. *No obstacles or impediments to navigation shall be placed in the main channels of the Danube River system or along the shores thereof. Roumania undertakes to remove any existing obstacle or impediment in the main channels lying within its jurisdiction or to permit such removals by any international authority which may be established for the Danube River system.*

4. *No tolls, dues or other charges shall be levied by Roumania except for the purpose of defraying the cost of development and maintenance of the waterway in a commercially navigable condition; and no tolls, dues or other charges shall be levied with respect to navigation of any naturally navigable portion of the waterway. All tolls, dues and other charges shall be levied in such a manner as not to discriminate against nationals, vessels of commerce or goods of any state. The schedule of these charges shall be open for public inspection and shall be publicly displayed in appropriate places.*

5. *In the establishment, administration and operation of any interim or permanent international regime for the Danube River system, Roumania shall enjoy a status equal to that of the other member states.*

6. *Any dispute between the parties [to] the present Treaty with respect to the application or interpretation of this Article relating to the regime and conditions of navigation on the Danube River system, which cannot be resolved by negotiation, shall be submitted to a chamber of three or more judges formed by the International Court of Justice under Article 26 of its Statute.*

U.K. Delegation propose to add:

A conference of all interested states, including Roumania will be convened within a period of six months of the coming into force of the present treaty to establish the new permanent international regime for the Danube.

U.S.S.R. proposal:

The question of the Danube cannot be solved by the Peace Treaties with Roumania, Bulgaria and Hungary since it has to be settled with

the participation of the Danubian States which include Allied States such as Czechoslovakia and Yugoslavia. The Delegation of the U.S.S.R., therefore, proposes not [to] have the provisions relating to the Danube included in the Peace Treaties with Roumania, Bulgaria and Hungary.

PART VIII. FINAL CLAUSES

ARTICLE 35

For a period not to exceed 18 months from the coming into force of the present Treaty, the Heads of the Diplomatic Missions in Bucharest of the U.S.S.R., the U.K. and U.S. acting in concert, will represent the Allied and Associated Powers in dealing with the Roumanian Government in all matters concerning the execution and interpretation of the present Treaty.

The three Heads of Mission will give the Roumanian Government such guidance, technical advice and clarification as may be necessary to ensure rapid and efficient compliance with the spirit and terms of the present Treaty.

The Roumanian Government undertake to afford the said three Heads of Mission all necessary information and any assistance they may require in the fulfilment of the tasks devolving on them under the present Treaty.

ARTICLE 36

U.K. and U.S. proposal:

Except where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be referred to the three Heads of Mission acting as provided under Article 35 and, if not resolved by them within a period of two months, shall, at the request of any party to any dispute, be referred to the International Court of Justice. Any dispute still pending at, or arising after, the date when the Heads of Mission terminate their functions under Article 35, and which is not settled by direct diplomatic negotiations, shall equally, at the request of any party to the dispute, be referred to the International Court of Justice.

U.S.S.R. proposal:

Save where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be settled by direct diplomatic negotiations and, in case the disputes are not settled in this way, they shall be referred to the three Heads of Mission acting as provided under Article 35, except that in this case the Heads of Mission will not be restricted by the time-limit provided in that Article.

ARTICLE 37

Any other member of the United Nations not a signatory to the present Treaty which is at war with Roumania, may accede to the Treaty and upon accession will be deemed to be an Associated Power for the purposes of the Treaty.

Instruments of accession will be deposited with the Government of the U.S.S.R. and shall take effect upon deposit.

ARTICLE 38

The present Treaty, of which the Russian and English texts are authentic, shall be ratified by the Allied and Associated Powers. It shall also be ratified by Roumania. It will come into force immediately [upon] deposit of ratifications by the U.S.S.R., U.K. and U.S.A. The instruments of ratification will, in the shortest time possible, be deposited with the Government of the U.S.S.R.

With respect to each Allied and Associated Power whose instrument of ratification is thereafter deposited, the Treaty shall come into force upon the date of deposit. The present Treaty will be deposited in the archives of the Government of the U.S.S.R., which shall furnish certified copies to each of the signatory States.

Done in the city of in the Russian, English and Roumanian languages.

ANNEX 1

(See Article 1)

*Map of the Roumanian Frontiers*¹²

ANNEX 2

(See Article 13)

Definition of Naval, Military and Air Training

Military training is defined as: the study of and practice in the use of war material specially designed or adapted for army purposes, and training devices relative thereto; the study and carrying out of all drill or movements which teach or practice evolutions performed by fighting forces in battle; and the organised study of tactics, strategy and staff work.

Military air training is defined as: the study of and practice in the use of war material specially designed or adapted for air force purposes, and training devices relative thereto; the study and practice of

¹² No map accompanied the English text of the Draft Treaty.

all specialised evolutions, including formation flying, performed by aircraft in the accomplishment of an air force mission, and the organised study of air tactics, strategy and staff work.

Naval training is defined as: the study, administration or practice in the use of warships or naval establishments as well as the study or employment of all apparatus and training devices relative thereto, which are used in the prosecution of naval warfare except for those which are also normally used for civilian purposes; also the teaching, practice or organised study of naval tactics, strategy and staff work including the execution of all operations and manœuvres not required in the peaceful employment of ships.

ANNEX 3

(See Article 15)

Definition and List of War Material

Definition of War Material:

The term: "war material" as used in this Treaty shall include all arms, ammunition and implements specially designed or adapted for use in war as listed below.

The Allied and Associated Powers reserve the right to amend by modification or addition, the list, periodically, in the light of subsequent scientific development.

Category I.

1) Military rifles, carbines, revolvers and pistols; barrels for these weapons and other spare parts not readily adaptable for civilian use.

2) Machine guns, military automatic or autoloading rifles, and machine pistols; barrels for these weapons and other spare parts not readily adaptable for civilian use; machine gun mounts.

3) Guns, howitzers, mortars, cannon special to aircraft; breechless or recoilless guns and flame-throwers, barrels and other spare parts not readily adaptable for civilian use; carriages and mountings for the foregoing.

4) Rocket projectors; launching and control mechanisms for self-propelling and guided missiles; mountings for same.

5) Self-propelling and guided missiles, projectiles, rockets, fixed ammunition and cartridges, filled or unfilled, for the arms listed in 1-4 inclusive above and fuses, tubes or contrivances to explode or operate them. Fuses required for civilian use are not included.

6) Grenades, bombs, torpedoes, mines, depth charges and incendiary

material or charges, filled or unfilled; all means for exploding or operating them. Fuses required for civilian use are not included.

7) Bayonets.

Category II.

1) Armoured fighting vehicles; armoured trains, not technically convertible to civilian use.

2) Mechanical and self propelled carriages for any of the weapons listed in Category I; special type military chassis or bodies other than those enumerated in 1 above.

3) Armour plate, greater than three inches in thickness, used for protective purposes in warfare.

Category III.

1) Aiming and computing devices, including predictors and plotting apparatus, for fire control; direction of fire instruments; gun sights; bomb sights; fuse setters, calibration equipment for the calibration of guns and fire control instruments.

2) Assault bridging, assault boats and storm boats.

3) Deceptive warfare, dazzle and decoy devices.

4) Personal war equipment of a specialised nature not readily adaptable to civilian use.

Category IV.

1) Warships of all kinds, including converted vessels and craft designed or intended for their attendance or support, which cannot be technically reconverted to civilian use, as well as weapons, armour, ammunition, aircraft and all other equipment, material machines and installations not used in peace time on ships other than warships.

2) Landing craft and amphibious vehicles or equipment of any kind; assault boats or devices of any type as well as catapults or other apparatus for launching or throwing aircraft, rockets, propelled weapons or any other missile, instrument or device whether manned or unmanned, guided or uncontrolled.

3) Submersible or semi-submersible ships, craft, weapons, devices or apparatus of any kind, including specially designed harbour defence booms, except as required by salvage, rescue or other civilian uses, as well as all equipment, accessories, spare parts experimental or training aids, instruments or installations as may be especially designed for the construction, testing maintenance or housing of the same.

Category V.

1) Aircraft, assembled or unassembled, both heavier and lighter than air which are designed or adapted for aerial combat by the use

of machine guns, rocket projectors, or artillery or for the carrying and dropping of bombs, or which are equipped with, or which by reason of design or construction are prepared for, any of the appliances referred to in paragraph 2 below.

2) Aerial gun mounts and frames, bomb racks, torpedo carriers and bomb release or torpedo release mechanisms; gun turrets and blisters.

3) Equipment specially designed for and used solely by airborne troops.

4) Catapults or launching apparatus for ship-borne, land or sea-based aircraft; apparatus for launching aircraft weapons.

5) Barrage balloons.

Category VI.

Asphyxiating, lethal, toxic, incapacitating substances intended for war purposes, or manufactured in excess of civilian requirements.

Category VII.

Propellants, explosives, pyrotechnics, liquefied gases destined for the propulsion, explosion, charging, filling of, or use in connection with the war material in the present categories, not capable of civilian use or manufactured in excess of civilian requirements.

Category VIII.

Factory and total equipment specially designed for the production and maintenance of the products enumerated above and not technically reconvertible to civilian use.

ANNEX 4

Special Provisions Relating to Certain Kinds of Property

A. INDUSTRIAL, LITERARY AND ARTISTIC PROPERTY

1. *a.* A period of one year from the coming into force of the present Treaty shall be accorded to the Allied and Associated Powers or their nationals without extension fees or other penalty of any sort in order to enable such persons to accomplish all necessary acts for the obtaining or preserving in Roumania of rights in industrial, literary and artistic property which were not capable of accomplishment owing to the existence of a state of war.

b. Allied and Associated Powers or their nationals who had duly applied in any Allied or Associated Power for a patent or registration of a utility model not earlier than 12 months before the outbreak of the war with Roumania or during the war, or for the registration of an industrial design or model or trade mark not earlier than 6 months before the outbreak of the war with Roumania or during the war, shall

be entitled within 12 months after the coming into force of the present Treaty to apply for corresponding rights in Roumania with a right of priority based upon the previous filing of the application in that Allied and Associated Power.

c. Each of the Allied and Associated Powers or its nationals shall be accorded a period of one year from the coming into force of the present Treaty during which they may institute proceedings against those persons who are alleged illegally to have infringed their rights in industrial, literary or artistic property between the date of the outbreak of the war and the coming into force of the present Treaty.

2. A period from the outbreak of the war until a date 18 months after the coming into force of the present Treaty shall be excluded in considering the time within which a patent should be worked or a design or trade mark used.

3. The period from the outbreak of the war until the coming into force of the present Treaty shall be excluded from the normal term of rights in industrial, literary and artistic property which were in force in Roumania at the outbreak of the war or which are recognised or established under this Annex and belonging to any of the Allied and Associated Powers, or their nationals. Consequently, the normal duration of such rights shall be deemed automatically extended in Roumania for a further term corresponding to the period so excluded.

4. The foregoing provisions concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Roumania and its nationals.

But nothing in these provisions shall operate so as to give to Roumania or any of its nationals greater rights than are accorded in like cases by any of the Allied or Associated Powers to any other of the United Nations.

The U.S.S.R. Delegation considers it unnecessary to include the passage in italics.

The U.S. Delegation would not agree to this Annex unless paragraph 4 were included in its entirety.

5. Third parties in the territories of any of the Allied and Associated Powers or Roumania who before the coming into force of the present Treaty have bona fide acquired industrial property rights conflicting with rights restored under this Article or with rights obtained with priority claimed thereunder, or have bona fide manufactured, used or sold the subject-matter of such rights, shall be permitted without any liability for infringement, to continue to exercise such rights and to continue or to resume such manufacture, use or sale which had been bona fide acquired or commenced. In Roumania, such permission shall take the form of a non-exclusive license granted

on terms and conditions to be mutually agreed by the parties thereto or in default of agreement to be fixed by the Conciliation Commission established under Article 31 of the Treaty. In the territories of the Allied and Associated Powers, however, bona fide third parties shall receive such protection as is accorded under similar circumstances to bona fide third parties whose rights are in conflict with those of the nationals of other Allied and Associated Powers.

6. Nothing in this Annex shall be construed to entitle Roumania or its nationals to any patent or utility model rights in the territory of any of the Allied and Associated Powers with respect to inventions relating to any article listed by name in the definition of war material contained in Annex 3 of the present Treaty made or upon which applications were filed by Roumania or any of its nationals in Roumania or in the territory of any other of the Axis Powers or in any territory occupied by the Axis forces, during the time when the place in question was under the control of enemy forces or authorities.

7. *Roumania shall extend the benefits of this Article to any United Nation other than an Allied or Associated Power which undertakes to extend to Roumania the benefits accorded to Roumania under this Article.*

The U.S.S.R. Delegation does not see the reason for inclusion of paragraph 7 in the present Treaty.

8. Nothing in this Annex shall be understood to conflict with Articles 24, 26 and 28 of the present Treaty.

B. INSURANCE

U.K. proposal:

1. *United Nations Insurers shall be granted full facilities by the Roumanian Government to recover their former portfolios of business in Roumania and they shall not be required to conform to any legislative enactments more onerous than those which were applicable to them before the outbreak of war.*

2. *In so far as the guarantee deposits and reserves of United Nations insurers have been reduced by reason of the payment of insurance claims arising out of the war they shall be entitled to compensation from the Roumanian Government by way of the reinstatement of such deposits or reserves to the amount of the claims.*

3. *The Roumanian Government undertakes that if any United Nations' Insurer desires to resume business in Roumania and it is found that the value of any guarantee deposit or reserves required to be held as a condition of carrying on business in Roumania have been diminished by reason of disappearance or depreciation of the securities in which they are constituted, Roumania shall either*

a. Itself reconstitute the deposits or reserves except in so far as the diminution or disappearance was caused by payment of losses already compensated for under paragraph 2 above; or

b. Accept the securities at the value at the outbreak of war for the purpose of compliance with the legal requirements relating to such deposits and reserves.

The U.S.S.R. Delegation considers that this subject is also covered by Article 24 on United Nations property in Roumania and sees no reason to include any special provisions relating to Insurance.

The U.S. Delegation is not opposed in principle to treaty provisions on special problems relating to insurance but is unable to accept the draft as a whole.

C. SHIPPING

U.K. proposal:

1. The expression "property" includes all vessels of the United Nations, with full inventory, equipment and cargoes which were in the waters of Roumania or Roumanian territorial waters of the Danube on June 22, 1941.

Vessels falling into the following categories are regarded as belonging to a United Nation or United Nations national:

(i) If on June 22, 1941 (at the time they fell under Roumanian control), they were registered in the territory of a United Nation.

(ii) If on June 22, 1941 (at the time they fell under Roumanian control), they had the right to fly the flag of a United Nation whether or not formally registered in the territory of that Nation.

(iii) If, after June 22, 1941, they were built in Roumania by, or for, or acquired by, any national of a United Nation, and registered in its territory (if liable to registration).

2. The Roumanian Government is responsible for handing over in Roumanian territorial waters the vessels of the United Nations in complete good order as they existed on June 22, 1941, within a period of one month from the coming into force of this Treaty, and to pay fair compensation for the loss of use and loss of profits from June 22, 1941 up to the date of the handing over of the vessels. In the event of the Roumanian Government failing to hand over within the time limit laid down the Roumanian Government shall pay further compensation in the currency of the United Nation concerned for such further loss of use and profits up to the date of handing over of the vessels.

3. The Roumanian Government undertakes to restore the vessels in good navigable condition including the carrying out of repairs shown to be necessary by an expert survey. ‡ Up to the time of handing over all damages or defects found in the vessels are the sole responsibility of the Roumanian Government.

‡ Repairs to be done in Roumania or if outside Roumania the cost to be to the charge of the Roumanian Government who must provide the necessary foreign exchange. [Footnote in source text.]

The Roumanian Government accepts that the return of such vessels is without prejudice to any rights or remedies provided in any other Articles of the present Treaty relating to the payment of compensation in respect of any acts or omission of the Roumanian Government or its nationals.

4. Where United Nations' vessels have been lost these are to be valued at replacement cost and vessels of a similar category delivered to the same value; if the Roumanian Government should be unable to deliver from existing vessels, the required vessels are to be constructed either in Roumanian shipyards or elsewhere, the responsibility for payment resting with the Roumanian Government.

The U.S. and French Delegations consider it desirable that the Peace Conference include in the treaty a definition of the ships to which the Article on United Nations Property will apply but believe the other provisions proposed on this subject are unnecessary.

The U.S.S.R. Delegation considers that this subject is also covered by Article 24 on United Nations property in Roumania and sees no reason to include any special provisions relating to shipping.

D. PETROLEUM

U.K. proposal:

1. The complete restoration and replacement of damaged or destroyed property belonging to United Nations nationals engaged in the petroleum industry in Roumania shall receive priority over the restoration or replacement of other property in the petroleum industry of Roumania, and failing the complete restoration or replacement of damaged or destroyed property of United Nations nationals within a period of one year from the date of the coming into force of this Treaty, the Roumanian Government undertakes to pay to such United Nations nationals convertible currency equivalent to the assessed value of the property which the Roumanian Government failed to restore or replace.

2. The Roumanian Government accepts to compensate United Nations nationals engaged in the petroleum industry in Roumania for all reasonable expenses incurred in preparation for and in execution of provisional repairs and replacements to the damaged property of United Nations nationals, during the war and since the signing of the Armistice and until such time as complete restoration or replacement of damaged or destroyed property has been effected.

3. The Roumanian Government undertakes to repeal the Petroleum Law of July 1942 and to re-enact the Mining Law of 1937 pending the coming into force of a new petroleum law.

4. United Nations nationals engaged in the petroleum industry of Roumania reserve the right to demand the revocation of any acts, deeds, or titles deriving from the Petroleum Law of 1942 which they

consider prejudicial to their interests and the Roumanian Government will implement such revocations free of cost and free of encumbrances to the United Nations nationals.

5. The Roumanian Government shall compensate Roumanian nationals who may suffer damage through the implementation of the revocations mentioned in paragraph 4.

6. All "rights acquired" by United Nations nationals under each and every mining law and petroleum law in Roumania shall be maintained at the request of the United Nations nationals concerned.

7. All expenses incurred by United Nations nationals engaged in the petroleum industry of Roumania such as bank charges and interests on loans raised to facilitate on behalf of the Roumanian Government deliveries of petroleum products to the Axis Powers during the war shall be borne by the Roumanian Government.

8. In order to facilitate the rehabilitation and maintenance of the property of United Nations nationals, engaged in the petroleum industry of Roumania, the Roumanian Government undertakes to make the necessary alterations in the labour law to allow all employees selected by such United Nations nationals to enter Roumania and to exercise their respective professions in the petroleum industry of Roumania without hindrance.

The U.S. Delegation considers that the problems sought to be dealt with in the draft Annex on Petroleum would, in general, be covered by the general provisions agreed on United Nations property, if these provisions made adequate provision for compensation.

The U.S.S.R. Delegation considers that this subject is also covered by Article 24 on United Nations property in Roumania and sees no reason to include any special provisions relating to Petroleum.

ANNEX 5

Contracts, Prescriptions and Negotiable Instruments ††

U.K. proposal:

I. CONTRACTS

1. Any contract concluded between enemies shall be deemed to have been dissolved as from the time when any of the parties became an enemy, except in respect of any debt accrued or money paid or other pecuniary obligation arising out of any act done thereunder, and sub-

††In view of the constitutional position of the Federal Government, the U.S. Delegation would be unable to accept any obligations on the matters covered by this Annex. The United States would not object to the inclusions of provisions on these subjects in the Treaty but would wish to have a clause included making them inapplicable as between the United States and Roumania.

The U.S.S.R. Delegation sees no reason for inclusion in the Peace Treaty of the matters covered by this Annex.

The French Delegation supports the U.K. proposal with regard to prescriptions and negotiable instruments. [Footnote in source text.]

ject to the exceptions set out in the following paragraph. The provisions of this paragraph shall be without prejudice to contracts of insurance and reinsurance, which shall be subject to a separate agreement.

(Alternatively a special annex can be included.)

2. The following classes of contracts notwithstanding the provisions of paragraph 1 are excepted from dissolution and without prejudice to the rights contained in Article 26, remain in force subject to the application of municipal laws, orders or regulations made since the outbreak of war by any member of the United Nations and subject to the proper law and terms of the contracts:

a. Contracts for the transfer of estates or of movable or immovable property where the property therein has passed or delivery been made before the parties became enemies;

b. Leases or agreements for leases of land, houses or parts thereof;

c. Contracts of mortgages or lien;

d. Concessions of mines, quarries or deposits;

e. Contracts between individuals or associations and states, municipalities or other similar juridical persons charged with administrative functions and concessions granted by states, municipalities or other similar juridical persons charged with administrative functions;

f. Any contract of which the execution shall be required in the general interest within six months from the date of the coming into force of the present treaty by a government of one of the United Nations of which one of the parties to such a contract is a national; when the execution of the contract thus kept alive would, owing to the alteration of particular conditions, cause one of the parties substantial prejudice, the Conciliation Commission established under article 31 shall be empowered to award fair compensation to the prejudiced parties.

3. If a contract is dissolved in part under paragraph 1, the remaining provisions of that contract shall, subject to the same application of municipal laws as is provided for in paragraph 2, continue in force if they are severable, but where they are not severable the contract shall be deemed to have been dissolved in its entirety.

4. Nothing in the present Annex shall be deemed to invalidate the transactions lawfully carried out in accordance with a contract between enemies if it has been carried out with the authority of the Government of one of the United Nations.

5. For the purposes of Parts I, II and III of the present Annex the parties to a contract shall be regarded as enemies when trading between them shall have been prohibited by or otherwise become unlawful under laws, orders or regulations to which one of these parties

or the contract was subject. They shall be deemed to have become enemies from the date when such trading was prohibited or otherwise become unlawful.

II. PERIODS OF PRESCRIPTION

1. All periods of prescription, or limitation of right of action, whether they began to run before or after the outbreak of war, shall be treated in the territory of the High Contracting Parties, as far as regards relations between enemies, as having been suspended for the duration of the war. They shall begin to run again at the earliest, three months after the coming into force of the present Treaty. This provision shall apply to the period prescribed for the presentation of interest or divided coupons or for the presentation for repayment of securities drawn for repayment or repayable on any other ground.

2. Where, on account of failure to perform any act or comply with any formality during the war, measures of execution have been taken in Roumanian territory to the prejudice of a national of one of the United Nations, the claim of such national shall, if the matter does not fall within the competence of the Courts of one of the United Nations be heard by the Conciliation Commission established under article 31.

3. Upon the application of any interested person who is a national of one of the United Nations, the Conciliation Commission shall order the restoration of the rights which have been prejudiced by the measures of execution referred to in paragraph 2 wherever such restoration is equitable and possible. If such restoration is inequitable or impossible, the Conciliation Commission may award compensation to the prejudiced party to be paid by the Roumanian Government.

4. Where a contract between enemies has been dissolved by reason either of failure on the part of either party to carry out its provisions or of the exercise of a right stipulated in the contract itself the party prejudiced may apply to the Conciliation Commission for relief. The Commission will have the powers provided for in paragraph 3.

5. The provisions of the preceding paragraphs of this Article shall apply to the United Nations nationals who have been prejudiced by reason of measures referred to above taken by Roumania on invaded or occupied territory, if they have not been otherwise satisfactorily compensated.

6. Roumania shall compensate any third party who may be prejudiced by any restitution or restoration ordered by the Conciliation Commission under the provisions of the preceding paragraphs of this Part.

7. *As regards negotiable instruments, the period of three months provided under paragraph 1 shall commence as from the date on which any exceptional regulations applied in the territories of the interested Power with regard to negotiable instruments shall have definitely ceased to have force.*

III. NEGOTIABLE INSTRUMENTS

1. *As between enemies no negotiable instrument made before the war shall be deemed to have become invalid by reason only of failure within the required time to present the instrument for acceptance or payment or to give notice of non-acceptance or non-payment to drawers or endorsers or to protest the instrument, nor by reason of failure to complete any formality during the war.*

2. *Where the period within which a negotiable instrument should have been presented for acceptance or for payment, or within which notice of non-acceptance or non-payment should have been given to the drawer or endorser, or within which the instrument should have been protested, has elapsed during the war, and the party who should have presented or protested the instrument or have given notice of non-acceptance or non-payment, has failed to do so during the war, a period of not less than three months from the coming force of the present Treaty shall be allowed within which presentation, notice of non-acceptance or non-payment or protest may be made.*

3. *If a person has either before or during the war become liable upon a negotiable instrument in accordance with an undertaking given to him by a person who has subsequently become an enemy, the latter shall remain liable to indemnify the former in respect of his liability notwithstanding the outbreak of war.*

IV. MISCELLANEOUS

1. *Stock Exchange and Commercial Exchange Contracts.*

a. *Rules made during the war by any recognised Exchange or Commercial Association providing for the closure of contracts entered into before the war by an enemy are confirmed by the High Contracting Parties, as also any action taken thereunder, provided:*

1. *That the contract was expressed to be made subject to the rules of the Exchange of [or] Association in question;*

2. *That the rules applied to all persons concerned;*

3. *That the conditions attaching to the closure were fair and reasonable.*

b. *The preceding paragraph shall not apply to rules made during the occupation by Exchanges or Commercial Associations in the districts occupied by the enemy.*

2. Security.

The sale of a security held for an unpaid debt owing by an enemy shall be deemed to have been valid irrespective of notice to the owner if the creditor acted in good faith and with reasonable care and prudence, and no claim by the debtor on the ground of such sale shall be admitted.

This stipulation shall not apply to any sale of securities effected by an enemy during the occupation in regions invaded or occupied by the enemy.

ANNEX 6

Prize Courts and Judgments

A. PRIZE COURTS

Each of the Allied and Associated Powers reserves the right to examine, according to a procedure to be established by it, all decisions and orders of the Roumanian Prize Courts involving ownership rights of its nationals, and to recommend to the Roumanian Government that revision shall be undertaken of these decisions or orders which may not be in conformity with international law.

Roumania undertakes to supply copies of all documents comprising the records of these cases, including the decisions taken and orders issued, and to accept all recommendations made, subsequent to the examination of the said cases, and to give effect to such recommendations.

B. JUDGMENTS

U.S. proposal supported by U.S.S.R.:

The Roumanian Government shall take the necessary measures to enable nationals of any of the United Nations at any time within one year after the coming into force of this Treaty to submit to the appropriate Roumanian authorities for review any judgment given by a Roumanian Court between June 22, 1941, and the coming into force of the present Treaty in any proceeding in which the United Nations national was unable to make adequate presentation of his case as plaintiff or defendant. The Roumanian Government shall provide that, where the United Nations national has suffered injury by reason of any such judgment, he shall be restored in the position in which he was before the judgment was given or shall be afforded such relief as may be just and equitable in the circumstances. The term "United Nations nationals" includes corporations or associations organised or constituted under the laws of any of the United Nations.

French proposal:

The Roumanian Government undertake to adopt appropriate measures in order that nationals of any of the United Nations may obtain during a period of one year from the coming into force of the present Treaty, revision of the judgments rendered by the Roumanian Courts and Tribunals between June 22, 1941, and the date of coming into force of the present Treaty, either in absence of such nationals, or on account of their inability as a result of circumstances to have defended their cause satisfactorily.

The Roumanian Government shall indemnify nationals of the United Nations for the prejudice caused through the initial judgment and shall award compensation, if revision of such judgment did not conclude by re-establishing them de facto in the situation where they were when the procedure was instituted.

Should dispute arise either as regards the ability of nationals of any of the United Nations to have defended their cause satisfactorily, or the adequacy of the compensation to be awarded by the Roumanian Government, the said dispute shall be submitted to the Conciliation Commission established under Article 31 of the present Treaty.

U.K. proposal:

1. Judgments given by the Courts of a member of the United Nations in all cases which, under the present Treaty, they are competent to decide, shall be recognised in Roumania as final and shall be enforced without it being necessary to have them declared executory.

2. If a judgment in respect of any dispute which may have arisen has been given during the war by a Roumanian Court against a United Nations national in a case in which he was not able adequately to present his case whether as plaintiff or defendant, the United Nations national who has suffered prejudice thereby shall be entitled to recover compensation, to be fixed by the Conciliation Commission under the procedure laid down in Article 31 for settlement of disputes.

3. At the instance of the United Nations national and where it is possible the Conciliation Commission may in lieu of compensation by order replace the parties in the situation which they occupied before the judgment was given by the Roumanian Court.

4. Such compensation or replacement may likewise be obtained before the Conciliation Commission by United Nations nationals who have suffered prejudice by judicial measures taken in invaded or occupied territories if they have not been otherwise compensated.

DRAFT PEACE TREATY WITH BULGARIA, PREPARED BY THE COUNCIL
OF FOREIGN MINISTERS, PALAIS DU LUXEMBOURG, PARIS, JULY 18,
1946

CFM Files

*Draft Peace Treaty With Bulgaria*¹³

PREAMBLE

The Union of Soviet Socialist Republics, the United Kingdom, the United States of America, Australia, the Byelorussian Soviet Socialist Republic, Czechoslovakia, Greece, India, New Zealand, the Ukrainian Soviet Socialist Republic, the Union of South Africa and Yugoslavia, as the States which are at war with Bulgaria and actively waged war against the European enemy states with substantial military force, hereinafter called the Allied and Associated Powers of the one part,

and Bulgaria, of the other part;

Whereas Bulgaria, having become an ally of Hitlerite Germany and participating on her side in the war against the Union of Soviet Socialist Republics, the United Kingdom, the United States of America and other United Nations, bears her share of responsibility for this war;

Whereas, however, Bulgaria having ceased military operations against the United Nations, broke off relations with Germany, and, having concluded on October 28, 1944, an Armistice with the Governments of the Union of Soviet Socialist Republics, the United Kingdom and the United States of America,¹⁴ acting on behalf of all the United Nations at war with Bulgaria, took an active part in the war against Germany; and

Whereas the Allied and Associated Powers and Bulgaria are respectively desirous of concluding a treaty of peace which will form the basis of friendly relations between them and settle questions still outstanding between them as a result of the events hereinbefore recited; thereby enabling the Allied and Associated Powers to support Bulgaria's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations;

Have therefore agreed to declare the cessation of the state of war and for this purpose to conclude the present Peace Treaty, and have appointed as their Plenipotentiaries^{14a} who, after presentation of their full powers, found in good and due form, have agreed on the following provisions:

¹³ The table of contents and list of annexes of the source text are not printed here.

¹⁴ Department of State Executive Agreement Series 437.

^{14a} Ellipsis occurs in the source text.

PART I. FRONTIERS OF BULGARIA

ARTICLE 1

The frontiers of Bulgaria, as shown on the map annexed to the present Treaty (Annex 1) shall be those which existed on January 1, 1941.

NOTE.—This text should be considered as tentative, in respect of the Greek-Bulgarian frontier, until the Governments of Greece and Bulgaria have had an opportunity to present to the Peace Conference or to the Council of Foreign Ministers their respective views on this subject.

PART II. POLITICAL CLAUSES

SECTION I

ARTICLE 2

[Identical, *mutatis mutandis*, to Article 3 of the Draft Rumanian Treaty.]

ARTICLE 3

[Identical, *mutatis mutandis*, to Article 4 of the Draft Rumanian Treaty.]

ARTICLE 4

[Identical, *mutatis mutandis*, to Article 5 of the Draft Rumanian Treaty.]

ARTICLE 5

[Identical, *mutatis mutandis*, to Article 6 of the Draft Rumanian Treaty.]

SECTION II

ARTICLE 6

[Identical, *mutatis mutandis*, to Article 7 of the Draft Rumanian Treaty.]

ARTICLE 7

[Identical, *mutatis mutandis*, to Article 9 of the Draft Rumanian Treaty.]

ARTICLE 8

[Identical, *mutatis mutandis*, to Article 10 of the Draft Rumanian Treaty.]

PART III. MILITARY CLAUSES

SECTION I

ARTICLE 9

The maintenance of land, sea and air armaments and fortifications will be closely restricted to meeting tasks of an internal character and local defence of frontiers. In accordance with the foregoing, Bulgaria is authorised to have armed forces consisting of not more than:

a. A land army, including frontier troops, with a total strength of 55,000 personnel;

b. Anti-aircraft artillery with a strength of 1,800 personnel;

c. A navy with a personnel strength of 3,500 and a total tonnage of 7,250;

d. An air force, including any naval air arm, of 90 aircraft, including reserves, of which not more than 70 may be combat types of aircraft, with a total personnel strength of 5,200. Bulgaria shall not possess or acquire aircraft designed primarily as bombers with inter-
nal bomb-carrying facilities.

These strengths will in each case include combat, service and overhead personnel.

ARTICLE 10

[Virtually identical, *mutatis mutandis*, to Article 12 of the Draft Rumanian Treaty.]

ARTICLE 11

[Identical, *mutatis mutandis*, to Article 13 of the Draft Rumanian Treaty.]

ARTICLE 12

[Identical, *mutatis mutandis*, to Article 14 of the Draft Rumanian Treaty.]

ARTICLE 13

[Virtually identical, *mutatis mutandis*, to Article 15 of the Draft Rumanian Treaty.]

ARTICLE 14

[Identical, *mutatis mutandis*, to Article 16 of the Draft Rumanian Treaty.]

ARTICLE 15

[Identical, *mutatis mutandis*, to Article 17 of the Draft Rumanian Treaty.]

ARTICLE 16

[Identical, *mutatis mutandis*, to Article 18 of the Draft Rumanian Treaty.]

ARTICLE 17

[Identical, *mutatis mutandis*, to Article 19 of the Draft Rumanian Treaty and Article 39 of the Draft Italian Treaty.]

SECTION II

ARTICLE 18

[Identical, *mutatis mutandis*, to Article 20 of the Draft Rumanian Treaty.]

War Graves

[Identical to the unnumbered proposal following Article 20 of the Draft Rumanian Treaty.]

PART IV. WITHDRAWAL OF ALLIED FORCES

ARTICLE 19

All armed forces of the Allied and Associated Powers shall be withdrawn from Bulgaria as soon as possible and in any case not later than 90 days from the coming into force of the present Treaty.

All unused Bulgarian currency and all unused Bulgarian goods in the possession of the Allied forces in Bulgaria, received in accordance with Article 15 of the Armistice agreement of October 28, 1944, concluded between the Governments of the U.S.S.R., U.K. and U.S.A. and the Bulgarian Government, will be returned to the latter within the same period of 90 days.

Bulgaria, however, undertakes to provide, during the period between the coming into force of the present Treaty and the final withdrawal of Allied forces, all such supplies and facilities as may be specifically required for the forces of the Allied and Associated Powers which are being withdrawn, and due compensation shall be paid to the Bulgarian Government for such supplies and facilities.

PART V. REPARATION AND RESTITUTION

ARTICLE 20

Losses caused to Yugoslavia and Greece by military operations and by the occupation by Bulgaria of the territory of those States will be indemnified by Bulgaria to Yugoslavia and Greece, but, taking into

consideration that Bulgaria has not only withdrawn from the war against the United Nations, but has declared and in fact, waged war against Germany, the Parties agree that compensation for the above losses will be made by Bulgaria not in full but only in part, namely to the amount of—United States dollars payable over—years.*

ARTICLE 21

[Identical, *mutatis mutandis*, to Article 65 of the Draft Italian Treaty with the exception that paragraph 8 of the latter text is not included.]

PART VI. ECONOMIC CLAUSES

ARTICLE 22

[Identical, *mutatis mutandis*, to Article 68 of the Draft Italian Treaty. The date of April 24, 1941, is used here instead of the date of June 10, 1940, appearing in the article in the Draft Italian Treaty.]

ARTICLE 23

[Identical, *mutatis mutandis*, to Article 25 of the Draft Rumanian Treaty.]

ARTICLE 24

U.S., U.K. and French proposal:

[The proposal included here in italics is identical, *mutatis mutandis*, to Article 26 of the Draft Rumanian Treaty.]

U.S.S.R. proposal:

The rights of the Bulgarian Government and of Bulgarian physical and juridical persons with regard to Bulgarian property and other Bulgarian assets on the territory of Allied and Associated Powers, insofar as such rights were limited in consequence of the participation of Bulgaria in the war on the side of Germany, shall be restored after the coming into force of the present Treaty.

ARTICLE 25

U.S.S.R. proposal:

1. Any restrictions imposed in respect of any Bulgarian property in Germany, and in other countries which participated in the war on Germany's side shall be removed after the coming into force of the present Treaty. The rights of any Bulgarian owners with regard to the disposal of any such property shall also be restored.

*NOTE.—The Council of Foreign Ministers decided to postpone consideration of this Article until the question could be discussed with the Governments of Yugoslavia and Greece. [Footnote in the source text.]

2. *Bulgaria shall be entitled to the restitution of any identifiable property removed by force or under duress from Bulgaria after September 6, 1944, and now located in Germany.*

The restitution of any Bulgarian property now located in Germany shall be carried out under the direction of the military authorities of the Powers in occupation of Germany.

U.K., U.S. and French proposal:

[Identical, *mutatis mutandis*, to the U.K., U.S. and French proposal to Article 27 of the Draft Rumanian Treaty.]

ARTICLE 26

[Identical, *mutatis mutandis*, to Article 28 of the Draft Rumanian Treaty and Article 70 of the Draft Italian Treaty.]

ARTICLE 27

[Identical, *mutatis mutandis*, to Article 29 of the Draft Rumanian Treaty with the following exception: paragraph 4 of the Rumanian article is not included.]

ARTICLE 28

[Identical, *mutatis mutandis*, to Article 30 of the Draft Rumanian Treaty.]

ARTICLE 29

[Identical, *mutatis mutandis*, to Article 31 of the Draft Rumanian Treaty and Article 72 of the Draft Italian Treaty.]

ARTICLES 30 AND 31

[Identical, *mutatis mutandis*, to Articles 32 and 33 of the Draft Rumanian Treaty and Articles 73 and 74 of the Draft Italian Treaty.]

PART VII. CLAUSES RELATING TO THE DANUBE

ARTICLE 32

[Identical, *mutatis mutandis*, to Article 34 of the Draft Rumanian Treaty.]

PART VIII. FINAL CLAUSES

ARTICLES 33, 34, 35, AND 36

[Identical, *mutatis mutandis*, to Articles 35, 36, 37, and 38 of the Draft Rumanian Treaty and Articles 75, 76, 77, and 78 of the Draft Italian Treaty.]

ANNEX 1

(See Article 1)

*Map of the Bulgarian Frontiers*¹⁵

ANNEX 2

(See Article 11)

Definition of Military, Air and Naval Training

[Identical to Annex 2 of the Rumanian Draft Treaty and Annex 5 B of the Draft Italian Treaty.]

ANNEX 3

(See Article 14)

Definition and List of War Material

[Identical to Annex 3 of the Draft Rumanian Treaty and Annex 5 C of the Draft Italian Treaty.]

ANNEX 4

Special Provisions Relating to Certain Kinds of Property

[Identical, *mutatis mutandis*, to Annex 6 of the Draft Italian Treaty and Annexes 4 A and 4 B of the Draft Rumanian Treaty.]

ANNEX 5

Contracts, Prescriptions and Negotiable Instruments

[The proposals set forth here are identical, *mutatis mutandis*, to those in Annex 5 of the Draft Rumanian Treaty.]

ANNEX 6

Judgments

[The proposals set forth in this Annex are identical, *mutatis mutandis*, to the proposals set forth in Annex 6 B of the Draft Rumanian Treaty and Annex 8 B of the Draft Italian Treaty.]

¹⁵ No map accompanied the English and French texts of the Draft Treaty.

DRAFT PEACE TREATY WITH HUNGARY, PREPARED BY THE COUNCIL
OF FOREIGN MINISTERS, PALAIS DU LUXEMBOURG, PARIS, JULY 18,
1946

CFM Files

*Draft Peace Treaty With Hungary*¹⁶

PREAMBLE

The Union of Soviet Socialist Republics, the United Kingdom, the United States of America, Australia, the Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, India, New Zealand, the Ukrainian Soviet Socialist Republic, the Union of South Africa, and Yugoslavia, as the States which are at war with Hungary and actively waged war against the European enemy states with substantial military force, hereinafter called the Allied and Associated Powers, of the one part, and Hungary, of the other part;

Whereas Hungary, having become an ally of Hitlerite Germany and participating on her side in the war against the Union of Soviet Socialist Republics, the United Kingdom, the United States of America and other United Nations, bears her share of responsibility for this war;

Whereas, however, Hungary on December 28, 1944, broke off relations with Germany, declared war on Germany and on January 20, 1945, concluded an Armistice with the Governments of the Union of Soviet Socialist Republics, the United Kingdom and the United States of America,¹⁷ acting on behalf of all the United Nations which were at war with Hungary; and

Whereas the Allied and Associated Powers and Hungary are respectively desirous of concluding a treaty of peace, which will form the basis of friendly relations between them and settle questions still outstanding as a result of the events hereinbefore recited, thereby enabling the Allied and Associated Powers to support Hungary's application to become a member of the United Nations and also to adhere to any Convention concluded under the auspices of the United Nations.

Have therefore agreed to declare the cessation of the state of war and for this purpose to conclude the present Peace Treaty, and have appointed as their Plenipotentiaries^{17a}
.
who, after presentation of their full powers, found in good and due form, have agreed on the following provisions.

¹⁶ The table of contents and the list of annexes in the source text are not printed here.

¹⁷ Department of State Executive Agreement Series 456.

^{17a} Marks of ellipsis throughout this document occur in the source text.

PART I. FRONTIERS OF HUNGARY

ARTICLE 1

1. The frontiers of Hungary with Austria and with Yugoslavia shall remain those which existed on January 1, 1938.

2. The decisions of the Vienna Award of August 30, 1940 are declared null and void. The frontier between Hungary and Roumania existing on January 1, 1938, is hereby restored.

3. The frontier between Hungary and the Union of Soviet Socialist Republics, from the point common to the frontier of those two States and Roumania to the point common to the frontier of those two States and Czechoslovakia, is fixed along the former frontier between Hungary and Czechoslovakia as it existed on January 1, 1938.

4.* The decisions of the Vienna Award of November 2, 1938, are declared null and void. The frontier between Hungary and Czechoslovakia, from the point common to the frontier of those two States and Austria to the point common to the frontier of those two States and the Union of Soviet Socialist Republics, is hereby restored as it existed on January 1, 1938.

5. The frontiers described above are shown on the map annexed to the present Treaty (Annex 1).

PART II. POLITICAL CLAUSES

SECTION I

ARTICLE 2

[Identical, *mutatis mutandis*, to Article 3 of the Draft Rumanian Treaty and Article 14 of the Draft Italian Treaty.]

ARTICLE 3

[Identical, *mutatis mutandis*, to Article 4 of the Draft Rumanian Treaty.]

ARTICLE 4

[Identical, *mutatis mutandis*, to Article 5 of the Draft Rumanian Treaty.]

ARTICLE 5

[Identical, *mutatis mutandis*, to Article 6 of the Draft Rumanian Treaty and Article 38 of the Draft Italian Treaty.]

*NOTE.—This text should be considered as tentative until the Governments of Czechoslovakia and Hungary have had an opportunity to present to the Peace Conference or to the Council of Foreign Ministers their respective views on this subject. [Note in source text.]

SECTION II

ARTICLE 6

[Identical, *mutatis mutandis*, to Article 7 of the Draft Rumanian Treaty and Article 15 of the Draft Italian Treaty.]

ARTICLE 7

[Identical, *mutatis mutandis*, to Article 8 of the Draft Rumanian Treaty.]

ARTICLE 8

[Identical, *mutatis mutandis*, to Article 9 of the Draft Rumanian Treaty and Article 32 of the Draft Italian Treaty.]

ARTICLE 9

[Identical, *mutatis mutandis*, to Article 10 of the Draft Rumanian Treaty and Article 37 of the Draft Italian Treaty.]

PART III. MILITARY CLAUSES

SECTION I

ARTICLE 10

The maintenance of land and air armaments and fortifications will be closely restricted to meeting tasks of an internal character and local defence of frontiers. In accordance with the foregoing, Hungary is authorized to have armed forces consisting of not more than :

a. A land army, including frontier troops, anti-aircraft and river flotilla personnel, with a total strength of 65,000 personnel;

b. An air force, of 90 aircraft, including reserves, of which not more than 70 may be combat types of aircraft, with a total personnel strength of 5,000. Hungary shall not possess or acquire aircraft designed primarily as bombers with internal bomb-carrying facilities.

These strengths will in each case include combat, service and overhead personnel.

ARTICLE 11

[Virtually identical, *mutatis mutandis*, to Article 12 of the Draft Rumanian Treaty with the exception of the omission of the word "Navy".]

ARTICLE 12

[Identical, *mutatis mutandis*, to Article 13 of the Draft Rumanian Treaty with the exception of the omission of the words "Naval" and "naval training".]

ARTICLE 13

[Identical, *mutatis mutandis*, to Article 14 of the Draft Rumanian Treaty.]

ARTICLE 14

[Identical, *mutatis mutandis*, to Article 15 of the Draft Rumanian Treaty.]

ARTICLE 15

[Identical, *mutatis mutandis*, to Article 16 of the Draft Rumanian Treaty.]

ARTICLE 16

[Identical, *mutatis mutandis*, to Article 17 of the Draft Rumanian Treaty.]

ARTICLE 17

[Identical, *mutatis mutandis*, to Article 18 of the Draft Rumanian Treaty.]

ARTICLE 18

[Identical, *mutatis mutandis*, to Article 19 of the Draft Roumanian Treaty with the exception of the omission of the word "naval".]

SECTION II

ARTICLE 19

[Identical, *mutatis mutandis*, to Article 20 of the Draft Rumanian Treaty.]

War Graves

[Identical to the unnumbered provision following Article 20 of the Draft Rumanian Treaty.]

PART IV. WITHDRAWAL OF ALLIED FORCES

ARTICLE 20

[Identical, *mutatis mutandis*, to Article 21 of the Draft Rumanian Treaty.]

PART V. REPARATION AND RESTITUTION

ARTICLE 21 †

Losses caused to the Soviet Union, Czechoslovakia and Yugoslavia by military operations and by the occupation by Hungary of the ter-

† The U.S. Delegation reserves the right to reopen this question at the Peace Conference. [Footnote in source text.]

ritories of these States will be indemnified by Hungary to the Soviet Union, Czechoslovakia and Yugoslavia but taking into consideration that Hungary has not only withdrawn from the war against the United Nations but has also declared war on Germany, the Parties agree that compensation for the above losses will be made by Hungary not in full but only in part, namely to the amount of 300 million United States dollars payable over 8 years from January 20, 1945 in commodities (machine equipment, river craft, grain, etc. . . .), the sum to be paid to the Soviet Union to amount to 200 million United States dollars, and the sum to be paid to Czechoslovakia and Yugoslavia to amount to 100 million United States dollars.

The basis for calculating the settlement provided for in this Article will be the American dollar at its gold parity on the day of the signing of the Armistice Agreement, i.e. 35 dollars for one ounce of gold.

ARTICLE 22

[Identical, *mutatis mutandis*, to Article 65 of the Draft Italian Treaty with the exception that paragraph 8 of the latter text is not included.]

PART VI. ECONOMIC CLAUSES

ARTICLE 23

[Paragraphs 1 through 8 of this article are identical, *mutatis mutandis*, to Article 68 of the Draft Italian Treaty. The date of April 10, 1941 is used here in place of June 10, 1940 appearing in the Italian Treaty article.]

9. French proposal supported by U.K. and U.S. subject to drafting:

A new agreement shall be negotiated between the Danube-Sava-Adriatica Railway Company, the Governments concerned, and the Committee of Bondholders of the Company, in order to determine the method of applying the provisions of the Rome Agreement of March 29, 1923, laying down the Company's Articles of Association, and the modifications required to adapt them to the changes which have followed on the redistribution of the lines over the territories of various States. This Agreement shall contain all the provisions necessary to ensure satisfactory servicing of the bonds and payments of amounts in arrears.

The *U.S.S.R. Delegation* considers that there is no reason for the inclusion in the Peace Treaty of the French Delegation's proposal, because a Peace Treaty should not contain provisions dealing with particular private Companies.

ARTICLE 24

Hungary recognizes that the Soviet Union is entitled to all German assets in Hungary transferred to the Soviet Union by the Control

Council for Germany and undertakes to take all necessary measures for facilitating such transfers.

ARTICLE 25

U.S.S.R. proposal:

The rights of the Hungarian Government and of Hungarian physical and juridical persons with regard to Hungarian property and other Hungarian assets on the territory of Allied and Associated Powers, insofar as such rights were limited in consequence of the participation of Hungary in the war on the side of Germany, shall be restored after the coming into force of the present Treaty.

U.S., U.K., and French proposal:

[The proposal included here in italics is identical, *mutatis mutandis*, to Article 26 of the Draft Rumanian Treaty.]

ARTICLE 26

U.S.S.R. proposal:

1. *Any restrictions imposed in respect of any Hungarian property in Germany, and in other countries which participated in the war on Germany's side, shall be removed after the coming into force of the present Treaty. The rights of any Hungarian owners with regard to the disposal of any such property shall also be restored.*

2. *Hungary shall be entitled to the restitution of any identifiable property removed by force or under duress from Hungary after January 20, 1945, and now located in Germany.*

The restitution of any Hungarian property now located in Germany shall be carried out under the direction of the military authorities of the Powers in occupation of Germany.

U.K., U.S. and French proposal:

[Identical, *mutatis mutandis*, to the U.K., U.S. and French proposal to Article 27 of the Draft Rumanian Treaty.]

ARTICLE 27

[Identical, *mutatis mutandis*, to Article 28 of the Draft Rumanian Treaty and Article 70 of the Draft Italian Treaty.]

ARTICLE 28

[Identical, *mutatis mutandis*, to Article 29 of the Draft Rumanian Treaty.]

ARTICLE 29

[Identical, *mutatis mutandis*, to Article 30 of the Draft Rumanian Treaty.]

ARTICLES 30, 31, AND 32

[Identical, *mutatis mutandis*, to Articles 31, 32, and 33, respectively, of the Draft Rumanian Treaty and Articles 72, 73, and 74, respectively, of the Draft Italian Treaty.]

PART VII. CLAUSES RELATING TO THE DANUBE

ARTICLE 33

[Identical, *mutatis mutandis*, to Article 34 of the Draft Rumanian Treaty.]

PART VIII. FINAL CLAUSES

ARTICLES 34, 35, 36, AND 37

[Identical, *mutatis mutandis*, to Articles 35, 36, 37, and 38, respectively, of the Draft Rumanian Treaty and Articles 75, 76, 77, and 78, respectively, of the Draft Italian Treaty.]

ANNEX 1

(See Article 1)

*Map of the Hungarian Frontiers*¹⁸

ANNEX 2

(See Article 12)

Definition of Military and Air Training

[Identical to the first two paragraphs of Annex 2 of the Draft Rumanian Treaty and Annex 5 B of the Draft Italian Treaty.]

ANNEX 3

(See Article 14)

Definition and List of War Material

[Identical to Annex 3 of the Draft Rumanian Treaty and Annex 5 C of the Draft Italian Treaty.]

ANNEX 4

Special Provisions Relating to Certain Kinds of Property

[Identical, *mutatis mutandis*, to Annex 6 of the Draft Italian Treaty and Annexes 4 A and 4 B of the Draft Rumanian Treaty.]

¹⁸ No map accompanied the English and French language versions of the Draft Treaty.

ANNEX 5

Contracts, Prescriptions and Negotiable Instruments

[Identical, *mutatis mutandis*, to Annex 5 of the Draft Rumanian Treaty.]

ANNEX 6

Judgments

[The proposals set forth in this Annex are identical, *mutatis mutandis*, to the proposals set forth in Annex 6 B of the Draft Rumanian Treaty and Annex 8 B of the Draft Italian Treaty.]

DRAFT PEACE TREATY WITH FINLAND, PREPARED BY THE COUNCIL OF FOREIGN MINISTERS, PALAIS DU LUXEMBOURG, PARIS, JULY 18, 1946

CFM Files

*Draft Peace Treaty With Finland*¹⁹

PREAMBLE

The Union of Soviet Socialist Republics, the United Kingdom, Australia, the Byelorussian Soviet Socialist Republic, Canada, Czechoslovakia, India, New Zealand, the Ukrainian Soviet Socialist Republic, and the Union of South Africa, as the States which are at war with Finland and actively waged war against the European enemy states with substantial military force, hereinafter called the Allied and Associated Powers, of the one part, and Finland, of the other part;

Whereas Finland, having become an ally of Hitlerite Germany and participating on her side in the war against the Union of Soviet Socialist Republics, the United Kingdom and other United Nations, bears her share of responsibility for this war;

Whereas, however, Finland on September 4, 1944, entirely ceased military operation against the U.S.S.R., withdrew from the war against the United Nations, broke off relations with Germany and her satellites, and, having concluded on September 19, 1944, an Armistice with the Governments of the Union of Soviet Socialist Republics and the United Kingdom,²⁰ acting on behalf of the United Nations at war with Finland, loyally carried out the Armistice terms; and

¹⁹ The table of contents and the list of annexes in the source text are not printed here.

²⁰ For text, see *British and Foreign State Papers*, vol. cXLV, p. 513.

Whereas the Allied and Associated Powers and Finland are respectively desirous of concluding a treaty of peace which will form the basis of friendly relations between them and settle questions still outstanding as a result of the events hereinbefore recited; thereby enabling the Allied and Associated Powers to support Finland's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations.

Have therefore agreed to declare the cessation of the state of war and for this purpose to conclude the present Peace Treaty and have appointed as their Plenipotentiaries

who, after presentation of their full powers, found in good and due form, have agreed on the following provisions:

PART I. TERRITORIAL CLAUSES

ARTICLE 1

The frontiers of Finland, as shown on the map annexed to this Treaty (Annex 1), shall be those existing on January 1, 1941, except as provided in the following Article.

ARTICLE 2

In accordance with the Armistice Agreement of September 19, 1944, Finland confirms the return to the Soviet Union of the province of Petsamo (Pechenga) voluntarily ceded to Finland by the Soviet State under the Peace Treaties of October 14, 1920, and March 12, 1940.²¹ The frontiers of the province of Petsamo (Pechenga) are shown on the map annexed to the present Treaty (Annex 1).

PART II. POLITICAL CLAUSES

SECTION I

ARTICLE 3

In accordance with the Armistice Agreement, the effect of the Peace Treaty between the Soviet Union and Finland concluded in Moscow on March 12, 1940, is restored, subject to the replacement of Articles 4, 5 and 6 of that Treaty by Articles 2 and 4 of the present Treaty.

²⁰⁸ Ellipsis occurs in the source text.

²¹ For text of the Treaty of October 14, 1920, see League of Nations Treaty Series, vol. III, pp. 5-79. For text of the Treaty of March 12, 1940, see the Department of State *Bulletin*, April 27, 1940, pp. 453-456.

ARTICLE 4

1. In accordance with the Armistice Agreement the Soviet Union confirms the renunciation of its right to the lease of the Peninsula of Hangö, accorded to it by the Soviet-Finnish Peace Treaty of March 12, 1940, and Finland for her part confirms having granted to the Soviet Union on the basis of a 50 years lease at an annual rent payable by the Soviet Union of 5 million Finnish marks the use and administration of territory and waters for the establishment of a Soviet naval base in the area of Porkkala-Udd as shown on the map annexed to this Treaty (Annex 1).

2. Finland confirms having secured to the Soviet Union in accordance with the Armistice Agreement, the use of the railways, waterways, roads and air routes necessary for the transport of personnel and freight despatched from the Soviet Union to the naval base at Porkkala-Udd, and also confirms having granted to the Soviet Union the right of unimpeded use of all forms of communication between the U.S.S.R. and the territory leased in the area of Porkkala-Udd.

ARTICLE 5

The Aaland Islands shall remain demilitarized in accordance with the situation as at present existing.

ARTICLES 6, 7, 8, 9, 10, 11, AND 12

[Identical, *mutatis mutandis*, to Articles 3, 4, 5, 6, 7, 9, and 10, respectively, of the Draft Rumanian Treaty.]

PART III. MILITARY, AIR AND NAVAL CLAUSES

ARTICLE 13

1. The maintenance of land, sea and air armaments and fortifications shall be closely restricted to those required for meeting tasks of an internal character and local defence of frontiers. In accordance with this principle, Finland is authorised to have armed forces consisting of not more than:

a. A land army, including frontier troops and anti-aircraft artillery, with a total strength of 34,400 personnel;

b. A Navy with a personnel strength of 4,500 and a total tonnage of 10,000 tons;

c. An airforce, including any naval air arm, of 60 aircraft, including reserves, with a total personnel strength of 3,000. Finland shall not possess or acquire aircraft designed primarily as bombers with internal bomb-carrying facilities.

2. These strengths will in each case include combat, service and overhead personnel.

ARTICLE 14

[Virtually identical, *mutatis mutandis*, to Article 12 of the Draft Rumanian Treaty.]

ARTICLES 15, 16, AND 17

[Identical, *mutatis mutandis*, to Articles 13, 14, and 15, respectively, of the Draft Rumanian Treaty.]

ARTICLE 18

[Identical, *mutatis mutandis*, to Article 16 of the Draft Rumanian Treaty with the following exception: paragraphs 2 and 3 of the Rumanian treaty article are combined in the single paragraph 2 here and subsequent paragraphs are renumbered accordingly.]

ARTICLE 19

[Virtually identical, *mutatis mutandis*, to Article 17 of the Draft Rumanian Treaty.]

ARTICLES 20 AND 21

[Identical, *mutatis mutandis*, to Articles 18 and 19 of the Draft Rumanian Treaty.]

PART IV. REPARATION AND RESTITUTION

ARTICLE 22

Losses caused to the Soviet Union by military operations and by the occupation by Finland of Soviet territory will be made good by Finland to the Soviet Union, but taking into consideration that Finland has not only withdrawn from the war against the United Nations but has declared war on Germany and assisted with her forces in driving German troops out of Finland, the parties agree that compensation for the above losses will be made by Finland not in full, but only in part, namely to the amount of 300 million United States dollars payable over 8 years as from September 19, 1944, in commodities—timber products, paper, cellulose, sea-going and river craft, sundry machinery, etc.

The basis for calculation for the payment of indemnity will be the United States dollar at its gold parity on the day of the signing of the Armistice Agreement, i. e. 35 dollars for one ounce of gold.

ARTICLE 23

Finland, in so far as she has not yet done so, undertakes within the time limits indicated by the Government of the U.S.S.R. to return to the Soviet Union in complete good order all valuables and materials removed from its territory during the war, and belonging to State, public and co-operative organisations, enterprises, institutions or individual citizens, such as: factory and works equipment, locomotives, rolling stock, tractors, motor vehicles, historic monuments, museum valuables and any other property.

PART V. ECONOMIC CLAUSES

ARTICLE 24

[Identical, *mutatis mutandis*, to Article 68 of the Draft Italian Treaty with the following exceptions: the U.S. proposal in paragraph 4 of the Italian article appears here as a U.K. proposal; the note appearing at the end of paragraph 4 of the Italian article, indicating U.K. and French approval of the U.S. proposal, is not included here. The date of June 22, 1941 is used here in place of the date of June 10, 1940 appearing in the Italian treaty article.]

ARTICLE 25

[Identical, *mutatis mutandis*, to Article 25 of the Draft Rumanian Treaty.]

ARTICLE 26

1. Insofar as any such rights were restricted on account of Finland's participation in the war on Germany's side, the rights of the Finnish Government and of any Finnish national or legal persons relating to Finnish property or other Finnish assets on Allied and Associated Powers territory shall be restored after the coming into force of the present Treaty.

2. Any restrictions imposed in respect of any Finnish property in Germany and in other countries which participated in the war on Germany's side shall be removed after the coming into force of the present Treaty. The rights of any Finnish owners with regard to the disposal of any such property shall also be restored.

3. *Finland shall be entitled to the restitution of any identifiable property removed by force or duress from Finland after September 19, 1944, and now located in Germany.*

The restitution of any Finnish property now located in Germany shall be carried out under the direction of the military authorities of the Powers in occupation of Germany.

The U.K. Delegation propose deletion of paragraph 3.

ARTICLE 27

[Identical, *mutatis mutandis*, to Article 29 of the Draft Rumanian Treaty with the following exceptions: the second sentence of paragraph 2 of the Rumanian article is not included here; paragraph 4 of the Rumanian article is not repeated here.]

ARTICLE 28

[Identical, *mutatis mutandis*, to Article 30 of the Draft Rumanian Treaty with the following exceptions: joint U.K., U.S. and French proposals to paragraph 1 *c* and paragraph 2 of the Rumanian article appear here as U.K. proposals; the further addition to paragraph 1 *c* of the Rumanian article proposed by the U.S. and supported by the U.K. is not repeated here.]

ARTICLE 29

[Identical, *mutatis mutandis*, to Article 31 of the Draft Rumanian Treaty and Article 72 of the Draft Italian Treaty with the following exception: the U.S. and French propositions at the end of the Rumanian and Italian articles are not repeated here.]

ARTICLES 30 AND 31

[Identical, *mutatis mutandis*, to Articles 32 and 33 of the Draft Rumanian Treaty and Articles 73 and 74 of the Draft Italian Treaty.]

PART VI. FINAL CLAUSES

ARTICLE 32

1. For a period not to exceed 18 months from the coming into force of the present Treaty, the Ministers in Helsinki of the U.S.S.R. and U.K. acting in concert will represent the Allied and Associated Powers in dealing with the Finnish Government in all matters concerning the execution and interpretation of the present Treaty.

2. The two Ministers will give to the Finnish Government such guidance, technical advice and clarification as may be necessary to ensure rapid and efficient compliance with the spirit and terms of the present Treaty.

3. The Finnish Government undertakes to afford the said Ministers all necessary information and any assistance they may require for the fulfilment of the tasks devolving on them under the present Treaty.

ARTICLE 33

[Identical, *mutatis mutandis*, to Article 36 of the Draft Rumanian Treaty and Article 76 of the Draft Italian Treaty with the exception that the joint U.K.-U.S. proposal of the Rumanian and Italian articles appears here as a U.K. proposal.]

ARTICLE 34

[Identical, *mutatis mutandis*, to Article 38 of the Draft Rumanian Treaty and Article 78 of the Draft Italian Treaty.]

ANNEX 1

(See Articles 1, 2 and 4)

Map of Finnish Frontiers ^{21a}

ANNEX 2

(See Article 15)

Definition of Military, Air and Naval Training

[Identical to Annex 2 of the Draft Rumanian Treaty and Annex 5 B of the Draft Italian Treaty.]

ANNEX 3

(See Article 16)

Definition and List of War Material

[Identical to Annex 3 of the Draft Rumanian Treaty and Annex 5 C of the Draft Italian Treaty.]

ANNEX 4

Special Provisions Relating to Certain Kinds of Property

[Identical, *mutatis mutandis*, to Annex 6 of the Draft Italian Treaty and Annexes 4 A and 4 B of the Draft Rumanian Treaty with the exception that the U.S. position specified at the end of A 4 of the Italian and Rumanian annexes is not repeated here.]

^{21a} Map not reproduced.

ANNEX 5

Contracts, Prescriptions and Negotiable Instruments

[Identical, *mutatis mutandis*, to Annex 5 of the Draft Rumanian Treaty with the exception that the footnote describing the position of the U.S. and French Delegations is not repeated here.]

ANNEX 6

Prize Courts and Judgments

[Identical, *mutatis mutandis*, to Annex 6 of the Draft Rumanian Treaty and Annex 8 of the Draft Italian Treaty with the following exceptions: the U.S. proposal supported by U.S.S.R. under B. Judgments of the Rumanian and Italian annexes appears here as a U.S.S.R. proposal; the French proposal under B. Judgments of the Rumanian and Italian annexes is not repeated here.]

II. OBSERVATIONS ON THE DRAFT PEACE TREATIES BY THE EX-ENEMY STATES

OBSERVATIONS ON THE DRAFT PEACE TREATY WITH ITALY BY THE ITALIAN GOVERNMENT

CFM Files

*Observations on the Draft Peace Treaty With Italy Submitted
by the Italian Delegation*¹

PARIS, August, 1946.

I. Political and Territorial Clauses

Doc. No. 1 (P).

Memorandum on the Preamble to the Draft Peace Treaty

1. The first premises of the Preamble deal with the Fascist war of aggression waged by Italy and the responsibility which results. The wording of this paragraph appears somewhat summary and certain points are insufficiently precise. It is, therefore, proposed that the following alterations should be made.

a. Instead of "Italy under the Fascist regime became a party to the Tripartite Pact", insert the following text "Italy was led by the Fascist regime to become a party to the Tripartite Pact".

b. Instead of "declared a war of aggression and entered into war with all the Allied and Associated Powers and with other United Nations" it is proposed to adopt the wording used in the Draft Peace Treaties with other States, as follows: "declared a war of aggression against some of the above-mentioned Powers and entered into war with other United Nations".

It should be pointed out that far from having entered into war with all the States mentioned in the Preamble, Italy never declared war on some of them (Belgium, the Netherlands, Poland, Czechoslovakia) and never received a declaration of war from the latter. Even though some of these States, at a particular moment, considered themselves as being in a state of war with Italy, this was only as the result of uni-

¹This document was introduced by and summarized in C.P.(Gen) Doc. 2, August 26, not printed.

lateral action which was not communicated to the other party. No hostile acts actually occurred and the nationals of these States were never considered in Italy to be enemy aliens. Neither their property nor their activities were ever placed under any restrictions or otherwise interfered with by the Italian Government.

2. The second premises refer to the overthrow of the Fascist regime and the Armistice. No mention is made of the active role played by the Italian people in these events, and there is no reference to the struggle of the intellectuals and workers which made the "coup d'état" of 25th July possible.

It would seem equitable to delete the assertion that Italy "surrendered unconditionally", since it was agreed in the Protocol signed at Brindisi on November 9th, 1943 that the words "at the discretion of" contained in Article 1 *a* of the Malta Armistice should be deleted. Consequently, the above premises might be amended as follows:

a. Instead of "under the pressure of military events, the Fascist regime in Italy was overthrown" read "owing to the military situation the Italian people were able to overthrow the Fascist regime".

b. Instead of "Italy surrendered unconditionally and accepted terms of Armistice" read: "and Italy was the first to break with the Powers of the Tripartite Pact, accepting the terms of Armistice. . .".²

3. The third premises describe much too cursorily the period of co-belligerency and overlooks the important contribution made by the Italian Regular Army and the partisans to the liberation campaign. It also omits Italy's declaration of war on Japan.

It is, in a word, the spirit of these premises which should be modified by adding references which recall Italy's material share in the war against Germany, which lasted for 18 months. This text might be worded as follows:

"Whereas after the said Armistice the Italian Regular and Underground Forces immediately took a substantially active part in the war against Germany and Italy formally declared war on Germany as from October 13, 1943, and on Japan as from July 15, 1945, and thereby became a co-belligerent against Germany and Japan."

Proposed Preamble

The U.S.S.R., U.K., U.S.A., China, France, Australia, Belgium, Bielorussian S.S.R., Brazil, Canada, Czechoslovakia, Ethiopia, Greece, India, the Netherlands, New Zealand, Poland, Ukrainian S.S.R., Union of South Africa and Yugoslavia, hereinafter referred to as the Allied and Associated Powers of the one part, and Italy of the other part:

² Marks of ellipsis throughout the observations on the draft treaties occur in the source texts.

Whereas Italy *was led by the Fascist regime* to become a party to the Tripartite Pact with Germany and Japan, declared a state of war of aggression *against some of the above-mentioned Powers and entered into war with other United Nations*, and therefore bears her share of responsibility for the war; and

Whereas, *owing to the military situation, the Italian people was able to overthrow the Fascist regime on July 25, 1943, and Italy was the first to break with the Powers of the Tripartite Pact accepting the terms of Armistice signed on September 3 and 29 of the same year*; and

Whereas after the said Armistice the Italian *regular and underground forces immediately took a substantially active part in the war against Germany, and Italy formally declared war on Germany as from October 13, 1943, and on Japan as from July 15, 1945, and thereby became a co-belligerent against Germany and Japan*; and

Whereas the Allied and Associated Powers and Italy are respectively desirous of concluding a treaty of peace which will form the basis of friendly relations between them and settle the *above-mentioned* questions, thereby enabling the Allied and Associated Powers to support Italy's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations;

Have therefore agreed to declare the cessation of the state of war and for this purpose to conclude the present Peace Treaty, and have accordingly appointed as their Plenipotentiaries who, after presentation of their full powers, found in good and due form, have agreed on the following provisions.

Doc. No. 11 (P).

Memorandum on the Territorial Clauses Relative to the Frontier Between Italy and France (Art. 2, 5, 6, 7, 8 and 9)

ARTICLES 2, 5, 6, 7, 8 AND 9

The deep-seated desire of Italy for a resumption of peaceful and friendly relations with France met with real encouragement in the speech made by M. Bidault on 15th August at the plenary meeting of the Peace Conference. The painful memories of a disastrous past are progressively disappearing before the reality of a new Italy, who, having given proofs in the struggle by the side of the Allies, of the genuine will of its people, appeals to others and more especially to the French nation not to stifle the rebirth of the Italian nation in the framework of democratic and peaceful republican institutions.

It is in this spirit of collaboration that Italy envisages now as before, the problem of her frontiers with the great neighbouring republic and reaffirms her desire to meet most of the French demands for frontier rectifications in spite of the sacrifices involved.

The Italian Government firmly believes that these sacrifices and the goodwill underlying them will find a suitable response, and that France will give favourable consideration to the two reservations Italy is compelled formally to insist upon. For the Italian Government considers that it is only thus that the two countries can arrive at a general agreement, an essential condition for the justification and maintenance of the cessions which Italy is prepared to accept.

According to the actual terms of the memorandum submitted to the Council of Foreign Ministers on the 17th July, 1946, the Italian Government signified its agreement to those modifications which aim at ensuring that the frontier shall follow the Alpine watershed more closely, a principle justified by geographical reasons and by a long historical tradition. The Italian Government accordingly declares itself prepared:

1. To renounce in favour of France its sovereign rights over the territorial districts of the upper valleys of the Vésubie and Tinée, usually referred to as the "Hunting Grounds", within the limits explicitly laid down by the Convention of 16th March, 1861 governing the application of the Franco-Sardinian Treaty of 24th March, 1860.
2. To push back the existing frontier in the districts of the Little St. Bernard Pass to the watershed, renouncing Italian sovereign rights over this strip of territory in favour of France.

Furthermore, in its desire to reach an agreement with France, the Italian Government has agreed to make an exception to the fundamental principle that the frontier shall follow the watershed, and declared itself ready to meet French wishes as regards the narrow valley of Bardonecchia, and Mont Chaberton.

As regards the narrow Valley of Bardonecchia, the Italian Government, while realising that the French claim entails heavy sacrifices on the part of Italy, recognises that the populations of Dauphiné and Savoy might derive some advantage from the establishment of direct communications running exclusively through French territory. As regards Mont Chaberton, while realising that such a rectification would constitute, as in the previous case, a serious departure, at Italy's expense, from the principle that the frontier shall follow the watershed, and that it would involve a very heavy sacrifice, as this mountain dominates a considerable area of Italian territory, the Italian Government, acceding to the wishes expressed by the French Govern-

ment on strategic grounds, has declared its willingness to accept, in principle, the suggested rectification of the frontier.

Finally, the Italian Government, in the Memorandum of 17th June, expressed its willingness to accede to French wishes on four points, namely:

1. Little St. Bernard Pass.
2. Narrow Valley of Bardonecchia.
3. Mont Chaberton.
4. The Upper Tinée and Vésubie Valleys.

Only three claims thus remain to be examined. They all concern territories which, as in the cases mentioned above, are on the Italian side of the watershed. From South to North, these rectifications concern:

1. The commune of Olivetta San Michele, situated in the Lower Roya Valley.
2. The Upper Roya Valley, where the communes of Tenda and Briga are situated.
3. The Mont Cenis plateau.

The commune of Olivetta San Michele never formed part of the County of Nice, and never came under discussion when the Treaty of 1860 was being drafted. Italian in feeling and language, the 1,100 inhabitants of Olivetta San Michele are economically and historically linked with Italy. Moreover, the catchment area and the canal for diverting the water supplying the power station of Airola, as well as the catchment area of the aqueduct supplying the population of Ventimiglia with drinking water, and with water for agricultural irrigation and for the market gardens of this Italian town, are situated in this territory.

If the French Government wishes to include in French territory the district through which the tunnel of the Nice-Breuil railway runs, this could be effected by a slight rectification of the frontier which, by cutting off the salient of the "dei Termini" Pass would leave nearly the whole of the commune of Olivetta San Michele in Italian territory.

As regards the Upper Roya Valley i.e. Tenda and Briga, the Italian Government has already had occasion to state its views, in connection with the report of the Commission of Enquiry appointed by the Council of Foreign Ministers. In the Italian Government's view the separation of this district from Italy is not justified either by the sentiments of the inhabitants, historical precedents, on grounds of language, or on geographical and economic grounds.

The French claim to the Mont Cenis plateau remains to be considered. Situated entirely on the Italian side of the range 40 kms. in a direct line from Turin (from which it is not separated by any

serious geographic obstacle), the Mont Cenis plateau literally commands the whole lower valley of Susa which opens into the plain of the Po some kilometres lower down. This is emphasised, almost dramatically, by the fact that the contents of the reservoir situated on the plateau, (with a capacity of approximately 32,000,000 cubic metres), would in the event of the dam bursting, overflow into the plain, causing a catastrophe of seismic proportions which would transform a very busy and fertile district into a valley of death.

It is inconceivable that such an enormous body of water should be massed in non-Italian territory, leaving a large and important Italian region exposed to such a serious threat. It would be equally inadmissible that the cession so proposed should for the first time in history establish such a precedent to the detriment of Italy.

To these considerations, others of a military character and of fundamental importance must be added. The transfer of the district of Tenda, and of the plateau of Mont Cenis, would add little or nothing to the security of France, but would irreparably prejudice the security of Italy, since the defensive value of the barrier of the Alps would thus be completely abolished.

However convinced it might be that the good neighbourly policy which will inspire its relations with its neighbour is reciprocated on the other side of the frontier, no nation could maintain relations of reciprocal trust and fruitful collaboration if, in implementing the principle of collective security, a reasonable measure of security for both parties had first to be sacrificed.

For the various reasons set forth in this Memorandum, the Italian Government deems it its duty to stress the fact that the rectifications proposed by France in the Mont Cenis district and in the Roya Valley are not consonant with the necessity for establishing ties of real collaboration and mutual trust between the two peoples.

The Italian Government, therefore, whilst reserving to the Constituent Assembly the right to approve the decisions taken, considers that Art. 2 of the Draft Peace Treaty with Italy might be drafted as follows:

- | | |
|--|-------------------|
| Art. 2, par. 1. <i>Little St. Bernard:</i> | No change. |
| — 2. <i>Plateau of Mont Cenis:</i> | To be deleted. |
| — 3. (1) <i>Mont Thabor:</i> | Amend as follows: |

“The line shall leave the present frontier at Mont Gran Somma (3111) and follow the crest of the escarpment of the Ponite Melchior as far as the Pointe Quattro Sorelle, subsequently descending into the “Narrow Valley” along the contours 2409–1915. Where it crosses the valley, this line would leave to Italy the dam and catchment area of the hydro-electric plant of Bardonecchia, afterwards rejoining the

former frontier at the "Cime de la Suer" along the western escarpment of the "Comba della Gorgia" Valley.

The suggested alteration is intended to ensure that the dam and the catchment area by which the hydro-electric plant of Bardonecchia is supplied remain in Italy, since the article, as at present drafted is not sufficiently clear on this point.

2. *Mont Chaberton*: Amended as follows:

"In the Chaberton area, the frontier shall leave the existing frontier some 3 kms. to the north of Mont Chaberton, passing round it to the East as far as the escarpment of the Pointe della Portiola. The frontier will follow the escarpment as far as Portiola, subsequently rejoining the existing frontier at the Col de l'Alpet, passing to the north of Granges les Baisses."

While it gives France the strategic advantages demanded this modification would leave the commune of Clavières its pastures and forests and allow it to operate the tourist attractions which have made it internationally famous.

Par. 4. *Upper Tinée, Vésubie and Roya Valleys*: Amend as follows:

"The frontier shall leave the present frontier at Colla Lunga and follow the water-shed by Mont Clapier, Mont Gran Capelet and Mont Meraviglie merging again into the existing line of frontier at the Cima del Diavolo".

To Art. 2 a fifth paragraph might be added as follows:

"The frontier shall leave the present frontier some 3 kms. to the south of Breuil and, running southwards, rejoin the former frontier at boundary mark 26 east of Colla Longa".

Art. 5.—See Memorandum No. 12(G) and 12 bis (G).

Art. 6.—Must be considered with reference to the alterations suggested to Art. 2.

Art. 7.—See Memorandum No 2(P).

Art. 8.—See Memorandum No 19(E).

Art. 9.—Must be considered with reference to the alterations suggested to Art. 2.

Doc. No. 10 (P).

Memorandum on the Territorial Clauses Concerning the Frontier Between Italy and Yugoslavia and the Frontier of the Free Territory of Trieste (Art. 3, 4 and 16.)

ARTICLES 3, 4 AND 16

With reference to the proposals made by the Council of Foreign Ministers in connection with the new Italo-Yugoslav frontier and the creation of the Free Territory of Trieste, the Italian Delegation

can only confirm the views already set forth in the Italian Memorandum of September, 1945, and reiterated by President De Gasperi in London (Sept. 18, 1945), in Paris (May 3, 1946) and recently, at the plenary session of the present Conference (August 10, 1946).

Voicing the unanimous wishes of all Italians, and, in particular, of the population concerned—that of Venezia Giulia—the Italian Delegation formally reaffirms that no ethnic, historical, geographical, economic or moral reasons can, in its view, justify the severance from Italy of a population which has always considered itself and desires to remain Italian, as was proved by the impartial investigation carried out by the Committee of Experts for Venezia Giulia, and as could easily be confirmed by consulting the local population.

However, in event of the Italian point of view being rejected and of the creation of a “Free Territory of Trieste” being approved by the Commission the boundaries proposed by the Council of Foreign Ministers being adopted as a basis of discussion, the Italian Delegation, subject to the consent which will have to be given by the Italian Constituent Assembly on the substance of the question submits for the Commission’s consideration the following remarks on the frontier in the Gorizia area, and the enlargement of the Free Territory of Trieste.

I. *The Frontier in the Upper and Middle Isonzo Valley*

The Italo-Yugoslav frontier in this region should be drawn so as to facilitate communications for the local population, to satisfy the essential needs of railway traffic, and to safeguard the development of the Isonzo hydro-electric power stations and their exploitation for the benefit of the zone for which they were built. In this connection the following points should be noted:

a. The new frontier proposed leaves in Yugoslav territory mixed-language groups, naturally linked to the Italian towns in the Friuli plain (Udine and Cividale) by the exigencies of local life and trade. A glance at the map will show that the inhabitants of the Isonzo Valley have excellent main roads and a railway connecting them with Udine and Cividale but are much further away from the main towns of Slovenia, such as Ljubljana, with which they are linked only by secondary roads, often impassable in winter.

b. The new frontier leaves to Yugoslavia part of the territory through which the Predil railway which was intended to form a direct link between Trieste and Austria was to pass. The construction of this line was provided for in the Treaty of St. Germain but was not completed because of the world economic crisis and international

events (90 kms. of the line remain to be built). Once built, it will provide the *shortest* link between Trieste and Central Europe.

Trieste, as everyone is aware, is now connected with its Danubian hinterland by three railways. The longest of these runs entirely through Italian territory (the Trieste-Udine-Pontebba-Tarvisio line). It is single-tracked and was mainly built to serve Venice; technically it would be a very difficult matter to add a second track to this line. The other two railways (the Trieste-Postumia-Ljubljana and the Trieste-Piedicolle-Assling lines) would, according to the frontier proposal made, run entirely through Yugoslav territory. Yugoslavia would thus be in a position to control the larger and better section of the railway system joining Trieste with its hinterland in addition to all communications with the rival port of Fiume.

The problem therefore is to place the Free Territory of Trieste and its port on the same footing as the port of Fiume, so as not to leave one and the same State in control of the traffic of both ports. Neither Italy nor Yugoslavia should be in a position to bring economic pressure to bear on the Free Territory by controlling its communications.* It follows that Trieste should be linked with its hinterland not only by the two railways passing through Yugoslavia, but also by a new and modern line (the Predil line) passing through Italian territory.

Now, if the frontier were drawn as proposed by the French Delegation this requirement would not be fulfilled. The new Predil line would start at Trieste, would have to pass first through Italian, then through Yugoslav territory, and once more re-enter Italy before finally reaching Austrian territory (see map in Annex I).

c. The new frontier leaves the entire course of the Isonzo River north of Gorizia and therefore the big hydro-electric power stations at Doblari and Plava in Yugoslavia. These stations were built by Italy in 1938; their annual output is 130 million kwh. of direct and 100 million kwh. of alternating current. These stations do not serve the areas proposed to be ceded to Yugoslavia. On the other hand, they are indispensable to the Monfalcone and Gorizia areas of Italy and above all to Trieste itself, as was admitted in the Report prepared by the Commission of Investigations (Paras. 48 and 68) and in Annex 9/C of the draft Treaty. The same would apply to the hydro-electric power which might be obtained by a further development of the same river. The zone to be ceded to Yugoslavia never used the power sup-

*The Yugoslav delegate, Mr. Bebler, stated on 18th July at the meeting of the Committee for the Statute of Trieste that "Yugoslavia can never be forced to make the sacrifices required in order to ensure the prosperity of a city and a port of whose ownership she was deprived". (Official text supplied by the Yugoslav representatives.) [Footnote in the source text.]

plied by these plants, as they are served by the power stations at Fiume, Arsa, Aidussina, Idria, Chiapovano and other smaller stations.

The Italian Delegation will submit a special Memorandum on the subject of the guarantees to be given to the Free Territory of Trieste in connection with the electric power to be supplied by the above stations (Annex 9/C).

The transfer of the Isonzo Valley to Yugoslavia would likewise deprive Italy of the control of the water supply used for irrigating the Cormons and Monfalcone plains which will be retained by Italy.

Conclusion: The new Italo-Yugoslav frontier north of Gorizia should run east of the "French line", following a line which might be considered by a special committee of the Political Commission.

II. *Frontier in the Gorizia Area*

The line suggested by the Council of Foreign Ministers for the Gorizia area cuts this town in two, breaking up its unity with all the consequences that such a paradoxical situation would entail in a modern city (see map and photographs in Annexes 2 and 3¹).

This line leaves in Yugoslav territory:

- the suburbs of Vertoiba, San Pietro and Soldano;
- the springs and water-works of the town's two sources of water supply, whose capacity is already insufficient to satisfy Gorizia, and requires immediate extension;
- the old town cemetery and the Jewish cemetery;
- the sanatorium, the ossuaries and the war memorials erected in honour of the Italian soldiers who died in the 1915–1918 war;
- the wooded area to the east of the town, which constitutes the town's lung.

In order to avoid this absurd situation it is, therefore, absolutely necessary to consider a fresh boundary.

The proposed line was evidently drawn with a view to leaving within Yugoslav territory the local routes of communication between Aidussina and the Piedicolle area (which, incidentally carry very little traffic) as well as the Trieste-Piedicolle-Assling-Vienna railway.

Now, it is quite possible to build a loop line starting at Prevacina, passing through Sanbasso and Britovo and rejoining the existing Isonzo railway near Auzza di Canale. Alternatively, another loop line could be built starting at Aidussina passing through the Tribussa (Idria) Valley and rejoining the Piedicolle railway at Baccia di Modrea.

The Italian Government is prepared to examine the possibility of co-operating with the Yugoslav Government in building this loop line.

¹ Map and photographs not printed.

It might be added that both the *American* and the *British* line envisaged a somewhat similar territorial solution.

There is no doubt that the *French* line in the Gorizia area could be modified so as to satisfy both the needs of the city and Yugoslav railway requirements.

III. *Enlargement of the Free Territory of Trieste*

1. The draft Treaty with Italy provides for the establishment of a "Free Territory of Trieste" bounded by the "French line" (art. 4 and 16 of the draft with some reservations involving minor rectifications suggested by the U.S. Delegation).

2. It may be useful to recall the origin of the *French line*. It will be remembered that the Council of Foreign Ministers decided, at their London session in September 1945, that the Italo-Yugoslav boundary should be "an ethnic line leaving a minimum of population under alien rule". The line was also to take into account the economic needs of the population concerned.

A commission of experts was sent to Venezia Giulia and, after an investigation on the spot, submitted a *unanimous* report in which it recognized, in the case of western and southern Istria, that "the Italian element is located in the towns situated on or near the coast and also inhabits a considerable number of rural localities of western Istria. It constitutes the majority and, in certain instances, almost the whole population in many of the towns on or near the coast, while in certain towns in the interior of western and southern Istria it constitutes an important minority" (para. 76).

However, each of the four delegations constituting the Commission recommended a different line for the future boundary; the American and British lines following more closely the findings of the report, inasmuch as they left to Italy the major part of western and southern Istria.

3. The "French Line" was drawn following the principles of the so-called "ethnic balance". According to the estimates of the French Experts (which, incidentally, appear to be based on data which, in the Italian Government's opinion, do not reflect the actual situation) such a line would leave an almost equal number of Italians in Yugoslavia and of Slavs in Italy.

With all due reservations as regards the information on which the estimates of the French Experts were based, or the interpretation by these Experts of the instructions given to them by the Council of Foreign Ministers (London, 19th September, 1945), it is obvious that, as a result of the creation of a "Free Territory of Trieste", the ethnic

balance between Italy and Yugoslavia, which the French Experts were trying to establish has been radically modified.

In fact, if the *French* line were adopted as the boundary, Venezia Giulia would be split in such a way to leave, according to the 1921 census:

- a. About 10,000 Slavs in Italian territory;
- b. About 180,000 Italians (including those of Zara and the islands) in Yugoslavia;
- c. 266,000 Italians and about 50,000 Slavs in the Free Territory of Trieste.

Thus, the creation of a Free Territory entirely carved out of the territory which the French had intended to award to Italy, has radically altered the balance between the number of Italians and Slavs left outside their respective countries. 266,000 Italians—who through being domiciled west of the French line, were to remain in Italy—are instead severed from their country and included in the Free Territory, while only about 50,000 Slavs—whom the French line had left in Italy—are included in the Free Territory. In other words, while the Italian element is burdened with a further heavy sacrifice, 50,000 Slavs—who, according to the principle of ethnic balance as followed by the French line, should have remained in Italy—are now at least given the advantage of becoming citizens of a Free Territory.

Therefore, in order to re-establish the ethnic balance, the main motive underlying the French line, it would be necessary for the 50,000 and more Slavs now passing from Italy to the Free Territory to be balanced by an equal number of Italians withdrawn from Yugoslav sovereignty and becoming citizens of the Free Territory also. This can be easily arranged by including in the Free Territory the portion of western Istria south of Cittanova contained within the British line.

4. The creation of a Free Territory of Trieste was an expedient devised by the Council of Foreign Ministers as a solution of an extremely difficult problem. It is now necessary to review the entire problem of the frontiers in that area from this new angle. It was decided not to leave Trieste to Italy, and, at the same time, in view of its obviously Italian character, not to give it to Yugoslavia. Now there seems to be no reason why the same principle should not be applied to the Italians who constitute the vast majority of the population of western Istria. In fact, in the area included within the "British line" to the south of the "French line" (see map No. 4) there live, according to the 1921 census, 79,437 Italians and 15,595 Slavs (according to the 1910 census, 66,071 Italians and 34,963 Slavs).

5. Western Istria has been a part of Italy since 1919, but its inhabitants were always a part of the Italian Nation. Their history proves it beyond any possible doubt.

Western Istria, as above defined, is so undeniably Italian that, if we admit the principle of the Atlantic Charter, according to which no territorial changes should be made "that do not accord with the freely expressed wishes of the peoples concerned", the Italian majority in this area would undoubtedly affirm its will to remain united to Italy.

6. The inclusion of Pola and the island of Brioni within the Free Territory of Trieste would, of course, entail the complete demilitarisation and neutralisation of this naval base. This would be a substantial contribution to the security both of Italy and Yugoslavia.

7. The frontier proposed by the American Experts left to Italy the coal mines of Arsa and the bauxite deposits of Istria in view of the fact that there are abundant supplies of these minerals already available to Yugoslavia in her own territory. In order to strengthen the economic vitality of the Free Territory of Trieste, its administration—or whatever other authority may be designated for this purpose—should be granted a 99-year lease of the coal and bauxite mines left in the area ceded to Yugoslavia.

8. Finally, if ethnic principles are to be adhered to, there is no doubt that the island of Lussino, whose population is almost entirely Italian, should likewise be included in the Free Territory. The line proposed by President Wilson (1919) allotted Lussino to Italy.

Doc. No. 12 (G).

Memorandum on the Clause of the Draft Treaty Relating to Disputes on Boundary Demarcation (Art. 5, par. 3.)

ARTICLE 5

Article 5 provides that all questions concerning Italy's new frontiers (according to a United States proposal, this clause should also apply to questions concerning the frontiers between the Free Territory of Trieste and Italy or Yugoslavia) shall be referred to Boundary Commissions composed of representatives of the Governments concerned. In case of disagreement, the questions will be referred to the four Ambassadors for final settlement by such methods as they may determine, including, "where necessary", the appointment of an impartial third Commission. ("Additional Commission" is the term used in the United States proposal.)

In view of the special character of the tasks entrusted to these Commissions and consequently, of the questions liable to cause disagree-

ment in the Commissions themselves, it seems preferable to keep to the plan for a superarbitrator ("impartial third Commissioner", as in the Draft, or "additional Commissioner", as in the United States proposal) whenever such disputes are to be settled. This super-arbitrator should be appointed by the Parties themselves. Only in the event of disagreement between them he should be appointed by the four Ambassadors.

Article 5 states that the work of the Commissions shall be completed "in any case within a period of six months".

This time-limit seems too short in view of the complex nature of the work to be done on the spot, and also in view of climatic conditions in the mountains, which will limit the number of days available for work on the spot.

We, therefore, propose to delete the last words of the second paragraph: "*and in any case within a period of six months*".

Doc. No. 12 bis (G).

Proposal To Amend the Provisions of the Draft Treaty Concerning Disputes on Boundary Demarcation (Art. 5)

ARTICLE 5

"Any questions which the Commissions are unable to agree will be referred to an impartial third Commissioner appointed by agreement between the interested parties. Should the parties fail to agree on this appointment the third Commissioner will be appointed by the four Ambassadors acting as provided for in article 75."

Doc. No. 2 (P).

Memorandum on the Provisions of the Peace Treaty Dealing With Archives Relating to the Territory Ceded to France in 1860 (Art. 7)

ARTICLE 7

Article 7 of the Treaty specifies that:

"The Italian Government undertakes to hand over to the French Government all archives, historical or administrative, prior to 1860 and which concern the territory ceded to France under the Treaty of March 24, 1860, and the convention of August 23, 1860."

The reference made in this article to "historical", as distinct from "administrative" archives, is in contrast with the provisions of the Franco-Sardinian Convention signed on August 23, 1860, to the effect that archives representing deeds to property, together with adminis-

trative, religious and legal instruments concerning Savoy and the district of Nice held by the Sardinian Government would be handed over to the French Government (art. 10).

In point of fact, after the signature of the Convention, disagreements arose as to the interpretation of this article, for France demanded that, among others, historical documents belonging to Savoy (concerning also the Royal House of Italy) which had at different periods been added to the national archives in Turin, be handed over.

The contrary interpretation, which is that of the Italian Government, is confirmed not only by the exact provisions of the Convention, but by the customary practice followed in such matters in international treaties. In this respect the Convention of 1860 is based on the Austro-French and the Austro-Franco-Sardinian Treaties of Zurich of November 10, 1859 in connection with the similar question of Lombardian and Venetian archives. Normally, in case of territorial cession the State making the cession hands over the sets of administrative records, instruments in course of negotiation and deeds recently concluded, to ensure continuity of administration in the different branches (legal, financial, ecclesiastic, military, etc.), but retains the historical and political archives which are logically the property of the State to which the ceded territory belonged.

Thus France, after 1870, retained the archives of Alsace and Lorraine. The history of those provinces up to that date was French, not Prussian, in the same way as the history of Savoy up to 1860 is not part of that of France but of the Kingdom of Sardinia, and consequently to Italy.

However, to meet the wishes of France and as a friendly act, the Italian Government has already declared its readiness to select the documents which might be ceded without causing irreparable damage to the national archives of Turin. A commission has recently been appointed for the purpose. The Italian Government would be glad if the work of this Commission could be taken over by a joint Franco-Italian Commission.

We would, therefore, ask for the deletion of article 7 and for the question to be settled amicably by both Governments through the Joint Commission established for that purpose.

Doc. No. 19 (E).

Memorandum on the Provision of the Peace Treaty Under Which the Italian Government Undertakes To Cooperate With the French Government in the Establishment of a Railway Connection Between Briançon and Modane (Art. 8)

ARTICLE 8

Under the second paragraph of Article 8, the Italian Government undertakes to authorise, free of customs duty and inspection, passport and other such formalities, the passenger and freight railway traffic passing through Italian territory, on the connection to be established between Modane and Briançon. There is reason to believe that this clause of the draft Peace Treaty is intended to cover the transport of passengers and luggage in sealed cars under escort over the Italian section of this line, and to the transport of merchandise in sealed trucks. It is, however, desirable that the Treaty should make provisions for subsequent agreements between both Governments, in order to determine between them the transit formalities, which should be simplified as far as possible.

Moreover the words "and other such formalities" should be deleted, as the formalities in question should be determined by direct agreement between the countries concerned. Lastly, we propose the insertion in the Treaty of a clause corresponding to the second paragraph of Article 2 for the Coni-Ventimiglia line, a section of which is situated on French territory, and which may be compared with the Briançon-Modane line. The clause to be added might read as follows: "The same treatment shall be extended to Italian passenger and freight traffic passing over the French section of the Coni-Ventimiglia line from one point in Italy to another point in Italy, in either direction."

Doc. No. 15 (P).

Memorandum (Observations on Art. 10 of the Draft Peace Treaty With Italy)

ARTICLE 10

In its statement made in Paris on May 30th, 1946, to the Deputies of the Ministers of Foreign Affairs, the Italian Government undertook to study arrangements, which should be as comprehensive as possible, for facilitating rail and road traffic, and also frontier transit, in order to develop Italian means of communication between the North and East Tyrol.

The Italian Government is therefore prepared to revive, extend and complete the railway and customs agreements previously in force between Italy and Austria, which Austria herself allowed to lapse, after 1932, stating that, owing to the electrification of the Tauri line, there was no further point in routing traffic over the Italian section of Brenner-Fortezza-San Candido.

Following the undertaking given, the Italian Government has already forwarded to the Austrian Government, through the Representative of Italy in Vienna, a draft Railway Convention (Annex A) providing that passenger and freight traffic from the other side of the Brenner, routed to a destination beyond San Candido, or similar traffic in the opposite direction, may be operated by Italian or Austrian personnel and material. Passengers would be able to pass in transit without presenting a passport, and freight would be subject to no customs formalities. At the same time, the Austrian Government has been informed that a senior Italian official is prepared to proceed to Vienna for the final drafting of this agreement and in order to submit similar proposals with regard to road traffic between the Brenner and San Candido.

It is, therefore, quite clear, not only that the Italian Government has no objections to the tenor of Art. 10 of the Treaty, but that it approves this article, as a special provision, consonant with the whole series of far more comprehensive arrangements, already in operation or about to be put in operation to meet the requirements of the German-speaking minorities in the Upper Adige and to establish relations between Italy and Austria on a basis of constructive collaboration between the two countries.

In that same statement of May 30th, 1946, the Italian Government declared that it was firmly resolved that the Upper Adige should become the best possible example of the way in which peaceful and useful collaboration could be brought about between two racially distinct groups, by giving an equitable and liberal solution for a whole series of problems of long standing and by guaranteeing to the German-speaking populations that their traditions and special interests would be safeguarded. Thus, the Italian Government has already provided for a bilingual system of education, the use of both languages in government offices and documents and the names of localities, and the reintroduction of the German form of recently Italianized names. Pending the forth-coming free municipal elections, the Italian Government has appointed German-speaking mayors and town councillors in all communes with a German majority. The Italian Government has also decided to admit German-speaking em-

ployees in government offices and has instituted special preparatory courses for their benefit.

As regards the problem of optants for German nationality, the Italian Government has agreed in principle to revision of the 1939 options, including those who have in the interval formally acquired German nationality. The text of the relevant law, already prepared by the Government, is now undergoing final revision, with the collaboration of German-speaking elements, in order to facilitate the recovery of Italian nationality in a spirit of far-reaching tolerance.

In collaboration with the Tiroler Volkspartei which represents the aspirations of the German-speaking population, the Italian Government is preparing a bill, for submission to the Constituent Assembly, granting the Upper Adige the most liberal form of administrative autonomy, on the model of that recently granted to the Valley of Aosta.

All these arrangements, already made or in process of being made, not only represent a political undertaking entered into by the Italian Government in order to solve the special problem of the Upper Adige—they also reflect the broader aspirations and views of the Italian people on the general problem of the protection of racial minorities which the territorial *status quo* in the Upper Adige and the cessions suggested for other areas would leave on one side or the other of the Italian frontiers. In other words, they correspond to the ideal of protection of human rights which is entirely in the tradition of our *Risorgimento*. This principle, forgotten by Fascism, has now been revived by the new Italian democracy in a spirit of reciprocity and will be faithfully observed by the Government of the Republic for the defence both of the minorities under its own protection, and the Italian minorities which may be left outside its frontiers.

May I state once more that the Italian Government will base its relations with the Austrian people on this special principle and on a broader spirit of solidarity calculated to clear the way for more comprehensive economic agreements. This will be done even though we still have a vivid recollection of the 10 mainly Austrian divisions operating in Italy, and of the four Austrian divisions operating in the Balkans and in the islands, and of the detachments of S.S. police, which, from September 8, 1943 up to the end of the war put up a bitter fight against the Italian regulars, the partisan troops and the civil resistance forces, and so largely contributed to aggravate the suffering and the sacrifices of a reborn Italy.

Annex A to Document No. 15 (P)

ARTICLE 1

The Italian Government shall permit, through facilities provided by the following articles, the direct transit of passenger and goods traffic along the Brenner-Fortezza-San Candido line, proceeding from beyond the Brenner and bound for beyond San Candido and vice versa.

The Italian State Railways shall undertake to convoy this traffic by their own means.

In certain particular cases, on the basis of particular agreements, which will be concluded between the two railway Administrations such trains may be manned by Austrian state railway personnel and composed of Austrian rolling stock.

ARTICLE 2

Passenger or goods traffic in transit along the Brenner-Fortezza-San Candido line proceeding from Austrian stations beyond the Brenner and bound for Austrian stations beyond San Candido, and vice versa, shall be effected with transport documents (tickets and way-bills) of the Austrian State and be subject to Austrian internal regulations and tariffs.

The rules and tariffs for international services in force in Austria will be applied to traffic proceeding from abroad and bound for Austria, and vice versa, along the Brenner-Fortezza-San Candido line.

ARTICLE 3

The Austrian railways shall collect, to their exclusive benefit and according to their own tariffs, the receipts from the passenger, baggage and goods traffic, in transit, along the Brenner-Fortezza-San Candido line, by all conveyance provided under Article 2.

The Austrian railways shall undertake to pay the Italian railways, by way of reimbursement for the transit services connected with the above-mentioned traffic, a sum which shall be fixed, by mutual agreement, by the two administrations and which shall vary according to whether the rolling stock and the personnel are provided by the Austrian railways, or the Italian railways, who are the owners of the line.

This sum shall be proportional to the actual cost of the services rendered.

ARTICLE 4

The Italian Customs Administration and Police Authorities shall exempt the passengers and goods in transit on the Brenner-Fortezza-San Candido line of all frontier formalities.

For this purpose, the carriages and rail-cars shall cross the Italian territory, with all doors closed and under the escort of the Italian police and frontier guards.

Austrian personnel driving and accompanying trains, shall be issued with appropriate passes. Passengers in transit by those means on the Brenner-Fortezza-San Candido line, shall be exempt from presenting their passports or other documents.

While on Italian territory, they will be forbidden to leave the carriages or rail-cars or to commit acts contrary to Italian laws concerning customs, police, etc.

Goods vans in transit will be provided with Austrian customs seals. In the absence of these, the Italian customs undertake to apply their own customs seals, free of charge.

Transit of animals, parts of animals or similar types of traffic are allowed to cross without any inspection by the Italian veterinary service. Such traffic shall, however, be accompanied by certificates, declaring that the animals proceed from territories free from infectious diseases and that the animal parts or similar items come from healthy animals.

ARTICLE 5

The Italian Customs authorities shall authorize the transit by the S. Candido-Fortezza-Brennero highway of goods transported directly from one point of the frontier to another by motor-lorries registered in Austria.

The motor-lorries shall in such case enjoy all the Customs privileges applicable to the temporary importation of motor vehicles and, in particular, shall be exempt from the circulation tax.

No special deposit shall be required for the goods, provided that this is guaranteed by transport concerns or other companies which are domiciled or have chosen their legal domicile in Italy.

The Italian Customs authorities may also dispense with this guarantee on goods covered by circulation permits issued by the Austrian Customs authorities proving that the carrier is under an obligation to bring the goods back into Austrian territory.

The Italian and Austrian Customs authorities shall lend one another assistance in tracing offenders and recovering Customs duties in cases of abuse.

ARTICLE 6

Detailed rules relating to the application of this convention shall be established, by mutual agreement, between the Administrations (railways, customs, etc.) of the two countries.

Doc. No. 12 (P).

Memorandum Concerning Fishing Rights in the Adriatic and Ionian Seas (Art. 11)

ARTICLE 11

The seriousness of the food situation in Italy, which is only mitigated by the very great efforts made by U.N.R.R.A. and the United Nations in general, makes it essential that fishing in the Adriatic should be resumed at the earliest possible moment, particularly in view of the fact that this industry provided Italy with more than 140,000 tons of fish per annum before the war.

On this matter the draft Peace Treaty makes provision only for the question of fishing in the waters of Pelagosa and round the neighbouring islands, without touching on the very much greater needs of Italian fishing in general and also the food requirements of the peninsula.

The Peace Treaty should, therefore, stipulate an obligation for Italy and Yugoslavia to conclude, within the six months following the entry into force of the Peace Treaty, a special convention governing the exercise of fishing rights in their respective territorial waters, including the Island of Pelagosa, in accordance with the principles which have in the past applied to fishery conventions between Italy and the Austro-Hungarian Empire, and later between Italy and Yugoslavia.

For the same reasons the Treaty should also make it an obligation for Italy and Greece, on the one hand, and Italy and Albania, on the other hand, to conclude, within six months from the entry into force of the Peace Treaty, special conventions to regulate the exercise of fishing rights in their respective territorial waters.

Doc. No. 13 (P).

Memorandum on the Clauses of the Draft Peace Treaty Concerning Territory To Be Ceded to Yugoslavia (Art. 11)

ARTICLE 11

The text of Article 11 of the Draft Peace Treaty with Italy should be considered in connection with the modification which have been requested in respect of Articles 3 and 16 (See Doc. Nos 10 (P) and 12 (P)).

Doc. No. 35 (G).

Memorandum on the Clauses of the Draft Peace Treaty Concerning Fiume and Zara (Art. 11)

ARTICLE 11

Included in the territory which, under the terms of article 11 of the draft Peace Treaty, should be ceded to Yugoslavia by Italy is the city of Fiume, together with the surrounding area.

The future disposal of this city calls for rather special consideration.

From the time of its incorporation into Austria (1471) until the collapse of the Austro-Hungarian monarchy, the city of Fiume has enjoyed a special autonomous status. In 1779, Fiume was solemnly declared a "corpus separatum" annexed to the Hungarian Crown, and it has always enjoyed this special juridical position. The reason for this is to be found in the Italian character of the city, which has always been acknowledged, and which has always been resolutely defended, as regards both Hungary and Croatia.

After the collapse of the Austro-Hungarian Monarchy, the Italo-Yugoslav Treaty signed at Rapallo on 12th November, 1920, recognised the independent state of Fiume, which was effectively organised on democratic lines with a Constitution adopted by a Constituent Assembly freely elected by the people. The independent State of Fiume was also recognised by the Governments of the other Powers.

The two Governments which signed the Treaty of Rapallo undertook "*to respect in perpetuity*" the independence and liberty of the State of Fiume (Art. 4).

After the events which followed the conclusion of the Treaty of Rapallo, the solution which would now be most consonant with justice and the wishes of the population of Fiume, would be to re-establish the Free State of Fiume as it was recognised by the Treaty of Rapallo, as the latter was the outcome of free negotiation between the two countries directly concerned.

It would, in any case, be essential to provide certain guarantees to ensure that, in becoming a part of Yugoslavia, the city of Fiume should be accorded a statute in harmony with its special circumstances and its traditions.

To this end the Treaty should provide that Fiume, as well as the territory which formed part of the Free State of Fiume, under the terms of the Treaty of Rapallo, should be granted legislative, administrative and judicial autonomy.

The peace Treaty must also provide that the statute of Fiume should be guaranteed by U.N.O.

Certain guarantees for administrative autonomy should also be stipulated in the Peace Treaty for the city of Zara and for other communities in Istria where the majority of the inhabitants are Italian-speaking.

Doc. No. 3 (P).

Memorandum on the Clauses of the Draft Peace Treaty Concerning the Dodecanese (Art. 12 and 13)

ARTICLES 12 AND 13

Article 12 provides for the cession to Greece in full sovereignty of the Italian islands in the Aegean Sea, but makes no mention of the Italian nationals who live there. Their fate would, therefore, seem to be decided on the basis of the general provisions of Article 13, in accordance with which Italian nationals domiciled in any territory ceded by Italy will become nationals of the State to which the territory in question is ceded, unless within a period of one year they opt for Italian nationality. In the latter event, the State which has acquired the territory may compel persons who have exercised their right of option to transfer their domicile to Italy within one year.

Italy considers that it would be particularly unjust to apply this treatment to the Italian community of the Dodecanese which, by its efforts, has contributed so much to the prosperity of these Islands.

The work done by Italy in Rhodes has been demonstrated in a publication distributed to all delegations. It describes in detail the great strides made in economic activities, capital investments in public works, public welfare, agriculture, the tourist industry, etc. thanks to Italians. The whole world is aware of the contribution made by Italian archaeologists in the Dodecanese to world culture by their excavations and their publications. All this proves that the Italian Government as well as the Italian community, far from dreaming of selfish exploitation, have only had in mind the welfare of the local inhabitants.

Democratic Italy, which condemns and deplores the aggression committed against Greece, is convinced that the cession of the Aegean islands of which she has long been an advocate, will promote the re-establishment of cordial co-operation between the two countries. It is in this spirit that she asks that the Italians, to whom the prosperity of the Dodecanese is so largely due, should not be deprived of the right of continued residence and, consequently, of the property, rights and interests which they have hitherto enjoyed as the results of their labours; that they should be allowed to continue to make use of their

cultural institutions, to practice their religion, etc. freely, and, finally, to continue their professional and economic activities.

Doc. No. 3 bis (P).

Draft Amendment Proposed

ARTICLE 12

Add the following two paragraphs to the text:

“Persons belonging to the Italian community in the Dodecanese will be entitled to retain their residence in the Islands, together with their property, rights and interests, and to continue their professional and economic activities there.

“They will also be entitled to retain their own cultural and educational institutions, and to practice their religion without hindrance.”

Doc. No. 15 (G).

Memorandum Concerning the Clauses of the Peace Treaty on Nationality and the Legal Position of Persons Living in Ceded Territory

ARTICLE 13

1. Under paragraph 1, Italian citizens who were domiciled on 10 June, 1940, in territory to be transferred by Italy shall (except in case of option) become nationals of the State to which the territory is transferred with full civil and political rights, *in accordance with legislation to be introduced to that effect by that State within three months of the coming into force of the present Treaty.*

The latter provision permits of an interpretation which could certainly not have been intended by those who drafted it, and on the strength of which the rights of the new citizens might be more limited than the rights enjoyed by other citizens, if the special legislation which is envisaged should so provide.

To avoid any misunderstanding it would be necessary to omit the latter provision, and to lay down that the persons aforementioned should enjoy the same civil and political rights as are provided for other nationals of the State.

2. Paragraph 2 provides a right to opt for Italian nationality in ceded territory. If the Italian proposals in regard to territorial clauses should not be accepted, the territory which Italy would lose in the East would be partly ceded to Yugoslavia and partly made into an autonomous State (The Free Territory of Trieste). Therefore, considering the close ties of kinship, commerce, etc. which have

always existed between Trieste and the other parts of Istria, the Italian delegation requests that Italian nationals in the ceded territories should be granted the right to opt for citizenship of the Free Territory of Trieste.

Incidentally, the conditions governing the exercise of the right of option, as also the supervision of those conditions, should not be restricted to the State to which the territory is ceded. It is, therefore, suggested that provision should be made for the necessary guarantees in accordance with the principles which have been adopted on other occasions (e.g. the options in Upper Silesia, the German-Polish Convention of Geneva of 15th May, 1922).

3. In addition to the above rule, it is essential that Article 13 should make provision to guarantee to Italians domiciled in ceded territory who become nationals of the Successor State, full equality in law and in fact with other nationals of that State, as well as the right to retain their own cultural and educational institutions and to make free use of their language.

Doc. No. 15 bis (G).

Proposed Amendments

ARTICLE 13

1. Italian citizens who were domiciled on June 10, 1940 in territory transferred by Italy to another State under the present Treaty shall, except as provided in the following paragraphs, become citizens with full civil and political rights of the State to which the territory is transferred and shall enjoy all civil and political rights enjoyed by other nationals of the same state. Upon becoming citizens of the State concerned they shall lose their Italian citizenship.

2. All persons mentioned in paragraph 1 over the age of eighteen years (or married persons whether under or over that age) whose customary language is Italian shall be entitled to opt for Italian citizenship within a period of one year from the coming into force of the present Treaty. Any person so opting shall retain Italian citizenship and shall not be considered to have acquired the citizenship of the State to which the territory is transferred.

The option of the husband shall not constitute an option on the part of the wife. Option on the part of the father, or, if the father is not alive, on the part of the mother, shall, however, automatically include all unmarried children under the age of eighteen years.

3. Persons coming under the provisions of paragraph 2 who were domiciled on June 10, 1940 in territory transferred by Italy to Yugo-

slavia under the present Treaty, shall have the right to opt for citizenship of the Free Territory of Trieste, under the conditions laid down in paragraph 2.

4. Conditions governing the exercise of the right of option laid down in paragraphs 2 and 3 and the settlement of any disputes which may arise in this connection shall be the subject of an agreement to be concluded within three months from the date of the coming into force of the present Treaty under the auspices of the four Ambassadors.

5. The State to which the territory is transferred may require those who take advantage of the option to move to Italy within a year from the date when the option was exercised.

U.S. proposal:

6. The State to which the territory is transferred shall take all measures necessary to secure to all persons within the territory, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political opinion and of public meeting.

7. The State to which the territory is ceded shall take all necessary measures to ensure that the Italian speaking nationals in its territory shall receive the same treatment and the same guarantees in law and in fact as are enjoyed by other nationals, including the right to establish, manage, and control at their own expense, charitable, religious or social institutions, schools or other educational establishments, freely to use their own language, to practice their religion therein. No restriction shall be imposed on the free use by the said nationals of their own language whether in private or business relations in matters concerning religion in the press or in publications of any kind or in public meetings in the law courts.

In regard to public education, the State, to which the territory is ceded shall grant the communes where a considerable number of the inhabitants are Italian speaking the necessary facilities to ensure that in the elementary schools the children of such nationals shall be taught in their own language.

All these arrangements, completed or in process of completion, constitute not merely the political undertaking given by the Italian Government to solve the special problem of the Upper Adige, but they also reflect the wider hopes and more generous views of the Italian people on the general problem of the protection of the racial minorities which, as a result of the territorial *status quo* in the Upper Adige and the proposed amputations to be made in other sectors, will be left on one or other side of the frontiers of the Peninsula.

They will thus correspond to the ideal of protection of human rights which is entirely consistent with the traditions of our Risorgimento. This ideal, forgotten by Fascism, has now been revived by the new Italian democracy in a spirit of reciprocity which the Government of the Republic will faithfully observe in its dealings with minorities and in the protection and defence of such Italian minorities as may be left on the other side of the frontier.

It should once more be stated that the Italian Government intends to conduct its relations with the Austrian people according to this special principle and in a general spirit of solidarity calculated to pave the way for far-reaching economic agreements. And this, notwithstanding the fact that, from September 1943 to the last days of the war, ten divisions, mainly composed of Austrians, operating in Italy, four Austrian divisions operating in the Balkans and in the isles, and S.S. police detachments put up a fierce fight against the Italian regular, partisan and civilian resistance forces, thereby largely adding to the sufferings and sacrifices of a reborn Italy.

Doc. No. 28 (G).

Memorandum on the Clauses of the Draft Treaty Concerning the Safeguard of Human Rights and Fundamental Freedoms

ARTICLE 14

The Italian Delegation is of opinion that the provisions of article 14 ought to be suppressed on the following grounds:

1. Respect of human rights and fundamental freedoms has always inspired the legislation of democratic Italy; it can even be said that, before and after the fascist period, it was the foundation of all legislation. In the new Constitution that the Constituent Assembly is working on, all these fundamental freedoms and rights will be solemnly confirmed by rules having the value of proper constitutional law. It therefore seems superfluous that an international obligation, such as the one imposed on Italy by this clause, should be inserted in the Treaty.

2. The disposition of article 14 as now worded can be interpreted in widely different ways. It might also give rise to serious inconveniences. The mere fact that respect of such principles would take, according to article 14 the form of an obligation on Italy's part with each single Allied or Associated signatory Power, might lead any of these Powers to have recourse to this article in order to intervene in internal Italian matters, at the risk of endangering the good feelings among nations.

3. The Charter of the United Nations establishes among its aims respect and universal observance of human rights and fundamental freedoms for all without distinction as to race, sex, language or religion. One may expect that a general agreement on this matter will be reached under the auspices of the United Nations. Following her admission to the United Nations, Italy will participate in any such a general agreement. Furthermore, Italy declares that she is even now ready to pledge herself in this matter to any obligation which the other members of the United Nations will take. Italy's admission to the United Nations being provided for in the very Preamble of the Treaty, it would seem advisable to avoid a clause pre-establishing a juridical situation whereby Italy—once a member of the United Nations—would find herself in this matter in a position different from that of other members. Such a situation would be inconsistent with the fundamental principle of sovereign equality among all members of the United Nations.

In short, the insertion in the Treaty of a special clause such as the one contained in article 14 would not be justified unless its validity were terminated at the time when Italy joins the United Nations.

Doc. No. 8 (P).

*Memorandum on the Clauses of the Draft Treaty Concerning Italy's
Obligation To Recognize the Peace Treaties To Be Signed With
Other Countries (Art. 15)*

ARTICLE 15

Article 15 establishes Italy's obligation to recognize the full force of the peace treaties to be signed with certain other States.

1. The first part of the article states that Italy undertakes to recognize the full force of the treaties with Rumania, Bulgaria, Hungary and Finland.

Such a clause is indeed a strange one. It implies in fact the obligation to underwrite now, without knowing what their content will be, treaties which still remain to be stipulated, to whose drafting Italy is not a party, and which on the other hand may have a bearing on the considerable Italian interests in those countries.

2. The second part of the article sets down the same Italian obligation with regard to "other agreements and arrangements which have been or will be reached by Allied and Associated Powers in respect of Austria, Germany and Japan for the restoration of Peace." In this case the obligation appears even more serious, as it means that Italy must underwrite now all future enactments with regard to countries against which she has been at war. It should be especially noted that:

a. With regard to Germany and Japan, such a clause appears contrary to all principles of law, inasmuch as a state of war between Italy on the one side and Germany and Japan on the other was established by formal and direct declarations. The ensuing juridical situation cannot be brought to a close except by peace treaties in which Italy takes direct part. On the other hand, the fact that the Allied and Associated Powers have recognized Italy as a co-belligerent against Germany and Japan implies in itself Italy's right to take a direct part in the peace treaties with those countries. Therefore nothing can justify a clause in her own peace treaty which deprives Italy of such a right.

Consideration should furthermore be given to the claims which Italy must advance against Germany and Japan. Italy was engaged in war against Germany during eighteen months. Her losses in life during that time surpass those of the preceding war years. The results of Germany's occupation of a major portion of the Italian territory and of the long war waged by Italy against Germany are well known. Germany made the Italian people pay heavily for having been the first to rebel against Fascism and the Axis war. Long years must pass before such widespread damage can be repaired and before compensation can be made for the painful losses suffered by the Italian Nation in its war against Germany.

b. Regarding Austria, Italy as a belligerent against Germany of which Austria was an integral part can legitimately claim the rights that such a status bestows on her when the time comes to make peace with that country. It should furthermore be remembered, with regard to Austria, that Italian interests in that bordering country are so varied and complex that, for this consideration as well, Italy should be admitted to participate directly in the conclusion of the treaties concerning that country.

3. It should be noted, finally, that the Conference has recently admitted a certain number of States—some of which were never at war with Italy—to present their viewpoint on the Italian Treaty. Among them is Austria, which has indeed been at war with Italy, but on the German side. The Italian people fail to understand why they should be placed in a less favourable position than those States, when the time comes to discuss the Peace Treaties with countries such as Germany, Austria and Japan against whom Italy has been at war.

4. In view of the above, the Italian Delegation is of the opinion that Article 15 or, at least, that part of the article which concerns agreements bearing on Germany, Austria and Japan should be suppressed.

Subordinately, the Italian Delegation asks that the following sentence be added to Article 15: "When the time comes to conclude an

accord with Austria, Germany and Japan, Italy will be admitted to defend the interests and to claim the rights resulting from her status of belligerent.”

Doc. No. 4 (P).

Memorandum on the Clauses of the Draft Peace Treaty Concerning the Italian Territories in Africa (Art. 17)

Italy believes that she has sufficiently stressed the importance she attaches to the problem of her African territories through the political and technical documents submitted to the Nations taking part in the Conference.

The Italian Government has already stated that it adheres to the principles of the San Francisco Charter for the administration of territories considered up to now colonial, and has recalled the long record of sympathetic understanding of the natives' problems which stands behind the policy of democratic Italy in the past, as well as the studies carried out by Italian scientists on the subject.

In particular, Italy envisages in a most friendly spirit her relations with the Arab countries and is prepared to consider her African territories a field for collaboration with all local inhabitants. Nor should one forget that many tens of thousands of Italians have long since sunk their roots there, becoming part of the population. They are naturally the first to want a most cordial understanding with the other inhabitants to whom they are bound by the common interests of the country.

It would therefore have been possible to arrive at an equitable solution of this problem along the lines of the proposal examined and favourably received by certain members of the Council of Foreign Ministers in their meeting of May 10, 1946, namely for the United Nations to entrust Italy with a mandate over these territories. In its present reading, Article 17 of the Draft Peace Treaty postpones instead by one year the final decision on the Italian territories in Africa following the proposal of the American Secretary of State to the Council of Foreign Ministers.

The Italian Government fully realizing the spirit governing this postponement proposal, has the following remarks to make on the formulation of Article 17:

1. The present position, both *de jure* and *de facto*, of Libya, Eritrea and Somalia is still that of territories under Italian sovereignty and as such internationally recognized. These territories are under British military occupation (for the major part) and under French military occupation with regard solely to southern Libya.

Under such circumstances, Article 17, as it stands adds to the postponement clause, two very serious conditions:

a. Italy must renounce her sovereignty now, before any decision is taken;

b. Italy must accept for one more year British military administration (and French for a small part).

In other words Article 17, as it now reads, imposes on Italy a renouncement to the only ties still binding her both *de jure* and *de facto* to her African territories. It is thus no longer a matter of simple postponement as proposed at first, but of a formula which implies a decision already taken against Italian interests.

2. This surrender of sovereignty has no juridical justification. If Italy's sovereignty is cancelled by treaty, through the formula of Article 17 (first part), these territories (Libya, Eritrea and Somalia-) become, according to international law, "*res nullius*". Such a juridical situation is contrary to Italy's interests as she would thus see all her rights voided, but it would likewise be extremely prejudicial to the general interests of the international community, and this in a part of the world so politically neuralgic as the Middle East. What would be the advantage of such a voiding of Italian sovereignty if the result is merely to increase the instability of the Middle East?

3. The necessity has been mentioned for Italy to renounce beforehand her sovereignty in order that she may be later given the administration in trusteeship of her African territories. But in this case Italian sovereignty should cease at the very moment when the United Nations approve the trusteeship so that no solution [*dissolution?*] of continuity takes place between Italian sovereignty and the new juridical situation under the United Nations.

4. It should be added that even though refugees now living in Italy at public expense or in Rhodesian and Kenya camps are not permitted to return home, two points can still be established beyond doubt. One juridical: Italy's sovereignty; the other factual; the presence of Italians in these territories. Is it fair to ask Italy to sign away her sovereignty, which constitutes the last remaining link with the Italians in Africa whose labours through dozens of years have totally transformed Libya, Eritrea and Somalia?

5. Concerning the provisional administration of these territories, it should be remarked that in occupied territories it is customary to maintain local administration under military control of the occupying Power. But in Italy's African territories (Libya, Eritrea and Somalia) British Military Administration has completely taken the place of Italian administration.

And even when Italians (mostly technicians) are to be found in British offices, they hold only minor positions, and never "jure proprio" (namely not as employees of the previous Italian Administration) but are considered merely experts attached to the British Military Administration.

Up to now this situation, contrary to the "droit de guerre" has been merely a *de facto* one, prolonged, in spite of Italian reservation, even after the end of hostilities.

The clause, now inserted in Article 17, reading "*the said possessions shall continue under their present administration*" would have two consequences: first, it would give juridical recognition to the present *de facto* situation; second, it would prolong it, under the new form, for one year.

Now that the extension of the occupation in Libya, Eritrea and Somalia is being sanctioned by treaty, the Italian Government asks that the administration of these territories shall be submitted to the normal rules of international law under the control of the military occupational Authorities.

In the Attached Doc. 4 bis (P) will be found the text of the proposed amendments to Article 17.

Doc. No. 4 bis (P).

Amendment Proposed

ARTICLE 17

The final disposal of Italy's territorial possessions in Africa, namely Libya, Eritrea and Italian Somaliland, shall be determined jointly by the Governments of the U.S.S.R., U.S.A., U.K. and France, according to the principles laid down in the San Francisco Charter and taking into account Italian interests in said territories, within one year of the coming into force of the present Treaty.

Pending their final disposal, the said possessions shall continue under their present provisional administration.

However, a fair share of this administration shall be entrusted to Italian officials, under control of the military occupation authorities, according to international law.

Said provisional administration shall continue to apply the laws in force in these territories at the moment of their occupation.

Doc. No. 7 (P).

Memorandum on the Clauses of the Draft Peace Treaty Concerning Albania (Art. 21-26)

ARTICLES 21-26

The Italian Government recognizes and undertakes to respect without reservation the full sovereignty and independence of Albania.

New Italy condemns without exception all violations committed by the Fascist Government against those democratic principles on which her institutions are now based. Italy has the strongest desire that her relations with Albania may again become cordial and trustful.

It is in this spirit that the Italian Government approves the general lines of the articles of the draft Treaty concerning Albania. The amendments which the Italian Government proposes in respect to certain clauses of these articles are based, in the first place, on the consideration that, thanks to Italian labour and capital, numerous public works of considerable import have enriched the Albanian territory. It would therefore be fair and equitable that due account should be taken of them. In the second place the Italian Government feels that the rights of Italian subjects in Albania should not be deprived of the protection that international rules have always recognized in similar cases.

Upon detailed examination of the articles, the following remarks can be made:

ART. 21.—Accepted.

ART. 22.—Accepted.

ART. 23.—By this article Italy is asked formally to renounce in favour of Albania all property, rights, interests and advantages of all kinds acquired by the Italian State whether before or after 1939. In this connection the following considerations are submitted:

1. The draft of the Treaty in the case of this article, as in the case of others, places on the same footing the rights acquired by Italy in Albania before and after 1939. The Italian Government wishes to make the preliminary remark that such an approach appears inspired by the principle that all activity by Italy in Albania from 1925 onward was directed against the interests of that country. This principle does not tally with the truth either from an historical point of view or in relation to actual facts. It may be recalled in this connection, that Italian activity in Albania, in the economic and banking field, after 1925, followed closely the recommendations made by the League of Nations (as shown in the book "Italy and Albania").

2. On the other hand, the Draft omits to take into consideration the value of the imposing public works carried out by Italy and the equip-

ment she has installed in Albania at the cost of heavy economic sacrifice, all of which would automatically become the property of Albania under the title of State-owned property. Italy's contribution to the development of Albania far exceeds any figure that Albania can reasonably claim as reparation. The Italian Government has already submitted complete documentary evidence on this contribution.

In the present form, Article 23 might be construed to mean that the renunciation Italy is now called to make would not even be set against eventual Albanian claims toward Italy. In fact, in that section of the Draft which envisages the possibility of granting reparations to Albania (Art. 64—Note) no reference is made to Article 23. It follows that, should reparations be granted, they might be considered as due over and above the renunciation just mentioned.

The Italian Government is of the opinion that these provisions, in their present form, are inconsistent with the general principles of international law and with the practice followed in previous Peace Treaties. The Italian Government therefore suggests that Art. 23 should be amended so that the value of property, rights, interests, etc., which Albania is to receive, is credited to Italy and that this credit is balanced against Albania's claims for reparation when that question comes up for settlement.

With regard to the controversies which might possibly arise, see considerations made below in connection with Article 24.

ART. 24.—The first part of Article 24 provides that Italian nationals in Albania will enjoy the same juridical status as other foreign nationals. This part can give rise to no objections.

The second part, instead, implies Italy's acceptance of all measures cancelling or modifying concessions or special rights granted to Italian nationals which Albania may take within a year from the coming into force of the Treaty.

These provisions are contrary to the principles which should regulate relations among Nations. Indeed, it appears hardly in keeping with the principles of law and equity to oblige one of the contracting parties to accept in advance the interpretation and the application given to a treaty by the other party.

The Italian Government considers therefore that the second part of Article 24 relating to these provisions should be suppressed. With regard to the right accorded to Albania to annul or modify the concessions or rights granted to Italian nationals, it would appear necessary that:

a. The right to revise or cancel concession or special rights should be limited to those granted to Italian nationals after April 8, 1939; and that;

b. The benefit of an equitable compensation should be recognised in favour of those persons whose interests are affected; and that likewise the Treaty should establish guarantees to be accorded to the above persons, such as recourse to the Four Ambassadors as envisaged in Article 75.

ART. 25.—The provisions of this article can entail extremely serious consequences. The agreements made between the Italian and Albanian Authorities after 1939 have given birth to numerous transactions and to manifold rights. Should the above-mentioned agreements be considered null and void, the corresponding rights and transactions would also lose all juridical foundation. The result would be a series of controversies between private individuals. Since, for the purpose of the Treaty, it is sufficient that the above-mentioned agreements should cease to have effect in the future, and since, moreover, the Treaty already establishes the renunciations to all rights which might derive from these agreements, the Italian Government believes that the words “are null and void” could be substituted with the words “have ceased to have effect”.

ART. 26.—In the view of the Italian Government, the provision of Article 26 (as already remarked with regard to similar clauses contained in Art. 24) is contrary to the principles which should inspire relations between countries. The obligation imposed upon one party to accept in advance the interpretation and the application given to a treaty by the other party, does not correspond to the principles of justice. This is all the more serious because, according to Article 26, Albania is under no obligation to answer to the other contracting parties for the execution and interpretation of the treaty. The Italian Government believes that Article 26 should be suppressed.

Doc. No. 7 bis (P).

Proposed Amendments

ARTICLE 23

1. Italy renounces all claims to special interests or influence in Albania.
2. Albania will receive all property owned by the Italian State in Albanian territory (apart from normal diplomatic and consular premises) as well as all rights and interests of the Italian State in Albania.
3. The value of the assets described in para. 2 shall be credited to Italy.

4. Any controversy arising from the interpretation and execution of this article shall be referred to the four Ambassadors acting as provided under Article 75 of the present Treaty.

ARTICLE 24

Italian nationals in Albania will enjoy the same juridical status as other foreign nationals, but Albania will have the right to annul or modify, against adequate compensation, concessions or special rights granted by the Italian Government to Italian nationals after April 8, 1939, provided such measures are taken within one year from the coming into force of the present Treaty. Any controversy concerning said measures shall be referred to the four Ambassadors acting as established in Article 75 of the present Treaty.

ARTICLE 25

Italy recognises that all agreements and arrangements made between Italy and Albania from April 1939, to September 1943 are null and void as from the latter date.

ARTICLE 26

Should be suppressed.

Doc. No. 5 (P).

Memorandum on the Clauses of the Draft Peace Treaty Concerning Ethiopia (Art. 27-31)

ARTICLE[s] 27-31

The Italian Government agrees without reservations to recognize the full sovereignty and independence of the State of Ethiopia and is prepared to undertake to respect the same.

New Italy condemns without exception all violations perpetrated by the fascist Government against those democratic principles which now form the keystone of her own institutions, and expresses a firm desire to see her relations with the Ethiopian Empire become again cordial and trustful.

In this spirit, the Italian Government approves the general lines of the articles of the Draft Peace Treaty concerning Ethiopia. The amendments which the Italian Government proposes in respect to certain clauses of these articles are based, in the first place, on the consideration—indeed undeniably vouched for by any number of unbiassed witnesses—that Italian capital and labour have enriched Ethiopian territory with public works of outstanding value, a fact which it is only fair and just to take into account.

Secondly, the rights which Italian nationals have acquired in Ethiopia during Italian sovereignty must not be deprived of the protection which international law provides in such cases.

Upon detailed examination of these articles, the following remarks can be made:

Art. 27.—Accepted.

Art. 28.—Italy renounces in favour of Ethiopia all property, rights, interests and advantages of all kinds acquired at any time in Ethiopia by the Italian State.

No remarks on principle. However:

1. It should be observed that the Draft omits to take into consideration the imposing value of the public works built by Italy and of the equipment she has installed in Ethiopia at the cost of heavy economic sacrifice. Italy's contribution to the development and advancement of Ethiopia far exceeds any figure that Ethiopia could reasonably claim as reparation. The Italian Government has already submitted complete documentary evidence on this contribution.

In its present form Article 28 might be construed to mean that the renunciation Italy is now called to make would not even be set against eventual Ethiopian claims toward Italy.

In fact, in that section of the Draft which envisages the possibility of granting reparations to Ethiopia (Art. 64, note) no reference is made to Article 28. It follows that, should reparations be granted, they might be considered as due over and above the renunciation just mentioned.

The Italian Government is of the opinion that these provisions, in their present form, are inconsistent with the general principle of international law and with the practice followed in previous peace treaties. The Italian Government therefore suggests that Article 28 should be amended so that the value of property, rights, interests etc. which Ethiopia is to receive, is credited to Italy and that this credit is balanced against Ethiopian claims for reparation when that question comes up for settlement.

2. Article 28 makes an exception for "normal diplomatic or consular premises". In view of the fact that some consular Agencies existing in Ethiopia since 1904 had never been recognized as such by the Ethiopian Government and were instead regarded as "Commercial agencies", the Treaty should specify that the above exception must comprise also the premises of these Commercial Agencies. It would be sufficient to add to the sentence: "normal diplomatic and consular premises" the words: "*or by commercial Agencies*".

Art. 29.—It is difficult to understand the precise implication of the clauses obliging Italy “to recognize the legality of all measures which the Government of Ethiopia has taken or may in future take in order to annul Italian measures regarding Ethiopia taken after October 3, 1935 and the effect of such measures”.

If the article means that Ethiopia, in the enjoyment of her full sovereignty, may adopt any measures she deems fit to abrogate or modify measures enacted by Italy when the latter exercised sovereign rights on Ethiopian territory, then this article appears superfluous in the light of what is laid down in Article 27.

If, on the other hand, the article wishes to establish that Italy must waive in advance all claims arising from measures that Ethiopia might adopt over and above the mutual rights and obligations sanctioned by the Peace Treaty, the article would then appear unacceptable because contrary to law.

This article should either be suppressed or further elucidated.

Art. 30.—The first part of Article 30 provides that Italian nationals in Ethiopia will enjoy the same juridical status as other foreign nationals. This part can give rise to no objections.

The second part, instead, implies Italy’s acceptance of all measures cancelling or modifying concessions or special rights granted to Italian nationals which Ethiopia may take within a year from the coming into force of the Treaty.

These provisions are, in the opinion of the Italian Government, contrary to the principles which should regulate relations between nations. Indeed, it appears hardly in keeping with the principles of law and equity to oblige one of the contracting parties to accept in advance the interpretation and the execution given to a treaty by the other party.

The Italian Government considers therefore that the second part of Article 30 relating to these provisions should be suppressed. With regard to the right accorded to Ethiopia to annul or modify concessions or rights granted to Italian nationals, it is necessary to provide for the persons whose interests are affected by the benefit of adequate compensation and to establish guarantees on their behalf.

It would, moreover, be necessary to specify that the right to annul or modify concessions granted to Italian nationals can only apply to those granted by the Italian Government since October 3, 1935.

Art. 31.—Although there is nothing to be said against the article in itself, it is felt that it should be completed so as to grant recognition to Italian accomplishments in the field of scientific research. This could be done by adding the following words: “*with the exception of objects found by archeological and other scientific research missions*”.

Doc. No. 5 bis (P).

Proposed Amendments

ARTICLE 28

1. Italy renounces all claim to special interests or influence in Ethiopia.

2. Ethiopia shall receive the property owned by the Italian State in Ethiopian territory (apart from normal diplomatic or consular premises or the premises occupied by commercial agencies), as well as all rights and interests of the Italian State in Ethiopia.

3. The value of the assets covered by para. 2 of this article shall be credited to Italy.

ARTICLE 29

Should be suppressed.

ARTICLE 30

Italian nationals in Ethiopia will enjoy the same juridical status as other foreign nationals, but Ethiopia will have the right to annul or modify, against adequate compensation, concessions or special rights granted by the Italian Government to Italian nationals after October 3, 1935, provided such measures are taken within a year from the coming into force of the present Treaty.

ARTICLE 30 BIS

Any dispute concerning the interpretation of Articles 28 and 30 of this Treaty shall be referred to the four Ambassadors acting as provided under Art. 75 of the Treaty.

ARTICLE 31

Italy shall restore all Ethiopian works of art, religious objects and objects of historical value removed from Ethiopia to Italy since October 3, 1935, with the exception of objects found by Archeological and other scientific research missions.

Doc. No. 24 (G).

Memorandum on the Clauses of the Draft Peace Treaty Concerning the Liquidation of the International Institute of Agriculture (Art. 32, par. 2.)

ARTICLE 32

Paragraph 2 of Article 32 provides that Italy shall accept any arrangements which have been or may be agreed for the liquidation of the International Institute of Agriculture in Rome.

The Italian Government has already signed the Rome Protocol of June 1946 concerning the dissolution and liquidation of the International Institute of Agriculture. Dissolution of the said Institute has been approved by the General Assembly of the Institute, which terminated its proceedings on July 9, 1946.

There would, therefore, seem to be no reason for the maintenance of the second paragraph of Article 32, which should be deleted.

Doc. No. 6 (P).

Memorandum on the Provisions of the Draft Peace Treaty Concerning the Statute of Tangiers (Art. 34.)

ARTICLE 34

1. The Draft Treaty contains the following article concerning Italy's position in the international zone of Tangiers:

ART. 34.—“Italy recognises the provisions of the final act of August 31, 1945, and of the Franco-British Agreement of the same date on the Statute of Tangier, as well as all provisions which may be adopted by the Signatory Powers for carrying out these instruments.”

According to the first part of this article, Italy is called upon to accept the provisions contained in agreements she had no part in, though she was one of the parties concerned.

According to the second part of the same article, Italy is expected to accept in advance all the measures that the Powers having signed these agreements may think fit to adopt in enforcing this article.

2. The Statute of the international zone of Tangiers created by said agreements of 1945 and within the framework of which all measures to enforce it will be taken, is of a *provisional* nature (Art. 1, 2, etc., of the Franco-British Agreement) and will cease to be valid once the Powers that signed the Algeciras Act (one of which was Italy) draw up and approve a new Statute at a Conference to be called for the purpose (Art. 2 of the Franco-British Agreement).

3. No mention has been made, in Article 34 of the Peace Treaty, of the provisional nature of the Tangiers Statute established by the 1945 agreements, and this might lead to erroneous interpretations concerning Italy.

Indeed, the fact that Italy is asked, in Article 34 of the Peace Treaty, to accept the Tangiers Statute drawn up in the 1945 agreements and the measures adopted for enforcing it, might lead to the deduction that Italy's position in Tangiers is now definitely settled on the basis of the aforesaid agreements and measures. Obviously, however, this would be in contrast with the letter and spirit of the same 1945

agreements that Article 34 refers to. This erroneous interpretation might also arise if the double reserve contained in Articles 2 and 11 of the Franco-British Agreement were incorrectly applied.

4. The Italian Government feels, therefore, that in order to avoid any erroneous interpretations, Article 34 of the Peace Treaty should call attention to the provisional nature of the 1945 Statute as well as to Italy's right to take part in the future Conference of the Powers that signed the Algeciras Act.

Article 34 might be modified as follows:

ART. 34.—Italy recognises the provisions of the Final Act of August 31, 1945 and of the Franco-British Agreement of the same date on the *provisional* Statute of Tangiers, as well as all provisions which may be adopted by the Signatory Powers for carrying out these instruments *until the enactment of the new convention to be drawn up at the Conference foreseen in Article 2 of the Franco-British agreement, in which Italy will take part as one of the Signatory Powers of the Algeciras Act.*

Doc. No. 9 (P).

Memorandum on the Clauses of the Draft Peace Treaty Concerning the Congo Basin (Art. 35.)

ARTICLE 35

Article 35 of the Draft Peace Treaty provides that: "Italy undertakes to accept and recognises any arrangements which may be made by the Allied and Associated Powers concerned for the modification of the Congo Basin Treaties with a view to bringing them into accord with the Charter of the United Nations".

Italy is a contracting party to the international agreements concerning the Congo Basin: i.e., the Berlin Act of February 26, 1885, the Brussels Act of July 2, 1890 and the St. Germain Convention of September 19, 1919. By Article 35 Italy undertakes to accept any modification which might at any time in the future be brought to said agreements: and this even after Italy's admission to the United Nations.

Article 35 would thereby limit the rights which Italy should enjoy as a member of the United Nations.

It would therefore seem expedient to complete Article 35 by a second paragraph stating that:

"Nevertheless, Italy, being a contracting party to the Berlin Act, to the Brussels Act and to the Declaration thereto attached as well as to the St. Germain Convention, shall, after her admission to the United Nations, be invited to take part in any future agreement on this subject."

Doc. No. 13 (G).

*Memorandum on the Clauses of the Draft Treaty Concerning
Bilateral Treaties (Art. 37.)*

ARTICLE 37

According to Article 37 as worded in the Draft Treaty, each Allied or Associated Power can, within 6 months of the coming into force of the Treaty, notify Italy which pre-war bilateral treaties it desires to keep in force or revive.

Doc. No. 13 bis (G).

*Amendment Proposed to the Clauses of the Draft Treaty Concerning
Bilateral Treaties (Art. 37.)*

ARTICLE 37

1. Each Allied or Associated Power will notify Italy, within a period of 6 months of the coming into force of the present treaty, which pre-war bilateral treaty it *does not* desire to keep in force or revive.

2. *All treaties so notified are to be regarded as abrogated within one month from the date of notification.*

3. Any provisions *in treaties not so notified*, which are not in conformity with the present treaty, shall be deleted.

4. All treaties *not* so notified will be registered with the Secretariat of the United Nations in accordance with Article 102 of the United Nations Charter.

Doc. No. 10 (G).

*Memorandum on the Clauses of the Draft Peace Treaty Concerning
the Criminals of War (Art. 38)*

ARTICLE 38

1. According to the text of sub-paragraph 1 (a) of Article 38 Italy's obligation to apprehend and surrender for trial persons accused of war crimes would extend not only to persons accused of having committed war crimes proper, but also to persons accused of crimes against peace or humanity and to their accomplices.

As regards crimes against peace and humanity, such a measure is hardly justifiable to-day with regard to Italy. Italian political leaders responsible for the Fascist war as well as their accomplices have all already been dealt with directly by the Italian people.

As regards the accomplices of war criminals, it must be pointed out that the provision of Article 38, is open to unforeseen extensions in its execution.

The first paragraph of this article should therefore be limited to cover war criminals in the strict sense of the word.

2. Italy, according to Article 38 is obliged to apprehend and surrender for trial the above-mentioned persons, without any guarantees, at the simple request of the foreign country concerned. It would appear necessary that Italy's obligation to apprehend and surrender persons accused of war crimes should be preceded by a screening of each request by the Council of four Ambassadors acting as provided under Article 75. This Council, after allowing the Italian Government to submit all pertinent information, could decide in each case if sufficient indications exist to warrant approval of the request.

3. Article 38 of the draft Peace Treaty fails to provide a clause defining the Court before which the war criminals must be tried. The Italian Government feels entitled to ask that this Court should be formed in such a way as to afford indispensable guarantees of impartiality. To this end an International Court should be established, whose composition and procedure should be the subject of an agreement between the four Big Powers and Italy.

4. The Moscow Conference of October 30, 1943, ordered, as regards Germany, the surrender of all war criminals to the Governments of the countries where they had committed their crimes for trial before local Courts. The Italian Government feels entitled to ask that Italian nationals accused of war crimes be given a different treatment than that provided for Germans. It would, in fact, be contrary to justice to confuse the conduct of Italian and German armed forces. Moreover, the Italian request for trial by an International Court is consistent with the spirit of the Moscow Declaration (October 30, 1943) which spoke of Italian war criminals in different terms from those used for the Germans, merely establishing that they would be "brought to trial" without any further indication.

The Italian request is based, above all, on the fact that Italy, even though qualified as a former enemy country, is also—as stated in the Preamble of the Draft Treaty—a co-belligerent with the Allied and Associated Powers against Germany.

Doc. No. 10 bis (G).

Proposed Amendment

ARTICLE 38

1. Italy shall take the necessary steps to ensure the apprehension and surrender for trial of:

a. Persons accused of having ordered or committed war crimes on their own responsibility.

b. Nationals of the Allied and Associated Powers accused of having violated their national law by treason or collaboration with the enemy during the war.

2. The Ambassadors in Rome of the U.S.S.R., U.K., U.S.A. and France shall examine every application relative to the persons mentioned in subparagraph (a) of paragraph 1 of the present Article with the view to establishing the fact whether sufficient indications of guilt exist, indicting the person who is the object of the application. With this end in view, the Italian Government shall furnish the four Ambassadors with all information which may be necessary.

3. The persons referred to in sub-paragraph (a) of paragraph 1 of the present Article shall be tried by an International Tribunal, which shall assure them the necessary guarantees of the right of defence. The rules concerning the composition and functioning of the International Tribunal shall be fixed by agreement between the Four Allied and Associated Powers of the one part, and Italy of the other part.

4. At the request of the United Nations Government concerned, Italy will likewise make available as witnesses persons within its jurisdiction whose evidence is required for the trial of the persons referred to in paragraph 1 of this Article.

5. Any disagreement concerning the application of this Article shall be referred by any of the Governments concerned to the four Ambassadors who will reach agreement with regard to the difficulty.

Doc. No. 10 (E).

Memorandum on the Arrangements for the Withdrawal of Allied Troops (Art. 63)

ARTICLE 63

Paragraph 2 of article 63 provides that all Italian property for which compensation has not been made and which is in possession of the armed forces stationed in Italy at the time of the coming into force of the Treaty, shall be returned to the Italian Government within a period of ninety days or due compensation shall be made.

In connection with the above provision, the Italian Government would like to point out that several goods and assets are at present in possession of certain Allied Authorities depending from the armed forces without however enjoying a definite military status, such as the Allied Commission and the Allied Financial Agency, which will presumably be leaving Italy at the same time as the Allied Forces.

It would therefore seem necessary to extend also to the above Authorities and Agencies—although this may be implicit—the obligation of returning property. In any case the latter should make adequate compensation, as provided in the paragraph under discussion, for any property (usually real estate) they continue to use. This should be done in order to avoid an unjustifiable difference in the position of the owners of property requisitioned by the Allied Armed Forces and the owners of property requisitioned by civilian Allied authorities, a difference, moreover, not mentioned in any provision of the Treaty and probably never intended.

With regard to paragraph 3 of the same Article 63, the Italian Government wish to point out that the text, as it now stands, provides no solution to a question which has already been the object of a previous exchange of views between the Italian Government and the Allied Authorities in Italy.

As it is known, the Allies, at the time of the disbanding of the German and Fascist armed forces, seized or froze over 16 billion lire which had been found deposited in the name of German authorities, as well as a number of cheques, bonds, shares, etc. (13.729 millions deposited with the Bank of Italy, 3.086 with other banks).

These accounts cannot be classed as German-owned assets, even though they were found set down to German credit, but represent actually Italian currency which it had been possible to withhold from the Germans. In fact, after the 8th of September 1943, the Germans, in addition to looting all removable goods from the country, *imposed* on Italy the payment of an occupation indemnity, which amounted at first to 7 billion lire per month, but was increased to about 10 billion lire as from January 1944 and to 12 billion as from January 1945. The Bank of Italy partially succeeded in evading the fulfilment of the German imposition by limiting the printing and the issue of the currency needed to meet the above-mentioned requests. It was thus possible to force the Germans into leaving, at the moment of their collapse, a considerable amount of credits, earmarked to the Reichskredit-Kasse, which they did not have time to avail themselves of.

As the Germans did not succeed in laying hands on these sums, it is obvious that they should be returned to Italy. Indeed, in view of their origin (the current account formed by the occupation indemnity imposed on Italy) these credits cannot in all fairness be considered to represent anything but an indemnity imposed on Italy and, precisely, that part of it which the Germans did not succeed in getting hold of.

It should also be noted that every time the question was raised, the Allied Financial Agency has specified, in connection with these ac-

counts, that their ultimate destination would not be prejudiced by the fact of their temporary freezing.

The same considerations apply to money-orders and cheques payable to Italian citizens which were found in the possession of German troops by Allied authorities. These assets had obviously been taken from their rightful owners, but they are still being held by Allied Authorities.

As all the above-mentioned assets cannot be considered "cash and bank balances supplied *free of cost* by the Italian Government", it is felt that paragraph 3 of Article 63 should be partially modified.

It is suggested that paragraphs 2 and 3 of Article 63 of the Peace Treaty should read as follows:

2. All Italian property for which compensation has not been made and which is in possession of the Armed Forces or other Allied Authorities in Italy at the time of the coming into force of the present Treaty shall be returned to the Italian Government within the same period of 90 days or due compensation shall be made.

3. All bank and cash balances in the hands of the Forces of the Allied and Associated Powers at the time of the coming into force of the present Treaty, which have been supplied free of cost by the Italian Government, shall be returned or a corresponding credit given the Italian Government.

In the same way all bank and cash balances in the hands of said Armed Forces or other Allied Authorities and proceeding from war and other indemnities imposed on that part of Italy occupied by the German Forces will be returned to the Italian Government.

Doc. No. 36 (G).

Memorandum on the Mixed Court of Arbitration

ARTICLES 69 AND 72

Some of the amendments proposed by the Italian Delegation for Articles 69 and 72 as well as for the provisions of Annexes 6 and 7 of the draft Peace Treaty call for the establishment of a Mixed Court of Arbitration to deal with the matters covered by said articles and provisions.

The Italian Delegation proposes that an article be inserted in the Draft Treaty covering this matter.

Such an article might be worded as proposed in the attached document.¹

¹ Document No. 36 bis (G), *infra*.

Doc. No. 36 bis (G).

Proposed Additional Article To Be Called Article 76 bis

ART. 76 BIS

1. Whenever the execution of the clauses of the present Treaty requires it, each of the Allied or Associated Powers, or Italy, can request the convening of a Mixed Court of Arbitration. Such Courts shall be composed of three members. Within two months after the request for Arbitration, each Government concerned will appoint one representative. The President of the Court shall be selected by mutual agreement of the two Governments concerned from nationals of third countries. Failing this agreement, either government may request the President of the International Court of Justice to make the appointment of the third member of the Mixed Court of Arbitration.

In the event of the death or resignation of any member of the Court, or if any member is prevented for whatsoever reason from fulfilling his functions, the same procedure followed for his appointment shall be followed to replace him.

The decision of the majority shall be considered the Court's decision.

2. The Mixed Courts of Arbitration appointed in compliance with para. 1 of this article are empowered with the competence attributed to them by the provisions of Articles 69 and 72, and of Annexes 6 and 7, of the present Treaty.

3. Each Mixed Court of Arbitration shall determine its own procedure adopting rules conforming to justice and equity. It shall have authority to determine expenses to be paid by the losing party.

4. Each Government shall pay the salaries and emoluments due to those members of the Court it has appointed, as well as to any other agent it may designate to represent it at the Court. The emoluments of the President of the Court shall be determined by mutual agreement of the Governments concerned and, together with other common expenses of the Court, shall be shared equally by the two Governments concerned.

5. The Contracting Parties of the present Treaty undertake to provide that their own Law Courts and Authorities extend to the Mixed Courts of Arbitration all possible assistance especially with regard to the forwarding of notifications and the collecting of proof.

6. The Contracting Parties of the present Treaty pledge themselves to consider the decisions of the Mixed Courts of Arbitration as binding and final and to enforce them in regard to their own nationals.

7. The seat of the Mixed Court of Arbitration shall be selected by mutual agreement of the two Governments concerned. Failing agreement, the seat shall be selected by the President of the Mixed Court of Arbitration.

Doc. No. 14 (P).

Memorandum on Annex 9 as Proposed by the United States Delegation in the Draft Peace Treaty, Concerning the Electricity Supply in the "Compartimento" of Venezia Giulia

1. The Italian Government has on many occasions put forward the various reasons (political-economic-ographic-hydrographic, of transport, etc.) whereby the Italo-Yugoslav frontier on the Upper and Middle Isonzo, as proposed by the draft Treaty, should be modified.

2. In particular it is to be pointed out that the generating stations of Doblari and Plava on the Isonzo river and the other power stations planned on that section of the river or on its tributaries have been built or planned mainly for the needs of Trieste, its harbour, factories and dense population. They are technically linked to the Italian electric system which can supply Trieste and the rest of Venezia Giulia with the electricity required when the Isonzo river is short of water (midsummer and winter) and, on the other hand, can very advantageously absorb and make use of the surplus of electricity which the power stations of the Isonzo can generate when the river is full of water (spring and autumn).

3. The portion of Venezia Giulia to be ceded to Yugoslavia does not need, in the least, the electricity generated by Doblari and Plava as it could not absorb the surplus energy mentioned in the previous paragraph and, moreover, those two power stations could not possibly supply electricity to that portion of Venezia Giulia, in winter and summer, when the Isonzo is short of water, after having supplied the needs of Trieste. In fact, as we have already explained, the electricity generated by these power stations, in such periods is not even sufficient for the needs of Trieste inasmuch as the latter must be assisted by the Italian electric system. On the other hand the portion of Venezia Giulia ceded to Yugoslavia can count upon large, even immense water and thermo-electric resources (it is enough to mention that each Yugoslav citizen disposes of an amount of coal 12 times larger than that of the Italian citizen) and in any case can, if desired, continue to be supplied by the Italian system at the conditions and for the time to be agreed upon by the parties concerned.

4. Therefore, should the so-called "Free Territory of Trieste" really be established, Italy, recognising the paramount importance for Trieste and its territory of the power possibilities existing or potentially available on the Middle and Upper Isonzo, would be ready to grant to the "Free Territory of Trieste" as such, the following concessions, which she would be ready to embody in the Treaty.

a. The permanent concession of rights to the waters necessary for the purpose of working existing and future generating stations.

b. The ownership (by the Government of the "Free Territory of Trieste" or by such body as chosen by it) of the generating stations above-mentioned, electric transmission and telephone lines, with the undertaking never to adopt any measure which might alter the full ownership of the above installations and their free working.

c. The full right of transmission and use of the electricity as generated, without imposing on it any payment of taxes or charges of any kind. Italy would likewise in no case forbid, limit or impose any customs or other duties on the importation of materials necessary for the proper working and upkeep of installations.

d. Any other right or faculty necessary for the proper working of the power stations, electric transmission and telephone lines.

5. The Italian Delegation asks, therefore, to be allowed to submit some counter-proposals concerning the text of Annex 9 as proposed by the United States Delegation.

6. Should the Italian proposal for the improvement of the new frontier between Yugoslavia and Italy for the area of the Upper and Middle Isonzo not be accepted, it would in any case be essential for the reasons set forth in the preceding paragraphs, that the aforesaid concessions and facilities should be granted by Yugoslavia to the "Free Territory of Trieste".

Counter-Proposals Concerning Annex 9 (Territory of Trieste) as Proposed by the United States Delegation

N.B.—The sentences and words underlined in the following paragraphs repeat sentences or words taken from Annex 9, par. c of the United States proposals.

1. The Italian Government will permanently grant the "Free Territory of Trieste" (or such body as is chosen by it) :

a. A permanent concession of rights to the waters of the Isonzo and its tributaries north of Salcano (Gorizia) up to the source of the river for the purpose of working existing and future generating stations ;

b. The ownership of the Doblari and Plava generating stations of the high tension electric transmission lines Doblari-Trieste (at 130.000 volts) and Plava-Gorizia-Monfalcone-Trieste (at 50.000 volts) and of the telephone lines essential to the proper operation of those power stations. The Italian Government will undertake never to adopt any measure which might alter or modify the full free ownership of the above installations and their free development ;

c. The right of transmitting and utilising the electricity generated there, undertaking never to request payment or taxes or charges of any kind for the electricity thus generated. Italy will not in any

case forbid, limit or impose taxes of any kind on any material necessary for the proper working and maintenance of these installations;

d. Any other right or faculty which might be deemed necessary for the proper working and maintenance of the said power stations and electric transmission and telephone lines.

2. (See par. C-1 of the United States proposals.)

Yugoslavia-Italy and the "Free Territory of Trieste" shall maintain the existing supply of electricity to the former Italian compartimento of Venezia Giulia furnishing to the Territory such quantities of electricity at such rates of output as the latter may require.

3. (See par. C-2 of the United States proposal.)

The price to be charged by Yugoslavia by Italy or by the "Free Territory of Trieste" to any of the other parties, for the electricity furnished to it, shall be no higher than the price charged in Italy, Yugoslavia or in the "Free Territory of Trieste" for the supply of similar quantities of electricity on the same conditions, and from the same sources of supply in their respective Territories.

4. (See par. C-3 of the United States proposal.)

Yugoslavia, Italy and the Free Territory of Trieste shall exchange information continuously as to the flow and storage of water and the output of electricity in respect of stations supplying now or in future the former Italian compartimento of Venezia Giulia so that each of the parties will be in a position to determine its requirements.

5. (See par. C-4 of the United States proposal.)

Yugoslavia, Italy and the Free Territory of Trieste shall maintain in good and substantial condition all of the electrical plants, transmission lines, sub-stations and other installations which are required for the continued supply of electricity to the former Italian compartimento of Venezia Giulia.

6. (See par. C-5 of the United States proposal.)

The "Free Territory of Trieste" shall ensure that the existing and any future power installations on the Isonzo are operated so as to provide that such supplies of water as Italy may from time to time request may be diverted from the Isonzo for irrigation in the region from Gorizia southwestward and westward to the Adriatic and for the generation of electricity. The "Free Territory of Trieste" shall be obliged to provide only such amounts of water for this purpose as do not substantially exceed past requirements, i.e. approximately 23 cubic meters per second for irrigation purposes and amounts of water not substantially exceeding past requirements for the purpose of generating electricity.

7. (See par. C-6 of the United States proposal.)

Yugoslavia, Italy and the "Free Territory of Trieste" shall, through joint negotiation, adopt a mutually agreeable convention in conformity with the foregoing provisions for the continuing operation of the electricity system which serves the former Italian compartimento of Venezia Giulia. This convention shall be so drawn up as to allow for the possible expansion of the aforesaid electricity system by further hydroelectric developments in the Upper Isonzo by the furnishing of additional supplies of electricity from Northern Italy, or by other means.

8. (See par. C-7 of the United States proposal.)

Under the aforesaid convention, a Commission, or such other instrumentality as may be jointly agreed, shall be established, with headquarters in Trieste and with equal representation for Yugoslavia, Italy and the Free Territory of Trieste. The Commission shall facilitate the execution of the provisions in paragraphs 1 to 6 above, and those adopted by the same convention, and shall supervise and coordinate the operation and future development of the electricity system.

9. Arbitration clause. In case of disagreements on the meaning of the clauses of this Annex or of the convention mentioned in paragraph 8, the three Governments of Yugoslavia, Italy and the "Free Territory of Trieste" will refer to the arbitration of the President of the Swiss Association of Engineers and Architects of Zurich, or of a person nominated by him, and will submit loyally to the result of that arbitration as its decision will be final (or see Art. 72 proposed by the United States Delegation).

II. Military Clauses

Doc. No. 1 (M).

Memorandum on the Military Clauses of the Draft Peace Treaty

The fact of becoming a member of the United Nations carries with it, together with the obligation of performing certain duties, the faculty of enjoying the rights granted by Articles 2, 43 and 51 of the Charter of the United Nations to its members.

The draft Peace Treaty, on the contrary, prevents Italy from fulfilling the duties mentioned in Article 43 of the Charter and from enjoying the rights granted in Article 51. In fact, Italy will no longer be able to defend her frontiers, i. e. her independence, thus practically losing her fundamental rights as a sovereign nation (Art. 2). This fact is in contrast with the very interests of the United Nations because, in case of invasion of Italy, the United Nations would obviously find themselves unable to take advantage

of the Italian territory for the purpose of joint military operations as foreseen in Article 43 of the Charter.

The inability of Italy to defend her own territory derives not only from the weakness and from the precarious character of the new frontiers drawn in the Treaty, but also from the one-sided demilitarisation of a band of territory along the frontier and from the military restrictions concerning certain stretches of her shores and finally from the limitation of armaments.

The drafters of the Treaty evidently planned these limitations with the aim of depriving Italy of any aggressive power. Such a possibility can, however, be altogether dismissed for the following reasons:

a. The democratic trend of the country is leading Italy towards the establishment of sincere, friendly and peaceful relations with all nations;

b. Economic and industrial conditions oblige Italy to devote to her armed forces the minimum possible amount of her financial resources;

c. While the present Italian frontiers afford Italy certain guarantees from the defensive point of view, they place her, from the point of view of offence, in a condition of marked inferiority in comparison to neighbouring countries.

In fact, to the west, on the French side, the mountain barrier is of considerable thickness and provides a series of successive defensive lines, while vital objectives are all far removed. In such conditions, an Italian offensive action is bound to failure. This is, moreover, confirmed by the fact that never, not even at the time when Italy was a party to the Triple Alliance (with the German and Austrian Empires), has the Italian General Staff envisaged on the Western Alps any operations other than of a strictly defensive character.

On the east one finds similar conditions with regard to the thickness of the mountain zone, the natural defensive lines and the vital objectives. The imperviousness of large waterless areas, thick with forests, should also be considered.

Hence, in the 1915-18 war, the progress achieved in eleven furious battles on the Isonzo was out of all proportions with the amount of forces and means engaged and with the blood heroically shed by the Italian army. On the contrary, in 1917, a simple local success of the enemy in the region of Caporetto was sufficient to force a general withdrawal of the whole front.

The frontier changes proposed in the draft Treaty are such that Italy, from a military standpoint, will be placed in a situation far more serious than the one existing in 1914.

Such a weakness might be compensated by the use of powerful mobile forces, but these are forbidden by the clauses of the Treaty and by Italian financial conditions.

In the worst case, if the frontier cannot be modified to render it slightly less vulnerable, it would at least be necessary to grant Italy the faculty of fortifying the frontier zone in a strictly defensive manner.

In consideration of the above, and independently of what may be decided on territorial questions from a political view-point the following minimum amendments of the clauses of the draft Treaty are here presented:

1. In order to give Italy a reasonable possibility, not of aggression but merely of defence, it is necessary to cancel in the Draft Treaty the demilitarisation clauses (Art. 40 and following) and, should this prove impossible, at least to limit them to fortifications and weapons of an offensive nature.

2. As regards the time limit established by the second paragraph of Article 5 and sub-paragraphs 1 (*c*) of Articles 40 and 41 dealing respectively with the determination, on the spot, of the exact line of the new frontier and with the destruction of permanent fortifications, the Italian Delegation points out that the time limit therein fixed is too short, considering the climate obtaining in the high mountain areas where this work must be carried out.

Seeing that, notwithstanding the best Italian intentions, this time limit would probably be overstepped (a fact which might give rise to controversy), it is indispensable that the time limit be reasonably extended.

3. The restriction imposed by Article 44 which forbids the possession, construction or experiments with self-propelled or guided missiles, should be attenuated in order to allow their use for strictly defensive purposes against aircraft, armoured cars and landing craft.

4. The limitation whereby the Italian Army may not possess more than 200 tanks appears too restrictive. The Italian Delegation suggests that an adequate reserve should be allowed. The same consideration applies to other war materials for the equipment of the Italian Army. (Art. 46 and 58).

5. The limitations imposed on the Italian air forces (Art. 55, par. 1) include in the equipment of auxiliary services even air-sea rescue, liaison and reserve types of aircraft. The Italian Delegation submits that the following aircraft types should be allowed over and above the amount described by Article 55:

a. Air-sea rescue and liaison types of aircraft. The former because they carry out humanitarian tasks of an international nature.

The latter because their work is, in practice, similar to that of private tourist planes. These types of aircraft do not carry military apparatus of any kind and could not possibly perform any military activity;

b. Reserve aircraft, so as not to reduce further the very limited number of 350 aircraft permitted, and to allow the building up of a reserve not smaller than 40 p. 100. [per cent]

6. The necessity of meeting the task of "local defence of Italian frontiers" (as described in Art. 55, par. 1) is in contradiction with paragraph 2 of the same article, which forbids Italy to have any aircraft with bomb-carrying facilities.

As it is impossible to conceive an effective cooperation of air forces with ground and naval forces without weapons capable of counter-acting land—or sea—attack craft of a would-be aggressor, the Italian Delegation submits that paragraph 1 of Article 55 be drafted so as to allow Italy to possess appropriate arms for reacting against surface mobile objectives.

7. Questions relating to the naval clauses are more complex and, owing to their technical character, require a more detailed examination which will be made separately. It is sufficient here to point out—as it has already been done in the Memoranda presented in May and July 1946—the following fundamental points, namely:

a. The juridical and ethical basis on which the disposal of excess units of the Italian Navy should stand, in keeping with the principles expressed by President De Gasperi in his statement at the Luxembourg;

b. The fact that the naval forces left to Italy appear inadequate to the minimum needs of her legitimate defence, not only owing to the prohibition of certain types of vessel of a primary defensive character, but also to the smallness of the fleet in relation to the geographical and economic position of the country.

To sum up: Italy has not, and cannot have, any future offensive intentions. Consequently, she has no objection to the measures provided by the Treaty to prevent any offensive action, but she asks that these measures be limited to this eventuality and do not include restrictions in the strictly defensive field.

The clauses, as drafted in the Treaty, are conceived in such a way as to crush any possibility of defence. This is in open contradiction with the rights of sovereignty and of legitimate defence which should be granted to all Nations.

Such an unjust situation, which deeply wounds the dignity of the Italian Nation, could be improved, at least partially by inserting in Article 39 of the Treaty a provision to the effect that the military

clauses are to be revised after a given period, in compliance with the governing principles of the United Nations.

In the meantime Italy should be given some precise guarantees against possible aggression, for, if it is fair that she should be forbidden to carry out aggression against other Nations, it would be also fair that, in turn, she should receive suitable assurance of liberty and independence.

Doc. No. 1 bis (M).

*Proposals of Amendment to the Military Clauses **

ARTICLE 39.—*Reason for proposal:*

The necessity to fix a time-limit for the eventual revision of the military clauses in view of the consequences they may bring to bear especially in regard to the construction of new weapons and naval vessels.

Amendment proposed:

After the words: "by agreement between the Allied and Associated Powers and Italy" add "*or until Italy becomes a member of the United Nations. In any case they are subject to revision along the lines set down by the United Nations, within a time limit of two years from the entry into force of the present Treaty.*"

Or:

maintain the present text, adding the following phrase:

"In any case they will be subject to revision, along the lines set down by the United Nations, within a time limit of two years from the entry into force of the present Treaty."

ARTICLE 40.—*Reason for proposal:*

To grant Italy a minimum possibility of defence on her sea and land frontiers.

Amendment proposed:

Cancel the article, or, at least:

a. Insert in sub-paragraph 1-a the following underlined words:
 "The system of permanent Italian fortifications and military instal-

*The proposed amendment to part IV section III of the draft Peace Treaty are based upon observations included in the following memorandums:

a) "Considerations regarding the Italian Navy with reference to the Peace Treaty" (April 1946).

b) "Considerations by the Italian Government with respect to the Naval Clauses of the draft Peace Treaty" (July 1946).

c) "Additional considerations by the Italian Government regarding the Naval clauses of the Draft Peace Treaty" (August 1946). Doc. 5 M.—, which must be considered as official documents of the Italian Documentation sent the Peace Conference. [Footnote in the source text.]

lations of *an offensive character* along the Franco-Italian frontier, and *likewise* their armaments of *an offensive nature*, shall be destroyed or removed. [”]

b. In sub-paragraph 1-*b* after the words: “pill-boxes of any type”, insert: “*in which are installed weapons capable of firing on French territory or on French territorial waters as well as observation posts capable of directing fire on to French territory or French territorial waters*”. Cancel the remaining portion of the article after the word: “shelters”.

c. In sub-paragraph 1-*c* in the place of “within one year from” write “*as soon as possible after the*” (and this for the same reasons expounded for the amendment proposed for Art. 5).

d. Suppress sub-paragraph 3-*b*.

e. Suppress paragraph 4.

ARTICLE 41

The same amendments proposed for Article 40 are repropoed for the same reasons. As regards the defence of the Italian seashore it is asked that paragraphs 4 and 5 be substituted with a clause somewhat as follows: “*Italy pledges herself, after the coming into force of the present Treaty, to negotiate with the four Powers and with Yugoslavia and Albania the definition of the reciprocal measures of demilitarisation which may bring about conditions of peace and mutual assistance in the Adriatic.*”

ARTICLE 43, PARAGRAPH 1.—*Reason for proposal*

The need for a minimum of defense in the Straits of Bonifacio.

Amendment proposed: Substitute the whole paragraph with one reading somewhat as follows: “*Italy pledges herself, after the coming into force of this Treaty, to enter into negotiations with France in order to define the reciprocal measures of demilitarisation needed to bring about mutual conditions of security in the Straits of Bonifacio.*”

ARTICLE 43, PARAGRAPHS 2, 3, AND 4.—*Reasons for proposal*

By infringing on the right of self-defence, the restrictions they establish are a serious check on the possibility of timely defence.

Amendment proposed

Substitute the three paragraphs with one reading somewhat as follows: “*Italy pledges herself to confine her military fortifications in Sardinia and Sicily to those strictly necessary for the defence of the islands.*”

ARTICLE 44.—*Reason for proposal*

To have the possibility of employing self-propelled missiles within the limits of anti-aircraft, anti-tank and anti-landing defence.

Amendment proposed

After the words: "connected with their discharge" add: "*with the exception of those designed for anti-aircraft or anti-tank fire provided their range is not over 30 kilometres*". Instead of the words: "*Any guns with a range of over 30 kilometres*" write: "*Any guns installed in such a way as to have a range of over 30 kilometres*".

ARTICLE 52.—*Reason for proposal*

The need for reserve armaments and equipment for the forces permitted, and to replace such armaments and equipment rendered even temporarily unserviceable.

Amendment proposed

Add a third paragraph reading as follows: "In the determination of armaments required, by the Italian Army an adequate reserve quota will be borne in mind."

ARTICLE 55, PARAGRAPH 1.—*Reason for proposal*

The need not to reduce further the small force of 350 aircraft.

Proposed Amendment

Modify paragraph 1 as follows: "The Italian Air Force, including any Naval Air Army, shall be limited to a force of 200 fighter and reconnaissance types and 150 transport, airsea rescue, training (school type) types of aircraft. *These totals will not include reserve aircraft which shall not exceed 40% of the above totals.*" The rest of the paragraph to stand.

ARTICLE 55, PARAGRAPH 2.—*Reason for proposal*

The need to dispose of weapons suitable to counteract ground or sea assault craft.

Amendment proposed

Substitute the paragraph with the following: "*The fighter aircraft designed to support ground or sea forces in operations of defence of frontiers may be equipped with arms suitable to engage mobile surface objectives.*"

ARTICLE 58.—*Reason for proposal*

In view of the latitude with which Annex 5 (C) defines “war material” it is feared that such broad and vague wording may give rise to transfer of equipment other than was contemplated in the Section of the Draft dealing with reparation.

Amendment proposed

Paragraphs 1 and 4 of the article should read as follows:

Par. 1.—“All war material of Italian origin in excess of that permitted for the Armed Forces specified in Sections III, IV, and V *shall be destroyed or reconverted for non-military use; the part not reconvertible for civilian purposes may be used by Italy for the payment of reparations to the Allied Nations.*

Par. 4.—In the sentence: “Italy shall renounce all rights to the above-mentioned war material” substitute “above-mentioned war material” with “*the war material mentioned in paragraphs 2 and 3 of this article*”, and:

Add to the sentence: “lists of all excess war material” the words: “*mentioned in paragraphs 2 and 3 of this article*”.

Proposal of Amendment to Part IV.—Sect. III of the Draft Peace Treaty

ARTICLE 47

The present Italian fleet shall be reduced to the units given in Ann. 4/A.

ARTICLE 48

1. Italy undertakes, as soon as the present Treaty comes into force, to utilize part of the excess units listed in Ann. 4/B to replace ships lost by the Allied Nations through Italian action, in such measure and according to the modalities to be established by means of negotiations between Italy and the Nations concerned.

Should no agreement be reached through these negotiations, the questions under discussion shall be decided by a Commission including representatives of the four Great Powers, Italy, and the Nation concerned.

2. Excess war vessels not utilized as above shall be destroyed or scrapped for metal, and the material thus salvaged will not be used for military purposes.

Such destruction will take place within the following time-limits to be taken as commencing with the coming into force of the present Treaty:

Submarines: six months;

Surface vessels: one year.

3. Excess units to be transferred to other Nations according to the agreements mentioned in par. 1 will be handed over in their present operational conditions.

Italy however undertakes, following additional agreements with the Nations concerned, to carry out such repairs as may be requested for fully refitting them and completing their stocks of reserve stores and spare parts, according to the laws in force in the Italian Navy.

ARTICLE 49

1. Italy shall effect the following disposal of non-operational ships not considered in the negotiations mentioned in Article 48/1. Time-limits specified below should be taken as commencing with the coming into force of the present Treaty.

a. Surface ships afloat not listed in Ann. 4 including ships under construction afloat, shall be destroyed or scrapped for metal within nine months.

b. Ships under construction on slips shall be destroyed or scrapped for metal within nine months.

c. Ships sunk in Italian harbours and approach channels, in obstruction of normal shipping, shall be destroyed by demolition or may be salvaged and subsequently destroyed or scrapped for metal within two years.

d. Ships sunk in shallow Italian waters, not in obstruction of normal shipping, shall, within one year, be rendered incapable of salvage.

e. Ships capable of reconversion, which do not come within the definition of war material and which are not listed in Ann. 4, may be reconverted to civilian uses or are to be demolished within two years.

2. The salvage materials resulting from the destructions mentioned in par. 1 shall not be utilized by Italy for military purposes.

3. Italy undertakes, prior to the destruction of ships mentioned in Articles 48/2 and 49/1 to salvage, as far as possible, such equipment and spare parts as may be useful in completing the on-board and reserve allowances of spare parts and equipments to be supplied on request of the Nations concerned for the operation of ships to be transferred according to Article 48/1.

ARTICLE 50

1. Italy undertakes not to construct or acquire battleships, aircraft carriers, submarines and specialised types of assault craft, until the

general rules concerning such classes of vessels are examined by UNO, or until the present clause is modified on the basis of the agreements in Article 39.

2. Until a general regulation concerning armaments are examined by UNO, the total standard displacement of the war vessels of the Italian fleet, other than battleships, including ships under construction as from the date of the launching, shall not exceed 82.000 Tons.*

3. Any replacement of war vessels by Italy shall be effected within the limit of tonnage given in par. 2. There shall be no restriction on the replacement of auxiliary vessels.

4. Italy undertakes not to acquire or lay down any war vessels before January 1st 1950, except as necessary to replace any over-age ship or any ship accidentally lost; in the latter case the displacement of the new ship is not to exceed by more than 10 p. 100 [per cent] the displacement of the ship lost.

5. The terms used in this article are, so far as necessary, defined in Annex 5/A.

ARTICLE 51

1. The total personnel of the Italian Navy, excluding any naval air personnel, and including personnel for coastal defence, shall not exceed 35.000 officers and men.†

2. During the period of minesweeping due to the war, Italy shall be authorised to employ for this purpose an additional number of officers and men not to exceed 2.500, such period to be determined by the International Control Board for Mine Clearance of European Waters.

3. The reduction of naval personnel to reach the figures in par. 1 and 2, will have to be carried out within six months from the coming into force of the present Treaty.

Two months after the completion of minesweeping by the Italian Navy, the excess personnel authorised by par. 2 is to be disbanded or absorbed within the above numbers.

4. Personnel, other than those authorised under par. 1 and 2, and any naval air personnel authorised under Article 56, shall not receive any form of naval training as defined in Annex 5/B.

*The figure of 82,000 Tons is calculated on the basis of Ann. 4/A as amended. [Footnote in the source text.]

†The Memorandum of July 1946 stated that, even after all the possible reductions, the complement of the Italian Navy cannot be reduced much under the requested 40.000 men. A thorough examination has enabled to fix at approximately 12.5% the entity of such reduction; this makes for the figure of 35.000 men mentioned above. [Footnote in the source text.]

ANNEX 4

(See Art. 47)

The names in this Annex are those which were used in the Italian Navy on June 1st, 1946.

PART A. LIST OF SHIPS TO COMPOSE THE ITALIAN FLEET

MAJOR WAR VESSELS

- 2 Battleships: *Doria, Duilio*.
 6 Cruisers: * *Abruzzi, Garibaldi, Eugenio, Aosta, Regolo, Scipione*.
 8 Destroyers: † *Legionario, Velite, Mitragliere, Granatiere, Grecale, Fuciliere, Carabinieri, Artigliere*.
 12 Torpedo-boats: ‡ *Aretusa, Clio, Sirio, Libra, Cassiopea, Calliope, Sagittario, Ariete, Fortunale, Animoso, Orione, Orsa*.
 20 Corvettes: *Ape, Baionetta, Chimera, Cormorano, Danaide, Driade, Fenice, Flora, Folaga, Gabbiano, Gru, Ibis, Minerva, Pellicano, Pomona, Scimitarra, Sfinge, Sibilla, Urania*. Plus one vessel to be salvaged, completed or constructed.
 4 Submarines: § *Platino, Nichelio, Marca, Vortice*.

MINOR WAR VESSELS

- 24 M. T. B.: || *Ms 24, 31, 35, 52, 54, 55, 56, 61, 65, 72, 73, 75*.
MAS 510, 514, 516, 520, 521, 523, 538, 540, 543, 545, 547, 562.
 14 Vedettes: *VAS 201, 204, 211, 218, 222, 224, 233, 235, 237, 240, 241, 245, 246, 248*.
 1 Minelayer: *Fasana*.
 30 Minesweepers: *RD 6, 16, 20, 21, 25, 27, 28, 29, 32, 34, 38, 40, 41, 102, 103, 104, 105, 113, 114, 129, 131, 132, 133, 134, 148, 149*.
 Plus 4 units under construction.

*Owing to the conditions of the Italian ships and to the wear and tear on them during the past years, and the consequent need of frequent repairs, one must calculate that, on an average $\frac{2}{3}$ of them will be in full commission and $\frac{1}{3}$ under repair. For this reason as also for the general considerations expounded in the Memorandum of April 1946 (p. 11), it is thought that at least 6 cruisers have to be left to Italy, 4 of which of the same type with 6 inch. guns, and 2 with 5, 4 inch. guns. [Footnote in the source text.]

†The same remarks made for the cruisers apply even more to the destroyers, and justify the request of 8 destroyers. The larger number of destroyers requested comes together with a corresponding reduction of the number from 16 to 12 of the torpedo-boats. [Footnote in the source text.]

‡Obviously the over-age torpedo-boats have been excluded. [Footnote in the source text.]

§They are necessary for the fundamental needs of the training of anti-submarine units. [Footnote in the source text.]

||It is pointed out that Finland, Roumania, and Bulgaria have been granted the right to have M. T. B.s for defensive purposes. Nations which are far better off than Italy with regard to defensive needs (length of the coast line—geographical shape and position—vulnerability of objectives—entity of sea - traffic, etc.). [Footnote in the source text.]

AUXILIARY CRAFT ¶

- 6 Fleet Tankers: *Lete, Prometeo, Stige, Nettuno, Tarvisio, Urano.*
- 20 Water carriers: *Anapo, Arno, Bisagno, Dalmazia, Frigido, Idria, Isarco, Istria, Liri, Metaura, Mincio, Ofanto, Oristano, Po, Polcevera, Sesia, Sprugola, Timavo, Tirso, Vippaco.*
- 38 Large and medium tugs: *Abbazia, Arsachena, Asinara, Atlante, Carbonara, Chioggia, Ercole, Gaeta, Gagliardo, Gorgona, Lampedusa, Licoso, Lipari, Liscanera, Mescio, Mestre, Molara, Nereo, Piombino, Porto Adriano, Porto Conte, Porto Fossone, Porto Pisano, Porto Quietto, Porto Recanati, Porto Torres, Porto Tricase, Rapallo, Salvore, Sant' Angelo, Sant'Antioco, San Remo, Talamone, Taormina, Tifeo, Vado, Ventimiglia, Vigoroso.*
- 30 Small Tugs: *N. 1, N. 4, N. 5, N. 9, N. 10, N. 22, N. 26, N. 27, N. 32, N. 47, N. 52, N. 53, N. 78, N. 96, N. 104, R. L. 1, R. L. 3, R. L. 9, R. L. 10, Argentario, Astico, Col. Pozzi, Cordevole, Irene, Passaro, Porto Rosso, Porto Vecchio, San Bartolomeo, San Benedetto, Tagliamento.*
- 2 Training ships: *Colombo, Vespucci.*
- 4 Transport ships and 12 MZ: ** *Giuseppe Messina, Montecucco, Montegrappa, Panigaglia, MZ 728, 729, 737, 744, 758, 776, 778, 780, 781, 784, 800, 831.*
- 3 Tenders: *Anteo, Eritrea, Miraglia.*
- 2 Surveying ships: *Azio, Cherso.*
- 4 Lighthouse service vessels: *Buffoluto* = plus 3 L. C. ††
- 1 Cable ship: *Rampino.*
- 1 Repair ship: *Pacinotti.*

PART B. LIST OF EXCESS UNITS OF THE ITALIAN NAVY

MAJOR WAR VESSELS

- 3 Battleships: *Cesare, Italia, Vittorio Veneto.*
- 3 Cruisers: *Cadorna, Monteguccoli, Pompeo.*
- 3 Destroyers: *Da Recco, Oriani, Riboty.*
- 10 Torpedo-boats: *Abba, Aliseo, Ardimentoso, Carini, Fabrizi, Giovannini, Indomito, Monzambano, Mosto, Pilo.*

¶In the opinion of the Italian Government, Annex 4/A should be limited to major and minor war vessels, and should not include auxiliary ships. Therefore the list of Ann. 4/A should stop here. Anyway the auxiliary ships which Italy requests in accordance with the needs of the Navy are included in the following list. [Footnote in the source text.]

**12 MZ have been included in this category as the characteristics of these units are such that they cannot be looked upon as landing craft, but are real transport units as is proved by the use that has always been made of them. Not being suited for long trips, and their engines being very delicate, it would be difficult for other Nations to find any use for them. If necessary their weapons could be removed. [Footnote in the source text.]

††To be bought from Great Britain as war surplus. [Footnote in the source text.]

35 Submarines: *Alagi, Atropo, Bandiera, Bragadino, Brin, Cagni, CB 7, CB 8, CB 9, CB 10, CB 11, CB 12, CB 19, CM 1, Corridoni, Dandolo, Da Procida, Diaspro, Galatea, Giada, H 1, H 2, H 4, Jalea, Mameli, Manara, Menotti, Onice, Otaria, Pisani, Settimo, Speri, Squalo, Turchese, Zoeta.*

MINOR WAR VESSELS

11 M. T. B. s: *MS 11, 53, 64, 74;*
MAS 433, 434, 519;
ME 38, 39, 40, 41.
 1 Gunboat: *Illiria.*

AUXILIARY NAVAL VESSELS

7 Water Carriers: *Aterno, Basento, Pescara, Simeto, Stura, Tronto, Vas 226.*

15 Large and medium tugs: *Basiluzzo, Capo d'Istria, Capraia, Cefalu, Emilio, Lilibeo, Linosa, Marechiaro, Porto Empedocle, Porto Rose, Procida, Promontore, S. Pietro, San Vito, Teulada.*

14 small Tugs: *Generale Valfre, Licata, Noli, Velosca, N. 2, 3, 23, 24, 28, 35, 36, 37, 80, 94.*

2 Transport ships and 4 MZ: *Amalia Messina, Tarantola, MZ 713, 717, 722, 726.*

III. Economic Clauses

Doc. No. 26 (E).

Memorandum on the Economic Consequences of the Peace Treaty

1. The Italian Delegation has the honour of presenting to the Economic Commission for the Peace Treaty with Italy its remarks and considerations concerning the provisions contained in the Draft Treaty falling within the province of Commission, namely articles 64 to 71, 73, 74 and Annexes III, VI, VIII.

2. In presenting its remarks concerning the aforesaid articles and annexes of the Treaty, it is the Italian Delegation's duty to set forth as briefly as possible Italy's actual economic and financial situation and the principal measures required, to avoid a total collapse of the country's economy and finances and make possible a normalisation though slow and gradual.

This exposition shows that, unless the economic provisions of the Treaty are profoundly and sometimes radically revised, it would be practically impossible for Italy, despite all the efforts of the Government and the people, to carry them out.

The normalisation of Italy's economy and finances so as to provide a minimum standard of life for the country's 47 million inhabitants, is obviously a preliminary condition for the nation's political and social balance and the basis for Italy's international economic relations. This normalisation however, on which is based the political and social balance of the nation, cannot be brought about by Italy's efforts alone.

For these reasons the provisions of an economic nature should be considered as a whole before examining each one in detail.

3. In order to estimate the economic consequences of the Peace Treaty, one must consider :

- I. War damages suffered by Italy ;
- II. Italy's present economic and financial situation ;
- III. Renunciations laid down in the draft Peace Treaty ;
- IV. New burdens determined by the draft Peace Treaty.

I. WAR DAMAGES

4. The war assumed characteristic and even unique aspects in Italy. Italy fought two wars: one unfortunately, on the side of Germany, the other on the side of the Allied Powers. Consequently she was exposed to a double offense. Then, to quote Churchill, she saw the war pass like a harrow of fire over practically the whole of her territory from Sicily to the Po Valley.

The war caused destruction everywhere: to houses,* public works or works of public interest (harbours, roads, power stations, aqueducts, etc.), railways,† the merchant navy,‡ industrial plants,§ agricultural equipment, livestock and forests.

The destruction has been so terrific that if the reconstruction indispensable for meeting the fundamental needs of the country were to be carried out, a sum of at least 3.000 billion lire would be called for, namely six times the total annual expenditure of the State budget which is about 500 billion lire.

*The number of rooms destroyed and damaged amounted to 6.800.000, of which 1.878.000 were totally destroyed. [Footnote in the source text.]

†In July 1945 the number of engines was reduced to 55% and the number of trucks, to 46% as referred to the pre-war period. 38% of the lines in use were destroyed; for double track lines the decrease amounted to 68%. Further, 17 km. of iron bridges and 37 km. of stone bridges needed to be re-built or repaired. The destruction suffered by fixed installations was so serious that barely 25% of Italy's pre-war railway traffic was possible. [Footnote in the source text.]

‡On June 30, 1939 the Italian merchant navy had a gross tonnage of 3.500.000 tons, to which were added during the war, new constructions for about 350.000 tons. By the end of the war this fleet was reduced to 500.000 tons, namely 15% of its total gross tonnage. [Footnote in the source text.]

§The destruction was most serious in Southern and Central Italy. The industrial zone of Naples, which is one of the poorest towns, was completely devastated and the same may be said of the Northern Tuscany zone and of other smaller ones. In 1945 the output of the hydroelectric plants of the Apennine network was reduced to 30% of its pre-war output. [Footnote in the source text.]

It should be remembered that *the great majority of the damages sustained by Italy refer to the period after the Armistice of September 3, 1943*, when, as a consequence of Italy's having voluntarily placed herself at the side of the Allies, the devastations and looting of the German vengeance were added to the destruction caused by the war fought on Italian territory for almost two years.

Italy formally requests that this circumstance be constantly borne in mind when determining the economic and financial clauses of the Treaty.

II. THE PRESENT SITUATION IN ITALY

5. The seriousness of the situation in Italy can be judged from the following data concerning the main aspects of the country's economy.

a. State budget:

Annual expenditure	530 billion lire.
Annual revenue	180 — —
	350 — —
ANNUAL DEFICIT	350 — —

The deficit is limited to the above sum because State expenditure is reduced to a minimum; compensations for war damages are extremely limited and restricted only to the poorer classes; very few subsidies are paid to the unemployed, and these in the form of charity and only to the most desperate cases; relief for illnesses and for tuberculosis, which is rampant among ex-prisoners of war and children, is absolutely insufficient.

Local collectivities (townships, provinces and relief organisations), despite the very limited sums paid out, also report deficits in the same proportions as that of the State budget.

b. Domestic public debt. Including the debt to the Bank of Issue, this has passed from 146 billions in 1939, of which only 41 billions were floating debts, to about 1.200 billions at present, of which over 850 billions are floating debts. When Italy entered the war against Germany in September 1943, this debt only amounted to a little over 350 billions.

c. Monetary circulation. This has passed from 24.5 billions in 1939 to 395 billions in 1946, including occupation money. In September 1943, the monetary circulation was not quite 120 billion lire, including Allied money already spent after the landing in Italy, so that there has been an increase of 275 billions from the beginning of our co-belligerency up to the present.

d. Balance of payments. In the years preceding the war, Italy's trade balance always presented a deficit. On an average our exports covered only 70-75% of our imports; nor were the other assets of our

balance of payments (tourism, emigrants, remittances, shipping freights) sufficient to neutralise this deficit; consequently the reserves of the Bank of Issue were considerably reduced.

The situation threatens to be terribly serious for the years to come: our import needs, to meet normal requirements as well as the exceptional demands of reconstruction, have increased; the invisible items of our balance of payments have ceased almost completely and there has been a heavy drop in our possibilities of exportation for the following main reasons:

—40–45% of our exports consisted of manufactured products, more than half of which were made from imported raw materials which now, unavoidably, we shall be short of owing to payment difficulties and the needs of all the countries devastated by the war;

—20–25% consisted of vegetables and fruit, of which about 70% was sent to the countries of Central Europe, whose capacity of absorption is very low at the present moment and will only pick up very slowly.

Such imports as are indispensable to ensure a minimum of subsistence to the population and sufficient occupation for the working classes to avoid social disturbances, amount to 1,200–1,500 million dollars a year.¶ For the next few years such exports as are possible and the other assets of our balance of payments cannot be anticipated to cover more than 30–40% of the aforesaid requirements, so that Italy will have a deficit fluctuating, according to various forecasts, between 750 and 950 million dollars.

These figures, which do not take into account debts falling due before and after the war or further burdens such as the imposition of reparations on Italy or other payments to foreign countries, contain the fundamental drama of Italy's national life, which for the next few years can only be solved by the opening of foreign credits.

Without these, the standard of life of the Italian people, whose food consumption even before the war was below minimum physiological requirements and is now reduced to from one-half to two-thirds of those requirements, would become unbearable.

Prices of food have increased about 36 times as compared with pre-war prices, whereas workers' wages have only increased 13–14 times and clerks' salaries 9–10 times.

In actual value, therefore, pay is reduced to barely 40% of pre-war rates for workers and 30% for clerks. All this has brought about a lowering of the standard of life, of which we have ample proof, more-

¶The report presented by U.N.R.R.A. to the Session of its General Council at Geneva 5–17 August 1946, admits that Italian imports for 1947 should amount to 1,261 million dollars. [Footnote in the source text.]

over, in the heavy increase (almost double) in the most serious social diseases. Tuberculosis mortality, which in 1938 was about 8 for every 10,000 inhabitants, rose to 15.4 in 1945.

It is only thanks to the generous assistance of the United States and of other Allied Nations that have supplied food, industrial raw materials and coal, either direct or through U.N.R.R.A., that it has been possible, to a certain extent, to attenuate the terrible sufferings of the Italian people, to keep inflation within bounds and to uphold the delicate Italian economic situation. The balance maintained so far with great difficulty is absolutely lacking in stability: any factor of a technical or psychological nature could upset it from one moment to another, provoking complete monetary chaos and the collapse of the whole economic system.

So far the basis of this precarious system has been the confident hope of the Italian people that the provisions of the Peace Treaty, putting an end to a state of uncertainty and confirming indisputably the promises made to Italy with regard to her co-belligerency, would improve economic and financial conditions. It is easy to see that these expectations will be deluded if to the present situation are added the further burdens determined by the Peace Treaty.

III. RENUNCIATION OF CLAIMS BY ITALY

6. Attention must be drawn to the three following points which would be disastrous for Italy's recovery.

a. Cessions and renunciations both of some of Italy's territory and of territory outside Italy.

It is certainly not our intention to argue about the reasons and foundedness of these cessions and renunciations, but the fact remains that these losses will increase Italy's difficulties enormously.

The public works and property built by Italy especially in Albania, in Africa and in the Dodecanese Islands, amount to a figure of about 1.5 billion dollars and private investments in these territories exceed 800 million dollars. But these figures do not give the full measure of the losses to Italian economy. The proceeds in foreign currency from the harbour and industries of Trieste, the bauxite and coal in Istria (this latter covers one-tenth of Italy's requirements and represents half of her output), the drop in the labour outlet to these regions and in trade exchanges with them, have also to be added to the losses mentioned farther back.

It is for these reasons that Italy must request, if territorial cessions and reparations are imposed on her, that due account be taken of her investments remaining in these territories.

b. Italy is called upon to renounce all rights and claims against Germany (Article 67). The latter would include also the machinery carried off by the Germans (for about 80 billion lire) which, were it available, would contribute vastly to Italy's industrial reconstruction. For the most part this machinery was up-to-date and among the best that Italian industry, very modestly equipped, possessed. Perhaps Italy is also to be called upon to waive her claims to about 70 tons of gold taken by the Germans after the Armistice, from the small quantity that was all she had left.

The removal of the aforesaid clauses from the draft Treaty, at least as far as the period of co-belligerency is concerned, is necessary for moral and juridical reasons arising from this co-belligerency.

c. Italy is requested to accept the orders and decrees of the Prize Courts and other measures emanated on this subject by Allied and Associated Powers after September 1, 1939 and consequently to waive all claims concerning Italian merchant ships. (Art. 66, No. 1 *c* and No. 5).

When Italy entered the war, five hundred and sixty thousand gross tonnage of merchant shipping were or took shelter in harbours of the United Nations—most of them in harbours of Nations that only went to war with Italy or broke diplomatic relations with her later on.

Moreover, at the time of the Armistice, ships for a gross tonnage of about 800,000 tons were in territories occupied by the Germans; part of these were sunk or sabotaged by the Italian crews so that they should not be used by the Germans.

Quite apart from any recognition of Italy's co-belligerency, it seems only fair, for obvious reasons of justice, that the remaining ships or those that can be salvaged, belonging to the aforesaid categories, should be restored to Italy.

Italy who, before the war, imported by sea about 20 million tons of goods, was left at the end of the war with only 15 p. 100 [per cent] of her merchant fleet; she has now to bear in her balance of payments—in which this item was formerly an asset—the burden of hundreds of millions of dollars.

A fair re-examination of these provisions of the draft Treaty could lessen the need, especially in these next few years, for the huge quantities of foreign currency which will otherwise be necessary for shipping freights.

IV. NEW BURDENS

7. Attention is called in particular to the following burdens:

a. The expenses the Italian Government would have to incur in applying Article 64 for war reparations.

It is not possible for the Italian Delegation, at the present moment, to estimate these expenses as the Draft Treaty, though determining the sum to be paid to the Soviet Union at one hundred million dollars, does not establish the amount of reparations to be paid to other Nations, or the sources from which further reparations should be paid.

The Italian Delegation must repeat its opinion, however, that reparations cannot be considered as something apart, to be added to the cession without compensation of important property that other provisions of the draft Treaty allot to some of the Nations claiming reparations from Italy.

b. The obligation leaving to the Italian Government the whole burden (Art. 66, no. 2) of compensating its citizens for requisitions during the period of co-belligerency and for the furnishing of supplies or services to the Allied and Associated Powers and after that period, as well as for non-combat damage caused by the presence of the forces of aforesaid Powers in Italian territory.

c. The obligation contained in article 66, No. 4, according to which the Italian Government is to assume full responsibility for the occupation currency issued by the Allied military authorities.

The items mentioned in *b* and *c* amount to enormous sums.

It is true that when the Italian Government signed the Armistice, it undertook to assume responsibility for items *b* and *c*; but, at that time, there was reason for both parties to anticipate that the occupation troops would only remain in Italian territory for a short time and also that the number of these troops would be quite small, considering the enthusiastic reception they had received from the Italian people.

Instead, for military reasons, Italy was turned into a huge base for operations against the German troops, including those stationed in the Balkans and in Central Europe. Consequently the number of Allied troops that poured into Italy and the requirements for supplies and services were far in excess of what would have been needed merely for the occupation of Italy.

These burdens, therefore, should be lightened considerably, both in recognition of our co-belligerency—which moreover placed heavy financial burdens on Italy's shoulders—and in consideration of the fact that Italy's exhausted economy could not bear up under them.¶

d. The obligation contained in Article 66, No. 5, according to which Italy is to waive all claims in favour of Italian prisoners of war—arising out of the Geneva Conventions of 1929 concerning the treatment of prisoners of war—for the work they undertook to do of their own

¶This necessity has already been realised by the United States Government which has opened a credit in dollars to compensate for part of the occupation money. [Footnote in the source text.]

free will for the United Nations and the Italian Government's consequent obligation to make these payments itself, is very high.**

e. The obligation that Article 68 would impose on Italy to compensate United Nations nationals for damage sustained by their property in Italy, no matter at what time it occurred and consequently also during the period of co-belligerency and no matter who (Italians, Germans or the Allies themselves) caused it.

f. The liquidation of Italian property abroad contemplated in Article 69 is doubly serious from an economic standpoint for it means not only a loss of income in foreign currency, but also that the Italian Government will be obliged to compensate the owners of the aforesaid property.

It seems impossible to understand why, when—as we have shown and as has been acknowledged—Italy must try and find the means for her reconstruction in the strengthening of international economic relations, she is to be deprived of activities abroad which are the basis of traditional business relations.

8. The Memorandums presented separately show how serious the renunciations requested of Italy and the burdens to be imposed on her are, and contain the reservations made by the Italian Delegation. But even the brief considerations set forth so far are sufficient to prove that Italy's economy and finances, already thoroughly exhausted, cannot bear the burdens laid down by the draft Treaty.

Without the fundamental raw materials essential to modern life, first among which is coal; with an agricultural output that is very far from satisfying the minimum needs of a growing population crowded into a very restricted cultivable territory; with a foreign trade more than 60 p. 100 [per cent] of which, for over half a century, was carried on with European countries which are now suffering the after-effects of war too—Italy's difficulties would be immense even if no renunciations and further burdens were imposed on her by the Peace Treaty.

Owing to the country's conditions, therefore, and quite apart from any reasons of justice and equity, it seems necessary for some of the aforesaid renunciations and burdens to be removed completely and for others to be very much reduced; also, such sums as are established should be payable over a long period of years, beginning not less than six years after the coming into force of the Peace Treaty.

Meanwhile, assistance should be granted to Italy—as has been the case during the last few years—so as to enable her to improve her balance of payments and normalise her finances on the basis of a grow-

**The United States acknowledge to Italy a credit in dollars for prisoners of war claims. [Footnote in the source text.]

ing output, fed by incoming raw materials. The assistance needed from outside will be proportionately less if it is possible to get back from Germany the property she removed from Italy and if the German credits of all kinds having accumulated legitimately in favour of Italy, during the period of co-belligerency, are paid to her.

During the five years which are anticipated as being necessary for the reconstruction of her economic forces, Italy should be relieved of payments abroad for debts incurred before the end of the war.

Unless the aforesaid measures are adopted and the amendments mentioned further back adapted to the provisions of the Peace Treaty, period of depression will ensue for Italian economy, even more serious than that of the last few years when, as already mentioned, it was assisted by some of the United Nations. The new expenses for reparations and compensations and the consequent need to issue huge quantities of paper money would deal a death blow to the Italian State budget, which already has a heavy deficit. The lira would collapse completely and all the efforts made by the democratic Governments up to the present to maintain order throughout the country would have been in vain and probably the assistance Italy has been receiving—and that it is indispensable for her to continue to receive—would lose much of its effect.

Everything possible must be done to avoid such a situation. Italy appeals to the understanding and generosity of the Nations with whom, unfortunately, she was at war in the beginning, through the fault of Fascism. Italy trusts that this appeal will not remain unheard when the economic clauses of the Peace Treaty are definitely drawn up.

It is up to the United Nations to tone down with wisdom the demands laid down by the draft Treaty, whether they regard reparations, renunciations, compensation or indemnities, and limit them to the possibilities of the Italian people. It is only thus that Italy can be enabled to work, produce, resume her international trade relations once more and avoid the calamity of inflation. It is only thus that Italy, once more a co-operating force in the community of free nations, can be enabled to meet her international obligations.

The Italian Delegation trusts that the contents of this Memorandum and also the specific remarks set forth apart will be remembered when the various articles of the Treaty are examined.

The Italian Delegation is ready to furnish any data that may be asked for to prove the statements made in this memorandum.

Doc. No. 11 (E).

Memorandum (Art. 64)

ARTICLE 64

At the present moment the Italian Delegation is not in a position to express its opinion on the question of reparations, owing to the fact that the draft Peace Treaty contains the reservation to examine the requests sent in by the other Powers which, besides Russia, claim reparation from Italy. The Italian Delegation ignores what this reservation may be.

Concerning the problem of reparation, the Italian Delegation refers in principle to what it set forth in the Memorandum concerning the economic consequences of the Peace Treaty.

It will give its full attention to this problem—examining the amounts, sources of payment and time limit as referred to the paying power of Italian economy in the general framework of the burdens to be imposed on Italy—as soon as it is informed of the exact requests of the Powers asserting the right to reparations from Italy.

In the attached document, the Italian Delegation merely makes some remarks of a strictly technical nature concerning the clauses of Article 64.

[Attachment]

Memorandum on the Clauses Concerning the Terms for the Payment of Reparations to Russia (Art. 64)

ARTICLE 64

1. In order to leave no doubt as to the interpretation of the provision under letter A, 2 *b* and in order that it may be more easily applied, the following modifications are suggested:

a. A different wording which, for obvious reasons, would make it quite clear that the provision refers to “*net assets*”;

b. The addition of the following words at the end of the paragraph “and according to special agreements that may be drawn up between Russia and Italy”. The purpose of this would be to see if it is not possible for some firms to remain in the countries in which they now reside, in the interest of these countries themselves.

The paragraph would then read as follows:

“Italian *net assets* in Roumania, Bulgaria and Hungary, subject to the exceptions specified in paragraph 5 of Article 69 *and according to special agreements that may be drawn up between Russia and Italy.*”

2. Regarding the provision under letter A, 5 *b*, it is suggested that an Italian representative should take part in the evaluation of Italian assets. These are technical matters which call for consultation and it may even be necessary to have recourse to a technical Committee of Arbitration to dispel any uncertainty or clear up any disagreements that may arise.

It would be advisable to make it quite clear that the above refers also to installations. Consequently the paragraph might be worded as follows:

“The four Ambassadors, *in consultation with an Italian representative*, shall determine the value of the Italian *industrial machinery and installations* and of the Italian assets to be transferred to the U.S.S.R.”

Doc. No. 12 (E).

Memorandum on the Clauses of the Peace Treaty Concerning the Return of Property to the United Nations (Art. 65)

ARTICLE 65

The Italian Government acknowledges its obligation (confirmed in Nos. 1 and 2 of Article 65) to return all property removed from the territory of the United Nations and now in Italy. It is of opinion, however, that the obligation confirmed in No. 3 (to return such property in good condition and to pay for the labour and material entailed by repairs) is particularly hard. This provision, if applied in full, would lay a heavy burden on Italy. As some of the property to be returned was removed from the United Nations by another Axis Power and then transferred to Italy, it would be unfair to compel the latter to repair the damage done before the property was transferred.

Moreover, Italy would also be expected to repair damages due to natural causes and force of circumstance or produced by the United Nations themselves.

The obligation of the Italian Government should be restricted exclusively to repairing such damages as can be ascribed to it. The provision in No. 3 should be modified in this sense.

The provision in No. 7 of the same article requires the Italian Government to prove that the property belonging to the United Nations was not removed by violence. This reversal of the burden of proof, which is contrary to general usage, would be extremely unfair as in most cases it would be practically impossible for the Italian Government to produce the proofs called for by No. 7.

Further, by this reversal of the burden of proof, the Italian Government would be asked to prove a negative fact, which is also opposed to all generally recognised principles.

The second part of No. 7 concerning the necessity for the Italian Government to produce proof that the property was not forcibly seized should be suppressed.

Concerning the gold transferred by Italy from occupied countries, it is suggested that the word "looted" contained in No. 8 be eliminated, leaving "wrongfully removed to Italy".

With these modifications the Italian Government accepts the provision in No. 8 and also acknowledges that its obligation to return the gold in question "exists irrespective of any transfers or removals of gold from Italy to any other Power or a neutral country".

However, the Italian Government wishes to make it clear that, though agreeing to the provision in No. 8, it cannot waive its own claim for the gold removed from Italy by Germany to be returned if found—wherever and in whatever quantity it may be—by any United Nation.

In this connection, it should be stated that Italy considers that *all* Italian property removed by Germany should be returned to her and, in another Memorandum concerning Article 67 of the draft Treaty, she sets forth the points of law and justice in her favour on this matter.

Coming back to the question of gold, Italy repeats that, since she is ready to return all gold wrongfully removed to Italy, or its equivalent, to its rightful owners, it would be most unjust to deny her the right to get back her own gold.

Attention is also called to the Final Act of the Paris Conference on Reparation (December 21st 1945), which decided that a pool be formed of all the gold found in Germany, or in third countries where it had been transferred by the Germans. This gold was then to be divided among all the Nations whose gold was looted by Germany. Therefore, if the gold removed from Italy by Germany is not totally or partially found it is requested that her right to participate in this gold pool on the same footing as other Nations be acknowledged without delay. Italy's participation in the pool would naturally refer only to such part of the gold as had not been recovered.

These requests are made without prejudice to whatever solution may be found for the matter considered in Article 67 of the draft Treaty.

For the above reasons it is proposed that No. 8 of Article 65 be modified as follows:

"8. The Italian Government accepts the obligation to restore to the Government of the United Nation concerned all monetary gold wrongfully removed to Italy, or to transfer to the Government of the

United Nation concerned an amount of gold equal in weight and fineness to that wrongfully removed. This obligation is recognised by the Italian Government to exist irrespective of any transfers or removals of gold from any other Axis Power or a neutral country.

“In consideration of the above Italy is to be recognised the right to the restoration of the gold looted by the Germans and now in Germany or any other country. Should the gold in question not be totally or partially recovered, Italy is to be allowed compensation for such part as is not recovered from the pool provided for in the final Act of the Paris Reparations Conference (December 21st, 1945)”.

Doc. No. 33 (E).

Memorandum on the Clauses of the Peace Treaty Concerning the Return of Rolling Stock to the United Nations (Art. 65, No. 6)

ARTICLE 65

A considerable amount of Italian rolling stock (including a certain number of engines) is at present within the territory of Allied and Associated Powers or in territories controlled by them.

This rolling stock is absolutely indispensable to Italy's economic reconstruction and to the resumption of trade with foreign countries. The Italian Government, while acknowledging its obligation to return to the Allied and Associated Powers all rolling stock belonging to them, requests that the same principle be applied, for obvious reasons of justice, to Italian rolling stock. Consequently the addition of the following paragraph to Article 65, No. 6, is suggested:

“Likewise, Italian rolling stock within the territory of said Powers or in territory under their control shall be returned to Italy”.

Doc. No. 35 (E).

Memorandum on the Clauses of the Peace Treaty Concerning Italy's Renunciation of Claims Against the United Nations, Particularly Those Resulting From the Decisions of the Prize Courts (Art. 66)

ARTICLE 66

According to paragraph 1 of article 66 Italy must waive, on behalf of her Government and nationals, all claims arising directly out of the war or out of actions taken because of the existence of a state of war, whether or not Italy was at war at the time with the country taking such actions.

1. It should be remarked that the date from which this provision applies is September 1, 1939. In this way the Treaty would sanction

seizures, captures and other measures taken at a time when Italy was at war with none of the countries adopting these measures. This is contrary to all general principles of law.

2. According to letter *c* of paragraph 1, Italy would have to agree to accept as valid and binding all decrees and orders of the Prize Courts of the Allied or Associated Powers, even if enacted during Italy's non-belligerency. This means that Italy must accept all measures adopted by the Prize Courts concerning Italian ships and freights as well as payment of costs. This renunciation is further extended by the provisions under paragraph 5, referring to measures taken by certain countries with regard to Italian ships before Italy was at war with these countries.

Quite apart from the question of the date, it would obviously be unjust to deprive Italy and her nationals of the right to prove, when necessary, the illegality of these measures, a right sanctioned by international law and by the laws of the countries concerned.

3. According to paragraph 3, the waiver of claims under paragraph 1 should include claims against United Nations which were never at war with Italy and merely severed diplomatic relations with her. This is also contrary to the general principles of law, war measures only being admissible as a consequence of the existence of a state of war.

4. Paragraph 5, mentioned above, calls upon Italy to waive all claims concerning measures taken in connection with Italian ships before the outbreak of war. This provision should be suppressed for obvious reasons of justice. Attention is drawn to the fact that this provision would have extremely serious consequences for Italy's merchant navy. Several countries in fact seized a considerable number of Italian ships which had taken shelter in their ports at a time when Italy was neutral.

5. It should also be remarked that, according to the Armistice of September 3, 1943, later confirmed by the Cunningham-de Courten agreement of Sept. 23, 1943, the Allied and Associated Powers reserved the right to requisition Italian merchant vessels and, therefore, implicitly waived their right to seizure. For this reason as well as for the reasons given above, all these measures, harmful to the interests of the Italian merchant navy, should be considered illegal whether or not they are the result of decisions taken by the Prize Courts.

In view of the above considerations as well as of the remarks made in connection with other articles of the draft Peace Treaty, the Italian Delegation submits that the losses these provisions would cause to Italy assume the proportion of real reparations. Their amount would often exceed whatever damage Italy may have caused through actions

of war. If Italy is compelled to waive her claims on merchant ships to whose restitution she is entitled, she would lose a large number of ships absolutely essential to meet her immediate needs.

In view of the above, Italy asks that sub-paragraph *c* of paragraph 1, and paragraph 5, be suppressed.

Doc. No. 13 (E).

Memorandum on the Clauses of the Draft Peace Treaty Concerning Italy's Responsibility for All Requisitions Made by the Allied Authorities and for All Currency Issued by Said Authorities (Art. 66, Nos. 2, 4)

ARTICLE 66

Apart from the legal aspects of Article 66 and other problems raised by the same article, attention is drawn to two particular matters which might be more usefully dealt with outside the Peace Treaty, in view of the fact that they do not concern *all* the United Nations but merely those which actually occupied Italian soil, and that they have, moreover, already been the subject of an exchange of views between Italy and the same occupying Powers.

The second paragraph [*sentence*] of No. 2 of Article 66 reads as follows:

"The Italian Government agrees to make equitable compensation in lire to persons who furnished supplies or services on requisition to the forces of the Allied or Associated Powers in Italian territory and in satisfaction of non-combat damage claims against the forces of the Allied and Associated Power arising in Italian territory."

N. 4 of the same article states:

"The Italian Government will assume full responsibility for all Allied military currency issued in Italy by the Allied military authorities, including all such currency in circulation on the date of the coming into force of the present Treaty."

With regard to the second paragraph of No. 2 of Article 66 (apart from the obligation which is imposed on Italy to compensate non-combat damage claims, a point to be taken up in another memorandum on Article 66) the occupying Powers have considered the whole question of requisition of goods and services and relative payments as regulated by Article 33 (A) of the Armistice of 29th September 1943.

With regard to No. 4 of Article 66, these same Powers have up to now considered the question as regulated by Article 23 of that same Armistice.

They are both, in fact, questions of a temporary character strictly connected with the occupation of Italian territory.

In view of the fact that the occupation has been prolonged over a period far more extensive than could possibly have been foreseen at the time of the Armistice, the Italian Government has long since approached the occupying Powers (U.S.A. and Great Britain) asking that a benevolent interpretation should be placed on those clauses in order to lighten the staggering onus they carried with them and which has so notably contributed to the deterioration of the economy and finances of the country.

On their side, the occupying Powers, far from turning down this request of the Italian Government, have recognized that even if some of the Armistice clauses were formulated somewhat loosely, this is no reason for interpreting them in their strictest sense and for disregarding the sacrifices incurred by Italy through her war efforts as a co-belligerent.

If now all the above questions should be solved as provided in the draft Peace Treaty, the entire onus of all payments past and future, of all requisitions, and the entire responsibility for the Am-lire issued would bear down on the already exhausted Italian economy, disappointing every expectation of a softening of these clauses.

It is therefore proposed that the above two subjects should be lifted from the Peace Treaty in order that they may continue to be treated through the channels already opened for them, through which there is every expectation that an equitable and reasonable solution may be reached.

Doc. No. 24 (E).

Memorandum Concerning the Clauses of the Peace Treaty Connected With Italy's Waiving of Credits Arising out of the Geneva Convention on Prisoners of War (Art. 66, No. 5)

ARTICLE 66

The last [clause] of paragraph 5 establishes the waiving of all claims and credits arising out of the conventions now in force concerning prisoners of war. This means cancelling, among other things:

a. Credits arising out of wages, or such like, not paid to Italian prisoners of war. This applies not only to those who have not yet been repatriated, but also to those who are already at home and to whom the United Nations have not yet paid all that they are entitled to.

b. Credits arising from advance payments made by Italy to prisoners belonging to the Allied and Associated Powers and which, according to the terms of Article 23 of the Geneva Convention of July 27th 1929, should be refunded by the latter.

It should be remarked, to begin with, that the conventions regarding prisoners of war were stipulated in order to regulate relations between belligerent States concerning the obligations and rights arising out of a war and during a war.

Obviously a clause which, at the end of hostilities, regulates the above-mentioned relations otherwise than provided in said conventions, does not appear justified.

The need to settle this point is so deeply felt that some of the United Nations are already paying in full to the Italian prisoners, at the moment of repatriation, the sums due to them. Moreover, the cancelling of this type of credit (especially those listed under letter [*subparagraph*] a which amount to large sums) would seriously affect the Italian State budget and, together with the other economic clauses of the Treaty, would increase the danger of inflation and prove unbearable for the already exhausted finances of the Italian Government. On the other hand Italy cannot neglect the claims of her prisoners of war, most of whom belong to the poorest classes.

Lastly, it is inadmissible, for both moral and juridical reasons, that Italy should be asked to accept these renunciations for the period after October 13, 1943, when Italy formally declared war on Germany.

On that date Italy was recognised as a co-belligerent by the Allied and Associated Powers and as a consequence of this fact, Italy decided to engage all the country's armed forces in the fight for the liberation of her territory. However, the Allied Powers, though they had proclaimed Italy a co-belligerent, refused to change the juridical status of Italian prisoners of war and strictly applied the Armistice clauses.

The result was a clear distinction between free Italians who were fighting and Italian prisoners of war who were asked by the Allied Powers to co-operate in the common war effort despite the rules of the Geneva Convention which forbids employing prisoners for work directly connected with warfare. Most Italian prisoners accepted and thus became "co-operators". Consequently, some Powers, by unilateral decision, paid them better, though always less (military pay included) than their militarised workers.

Altogether it would seem unfair to refuse Italian cooperators the pay they are entitled to, just as any other militarised worker, for work done for various countries as a contribution to the common victory of the Allied and Associated Powers. The settlement of these matters might become the subject of special agreements between Italy and each of the countries concerned.

Doc. No. 17 (E).

*Memorandum on the Clause of the Draft Peace Treaty Concerning
Submarine Cables (Art. 66, No. 6)*

ARTICLE 67 [66]

The provision in Article 66, No. 6, safeguarding Italian property rights on such submarine cables as belonged, at the beginning of the war, to the Italian Government or to Italian nationals, is in keeping with the principles of international law.

Therefore it is hard to understand the reservation made by the United States and U.S.S.R. Delegations concerning the "right to propose changes with regard to the treatment in the present Treaty of submarine cables".

The Italian Delegation would like to stress the fact that the acquisition and destruction of cables cannot be regulated by the principles concerning war booty. There is indeed no provision of international law consenting the acquisition or destruction of cables during hostilities, except the provision in Article 54 of the Hague Convention which foresees a special case and, even then, provides for the return of the cable and compensation at the end of the war.

On the basis of the above principles it is felt that there can be absolutely no doubt that submarine cables belonging to the Italian State and to Italian nationals (natural persons or body corporates) should be returned to them.

Doc. No. 15 (E).

*Memorandum on the Clauses Concerning the Waiving of Claims
Against Germany (Art. 67)*

ARTICLE 67

Article 67 states that Italy renounces on her own behalf and on behalf of Italian nationals all claims, including credits against Germany and German nationals outstanding on May 8, 1945, except those arising out of contracts and other obligations entered into before Sept. 3, 1939.

It should be mentioned that most of Italy's claims against Germany arose after Italy declared war on Germany on October 13, 1943. These claims refer especially to the following main items:

1. Opening of credits with the Bank of Italy for the occupation indemnity imposed on the government of the so-called fascist republic by the German Command between October 1943 and April 1945.

This opening of credits, which for the most part were drawn, amounts to an enormous sum.

2. A huge quantity of monetary gold removed from Italy by the German authorities and transferred to Germany;*

3. Industrial installations and machinery—often the most up-to-date models—taken from Italian factories by the Germans;

4. Debts with private firms and public Administrations left unpaid and amounting to several billion present-day lire. Requisitions, indemnities and miscellaneous items that were not settled.

To waive all these claims—as Article 67 compels Italy to do—would mean to cancel undeniable Italian rights born from the war which Italy declared and fought against Germany side by side with the United Nations. Italy fought this war at the cost of great sacrifice and it would be against all laws of justice to deny her legitimate claims against Germany for acts committed during the occupation, often against international law.

Nor is the reservation in the last part of the article—which gives vague assurance as to measures that may be taken on this point by the Powers in occupation of Germany—sufficient to attenuate the seriousness of the clause.

It is felt that the problem of Italy's claims against Germany should be reexamined so that a fairer solution may be reached. The question could be considered from the following two angles:

a. Italian property wrongfully removed by the Germans to their country. Surely there can be no possible objection to Italy's getting back such part of her property as has been found on Germany territory or elsewhere. This right, moreover, has already been recognised by some of the Allied and Associated Powers;

b. Claims against Germany arising in cases considered in Nos. 1 and 4 of this Memorandum and in other cases.

It is realised that it will be difficult to meet these claims, in view of the burden imposed on Germany as reparation. It is to be hoped, however, that once German economy and production have picked up, it will be possible for Germany not only to pay the reparations due to the Powers entitled to them, but also to gradually pay off her debts towards Italy.

It is requested, therefore, that the question of Italy's claims against Germany be reconsidered, taking into account the legitimate Italian interests according to the procedure which the U.S.S.R. proposed to adopt for the settlement of similar question for Finland, Hungary, Bulgaria and Roumania.

*The gold question and the question of rolling stock are dealt with in detail under Article 65. [Footnote in the source text.]

Doc. No. 21 (E).

Memorandum on the Question of United Nations Property in Italy
(Art. 68)

ARTICLE 68

With the laws of February 1, 1945 No. 36, and March 26, 1946 No. 140, drafted in every detail in accord with the Allied Authorities in Italy, the Italian Government has already taken steps to revoke all measures adopted during the war against property and firms belonging to the United Nations and their nationals.

It would therefore seem superfluous to apply Nos. 1, 2 and 3.

Concerning No. 4, the Italian Delegation draws attention to the size of the burden deriving from the proposal made by the United States and adhered to in principle by Great Britain and France.

Letter [*subparagraph*] *a* (referring to letter *d* which gives an excessively broad definition to "war acts") would compel Italy to make good all the damage caused to United Nations' property—both before and after Italy's declaration of war against Germany on the side of the United Nations—through force of circumstance, through war operations by Germany and the United Nations themselves, and through measures they adopted.

The conditions laid down for Italy are far harsher than those provided for Germany in the Versailles Treaty, in which (Art. 297) the payment of compensation is established, but is:

- a.* Determined by a Commission of arbitration;
- b.* Granted only in as far as the damages can be ascribed to Germany.

The damage suffered by Allied property in Italy is essentially war damage and should, as a matter of principle, be compensated in the same measure as the property of Italian nationals.

However the Italian Government does not ask for the cancellation of this obligation but for obvious ethical reasons and in view of the burden implied, it makes the two following remarks:

1. After October 13, 1943 the war was fought in Italy, with the latter on the side of the United Nations. Surely, therefore, Italy's co-belligerency, mentioned in the preamble to the Treaty, should exonerate her from compensating the damage caused by war operations or measures enacted by the Germans against the property of the United Nations and their citizens. The war was fought in common, for a common cause, and it is unjust that Italy alone, who suffered such immeasurable damage through the war fought on her territory, should bear all the consequences in this respect.

It is therefore requested that the obligation to make compensation for damages be limited to such as occurred prior to October 13, 1943 and that the period for submitting claims for compensation be fixed at one year from the coming into force of the Treaty.

2. Letter *c* grants United Nations citizens compensation for such sums as they had directly or indirectly invested in corporations or associations of any nationality other than of one of the United Nations. This measure, besides increasing the burdens imposed on Italy:

a. Is a serious deviation from the fundamental principles of law, for it makes an inadmissible distinction between the juridical subject (corporation or association) having suffered the damage and the person interested in this company or association;

b. Proposes a different treatment for the various members of the same body;

c. May give rise, when applied in practice, to serious drawbacks in view of the ease with which shares can be shifted from one person to another within the same corporation or association.

Finally, the clause contained in No. 6 is opposed to the fiscal sovereignty of the Italian State, for it provides that the property of United Nations citizens is to be exempt from any exceptional taxes on capital imposed, or to be imposed, by the Italian Government during the period between the Armistice and the Peace Treaty.

This clause has no counterpart even in the Versailles Treaty, in which the provision concerning exceptional taxes on capital has a fundamentally different aim and is solely meant to regulate the transferability of such levies. The clause appears moreover to serve no practical purpose in view of the limited time taken under consideration.

On the strength of the above remarks, the following amendments are suggested:

1. No amendment.
2. No amendment.
3. No amendment.

4. *a.* Where, as a result of the war, the property cannot be returned, or the United Nations' national has suffered a loss because of injury to the property, the Italian Government shall compensate the owner by the payment of a sum in lire sufficient at the date of payment to enable the recipient to buy similar property or to make good the loss or damage suffered. *The provision of this sub-paragraph applies to loss and damage suffered before October 13, 1943. Claims for indemnities shall be submitted within one year of the coming into force of the present Treaty.*

b. No amendment.

c. To be suppressed.

5. No amendment.
 6. To be suppressed.
 7. No amendment.
 8. No amendment.
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Doc. No. 25 (E).

Memorandum on the Clauses of the Draft Peace Treaty Concerning Italian Property in the Territory of the United Nations (Art. 69)

ARTICLE 69

A. According to Article 69, each of the Allied and Associated Powers shall have the right to seize, retain or liquidate all property, rights and interests within its territory which on the date of the coming into force of the Treaty belong to Italy or Italian nationals, including property subject to control by reason of the state of war and with the exception of certain categories specially mentioned.

The Italian Government has already called the attention of the United Nations Governments to the consequences of the adoption of a measure of this nature. The Italian nationals, who would lose the property in question, acquired it after long years of hard work. Persons who are in no way responsible for the policy of the Fascist regime, and who contributed considerably to the economic development of the countries they were living in, would thus be deprived of all their property. Obviously no amount in lire, paid to them in Italy, could compensate them for the loss of positions they had acquired through their work and sacrifice in many years. On the other hand the compensation that the Italian Treasury would have to pay to persons thus deprived of their property would impose an extremely heavy burden on the Italian budget.

The loss of Italian property abroad would compromise beyond repair the situation of certain Italian enterprises having interests abroad and would thus most seriously affect Italy's domestic economic situation.

Another no less serious consequence is the following: despite the best intentions, despite the fall in the Italians' standard of life, despite outside help, Italy cannot hope to absorb all the man-power at her disposal. Consequently she must count on the possibility of a new increase of emigration (which used to counterbalance the effects of over-population most effectively before being restricted for political reasons by the fascist regime) as soon as general conditions make it possible. The requirements of reconstruction and industrial develop-

ment in various foreign countries lead one to hope that Italian manpower may be utilised abroad on a large scale to the advantage of world economy. But emigration would meet with serious obstacles, also of a psychological nature, if, when Italy is once more admitted to the international community, Italians owning property abroad were to see the results of their work suddenly annulled.

It should be remarked, moreover, that this clause does not exist in the Treaty with Finland and its inclusion in the Treaties with Rumania, Hungary and Bulgaria is still under discussion.

Consequently the Italian Delegation must insist on Article 69 being suppressed or at least restricted to the property, rights and interests of the Italian State other than those used for consular or diplomatic purposes.

B. Should the suppression not be possible, this article would have to be differently worded so that the clause is only applied in cases where credits actually exist and only within such limits as are strictly necessary for satisfying the claims of the Allied or Associated Powers, respecting at the same time the principles of justice and legality. The provision of Article 69 merely mentions that Italian property, rights and interests will be liquidated in accordance with the laws of the Allied or Associated Power concerned, but does not establish the procedure to be followed in determining the amount of the credit of each Allied or Associated Power and of its nationals. On the contrary this article seems to leave such evaluation to the creditor Powers, in contrast to all generally recognised juridical principles.

Furthermore, no procedure is established for determining the value of property, rights and interests that each of the Allied or Associated Powers contemplates liquidating to pay its credit.

The clause under discussion seems to exclude also the possibility for Italy to pay her debts by other means in order to avoid the liquidation foreseen by the Treaty. This would mean ignoring the right that all legislations generally recognise to debtors of meeting their obligations by any appropriate means of payment in order to avoid the seizure of their property by their creditors.

As this clause restricts the right of ownership in the most exceptional manner and is in contrast with the general principle according to which each person must answer with his property for his obligations and only for them, it is essential to modify the proposed system so that the Allied and Associated Powers shall have the right to seize Italian property until their claims and those of their nationals are satisfied, but shall not have the right to liquidate it unless it is impossible for them to obtain the payment of their credits otherwise.

Furthermore if it really becomes necessary to liquidate this property, its liabilities should be taken into account as well as the personal debts of the owners in the country where the property is located. It is moreover requested that, to the owners of the liquidated property, the right be granted to buy back their property by paying the price of liquidation.

C. Paragraph 4 of the article under discussion stipulates that the Allied and Associated Powers are under no obligation to return to the Italian Government or Italian nationals industrial, literary or artistic property rights or to include such property rights in determining the amounts which may be retained for satisfying the claims advanced by each of the Allied Powers against the Italian Government or Italian nationals.

The Government of each of the Allied and Associated Powers would, moreover, have the right to impose such limitations, conditions and restrictions as may be deemed necessary by the said Power, on rights and interests with respect to industrial, literary and artistic property acquired by the Italian Government or Italian nationals prior to the coming into force of the Peace Treaty with the Power concerned. In this way even rights and interests acquired after the Armistice would be subject to this provision.

The Italian Government, while recalling its remarks on the clauses concerning industrial, literary and artistic property (Annex 6), wishes to stress the fact that copyrights and patents are of a special character which, in spite of differences in the various legislations as for their nature, always entail pecuniary remuneration. Less severe conditions should therefore be made as regard these rights than for other property, rights and interests. On the contrary, the provision in question deals with these rights still more severely. Consequently it is felt that this provision should be suppressed, though reserving to Annex 6 the settlement of the rights and interests of industrial, literary and artistic property. Provision should be made for these rights and interests not to be included among those to be retained or liquidated.

D. Paragraph 5, letter (c) provides that the clause in Article 69 does not apply to the property, rights and interests of natural persons of Italian nationality "permitted to reside . . ."

In order to avoid any misunderstanding it should be specified that this provision also refers to the property of Italians "permitted to reside *on September 3, 1939* . . .".

E. For obvious reasons of humanity and justice it should be agreed that the property considered in paragraph 1 of Article 69 does not include wages, pensions and indemnities for the expiration of labour contracts due to Italian nationals by public or private juridical persons or by natural persons and which have not yet been paid owing

to the state of war. The aforesaid sums are really maintenance allowances and, in most cases, will be used to meet the obligations contracted for subsistence during the period in which said sums were not paid.

F. Paragraph 5, letter *f*, proposes that the property of corporations or associations having "siège social" in ceded territories or in the Free Territory of Trieste be exempted from the provisions of the article in question *provided that they are not owned or controlled by persons in Italy*.

It should be remarked that this limitation would create an arbitrage [*arbitrary?*] distinction between certain corporations or associations of the same nationality and would, quite apart from its harshness, give rise to a number of difficulties as to how it should be applied.

Moreover, according to most legislations, it is the *siège social* that determines the nationality of corporations and insurance companies. Furthermore the fact that a corporation has its *siège social* in ceded territories or in the territories of Allied or Associated Powers can only be of advantage to the economic situation of these corporations and to the prosperity of these territories.

The right of Allied or Associated Powers to seize, retain or liquidate property, rights and interests owned by the Italian Government or by Italian nationals should not be applied to rolling stock belonging to the Italian Government or to Italian nationals which, on the date of the coming into force of the Treaty, may happen, for any motive, to be in the territory of Allied or Associated Powers. This amendment is necessary in order not to jeopardize such trade exchanges as have already been resumed between Italy and other European countries, with the agreement of the Allied and Associated Powers. Obviously neither the State railways nor private owners of such rolling-stock would allow it outside Italy if it were liable to seizure.

Doc. No. 29 (E).

Memorandum on the Economic and Financial Provisions Relating to Ceded Territories (Annex 3)

1. Paragraph 1 of Annex 3 establishes that the Successor State shall receive, *without* payment Italian State and parastatal property within ceded territories. It should be remarked that this provision is not in keeping with the principles of international law and with the rules applied in international treaties.

As regards State properties, Italy should be granted the right to have their value credited, and to establish the procedure for their evaluation if the two Governments do not succeed in reaching an agreement on this point.

With particular regard to the territories ceded by Italy on the Eastern frontier, the precedent of the St. Germain Treaty should be re-

called. In Article 208 of the Treaty, Italy was debited with the value of all State property existing in the annexed area and wrote it down as reparations.

As regards the extension of this obligation to parastatal property, it must be stressed that this is contrary to international usage: the Versailles Treaty provided for the cession of property situated in ceded territories (and even this cession was not without payment), but of State property only.

Moreover, the definition of parastatal property contained in paragraph 1 is so extensive that property of an undeniably private character can easily be included in it.

While there is no objection to the cession of property of local authorities, who, residing in the ceded territory, must of course retain the property necessary to carry out their function; and while the former property of the Fascist party and its auxiliary organisations has, according to Italian legislation, become State property and need not be mentioned here; it is, on the other hand, inadmissible to consider State or parastatal property the property of "public institutions" (a category not easy to define) and, still less, the property of "publicly owned Companies and Associations".

In fact, in the case of companies carrying on business or industrial activities, exploiting mines, etc., the fact that the State facilitates their formation by subscribing all or part of their capital, does not modify the nature of the Company which must still be classed according to its aims and activities and not according to the nature of its shareholders.

State investments in companies of a strictly business nature may be a deviation from normal State activities and a sign of the unwarranted interference of the State in the economic life in recent years. But in view of its form (participation in limited companies or associations) State intervention must be considered a purely transitory phenomenon, which consents at a later stage to abolish this interference, and does not alter the nature of the economic organ under consideration. Such intervention, therefore, does not authorise the classing under public institutions of economic bodies having a strictly private nature.

For all the above reasons, the suppression of the words "without payment" and "parastatal", as well as the entire second part of the paragraph is proposed.

2. No remarks are called for concerning the system laid down in Paragraph 2 for the conversion of currency. It would be necessary, however, to complete this provision with guarantees ensuring that the currency withdrawn cannot be put into circulation again. It is proposed that this operation take place before Italian Government representatives, and that the notes withdrawn be destroyed in their presence.

3. Paragraph 3 of Annex 3 provides for the assumption by the

Successor State of a part of the Italian public debt. There is no difficulty in accepting the British proposal, also supported by the United States Delegation, although the principle it is based on, means a heavier burden for Italy than is customary to adopt in similar cases.

It should be remarked, moreover, that the proposals of the French and Russian Delegations could not possibly be applied as no public debts have been specifically incurred in Italy for construction of public works in ceded territories.

Furthermore, the guarantees mentioned under No. 2 above should also be inserted in Paragraph 3, namely, when the Successor State proceeds to replace the bond certificates of the public debt it assumes in obligation, the withdrawal and destruction of the former Italian bonds should take place in the presence of representatives of the Italian State.

4. While accepting the clause under No. 5, the suppression is requested of the French Delegation's proposal according to which the Successor State would be entitled to appropriate, free of charge, property, rights and interests of Italian concessionary companies or public utility services such as water, gas, electricity and transport, situated in ceded territories. This clause is in contrast with the principles generally adopted in the case of cession of territories, principles on which the measures in Annex 3, concerning property, are based.

Should the French proposal be accepted, owners of property in ceded territories might be subject to measures of expropriation based on accidental grounds, such as the nature or destination of the territory, and this in open contrast with the general guarantees, duly provided by the other paragraphs of the Annex, for the protection of property rights.

In any case, according to the laws and usage of most States, concessionaries of public utility services, though subject to special provision, do not lose their private character.

It would be advisable to add to Paragraph 5 of the Annex a third subparagraph as proposed by the United States Delegation (supported by the British) in order to avoid doubts as to its meaning and consequent disputes in the future.

5. The words "within the limits" should be removed from the second subparagraph of paragraph 6 which provides for the removal of property to Italy. These words, taken literally, might give rise to the interpretation that the Successor State can restrict the guarantees granted in the first subparagraph of paragraph 6.

6. Concerning paragraph 7, it should be remarked that the additional proposal made by the French Delegation would restrict and, in certain cases, annul the faculty of removing property, rightly granted by the proposal of the United States and Great Britain to companies having their *siège social* in ceded territories.

7. Concerning the proposal contained in paragraph 10 (supported by the British and American Delegations subject to drafting, and considered superfluous by the U.S.S.R. Delegation) the following remarks are in order: This proposal asserts that a new agreement shall be negotiated between the Company, the States concerned and the Committee of Bondholders of the Company, but, on the other hand, the proposal limits to such an extent the contents of this new agreement as to hamper its conclusion; all the more so in view of the financial charges that would arise for the Signatory States.

Apart from this, it is essential that the Peace Treaty pledge the Signatory States to see that the Company fulfils its general tasks, namely: to promote the coordination of the tariff policies of the States operating the railways running to Trieste, as well as all other measures for the increase of the traffic of this important port.

It is therefore proposed that the provision under discussion be modified as follows: "A new agreement shall be negotiated between the Danube-Sava-Adriatic Railway Company, the Governments concerned and the Committee of Bondholders of the Company. This agreement will take into account the changes which have followed on the redistribution of the lines over the territories of various States. It will likewise ensure satisfactory servicing of the bonds and develop the functions of public interest exercised by the Company so as to obtain close co-operation among the States in promoting traffic.

8. Owing to the complexity of the matters dealt with in Annex 3 and the ensuing possibility of controversy, some form of arbitration should be provided. A Commission of Arbitration composed of three members might be established, two members being appointed by the parties concerned and the third by mutual agreement or, failing this, by the President of the International Court of Justice.

9. The Italian Delegation agrees to the proposal of the United States suggesting that Annex 3 should not be applied to the Free Territory of Trieste, for which special provision should be made.

10. As the remarks contained in this Memorandum concern most of the provisions in Annex 3, a draft of the amended text is attached.

[Attachment]

Amendments Proposed for Annex 3, Economic and Financial Provisions Relating to Ceded Territories

1. The value of Italian state and parastatal property within territory ceded under the present Treaty shall be credited to Italy. For the purposes of this article all movable and immovable property formerly belonging to the Fascist Party or its auxiliary organisations are considered as State property.

Local authorities in the ceded territory shall retain their property in said territory without payment.

The Successor State shall receive all relevant archives concerning the territory in question.

2. The Successor State shall make arrangements for the conversion into its own currency of Italian currency held within the Ceded Territory by persons continuing to reside on the said territory or juridical persons continuing to carry on business there. Full proof of the source of the funds to be converted may be required from their holders.

The conversion and destruction of Italian currency shall be carried out in the presence of delegates of the Italian Government according to agreements stipulated between the Country concerned and Italy.

3. The Successor Government shall not be required to make any contribution to the service of the Italian public debt, but it shall assume the obligations of the Italian Government to holders of the Italian public debt who continue to reside in the said territory or who, being juridical persons, retain their head office or principal place of business there. Full proof of the source of such holdings may be required from the holders.

The conversion and destruction of Italian Public Debt bonds shall be carried out in the presence of delegates of the Italian Government according to agreements stipulated between the country concerned and Italy.

4. No changes.

5. The property, rights and interests of Italian nationals permanently resident in the Ceded Territories at the date of the coming into force of the present Treaty shall, provided they have been lawfully acquired, be respected on a basis of equality with the rights of nationals of the Successor State.

The property, rights and interests within the Ceded Territory of other Italian nationals and also of Italian juridical persons, provided they have been lawfully acquired, shall be subject only to such legislation as may be enforced from time to time regarding the property of foreign nationals and juridical persons generally.

Said property, rights and interests shall not be subject to retention or liquidation under the provisions of Article 69 of the present Treaty, but shall be restored to their owners freed of any measures of this kind or from any other measure of transfer, compulsory administration or sequestration taken between September 8, 1943 and the date of the coming into force of the present Treaty, in the conditions in which they were before the application of the measures in question.

6. Persons who opt for Italian nationality and move to Italy shall be permitted, after the settlement of any debts or taxes due from them in Ceded Territory at the date of the coming into force of the Treaty, to take with them their movable property and transfer their funds,

provided such property and funds were lawfully acquired. No export or import duties will be imposed in connexion with the moving of such property. Further they shall be permitted to sell their movable and immovable property under the same conditions as nationals of the Successor State.

The removal of property to Italy will be effected under conditions agreed upon between Italy and the Successor State.

The conditions and time-periods of the transfer of the funds, including the proceeds of sales, shall likewise be agreed.

7. Companies incorporated under Italian law and having *Siège Social* in the Ceded Territory, which wish to remove *Siège Social* to Italy, shall likewise be dealt with under the provisions of paragraph 6 of this article, provided that more than fifty percent of the capital of the company is owned by persons usually resident outside the Ceded Territory, or by persons who have opted under the present Treaty to move to Italy.

8. No changes.

9. No changes.

10. A new agreement shall be negotiated between the Danube-Sava-Adriatic Railway Company, the Governments concerned and the Committee of Bondholders of the Company. This agreement will take into account the changes which have followed on the redistribution of the lines over the territories of various States. It will likewise ensure satisfactory servicing of the bonds and develop the functions of public interest exercised by the Company so as to obtain close cooperation among the States in promoting traffic.

11. No changes.

12. All differences of opinion arising as to the meaning and application of this Annex shall be referred to a Commission of Arbitration formed as follows:

The Government concerned and the Italian Government shall each appoint a member. The third member shall be selected by mutual agreement of the two Governments. Should the two Governments fail to reach an agreement, the third member shall be selected by the President of the International Court of Justice. The Commission of Arbitration shall establish its own rules of procedure. The decisions of the Commission will be final and binding.

Doc. No. 4 ter (P),

Memorandum on the Clause of Annex 3 Concerning Italian Colonies
(Annex 3, par. 11)

Annex 3 of the draft Peace Treaty, which deals with economic and financial provisions relating to Ceded Territories, states at Para. 11

that the said provisions "shall not apply to the former Italian Colonies".

The Italian Delegation has already explained in Memorandum 4 (P) the Italian Government's point of view on the Colonies and has proposed, in Memorandum 4 *bis* (P), a new text for article 17. According to this new text, the final disposal of Italy's African Territories "shall be determined jointly by the Governments of the U.S.S.R., U.S.A., U.K., and France, according to the principles laid down in the San Francisco Charter and taking into account Italian interests in said territories, within one year of the coming into force of the present Treaty."

With a view to harmonizing para. 11 of Annex 3 with the new text of article 17 quoted above, it is proposed that paragraph 11 should be worded as follows:

"The questions dealt with in this Annex, insofar as they apply to the Italian Colonies, will be reconsidered when a decision is reached on their final disposal".

This proposed text is consistent with the footnote to paragraph 11 of Annex 3 of this Treaty.

Doc. No. 36 (E).

Memorandum on the Clauses of Annex 6

A. Industrial, literary and artistic property.

The clauses of Annex 6 concern the safeguarding and restoration of industrial, literary and artistic property rights injured or lost as a consequence of the state of war. This question does not merely concern relations between former enemy countries, but also relations between Allied countries, between belligerents and neutral countries as well as between neutral countries.

For this reason, pending the conclusion of the Peace Treaties, the question covered by Annex 6 has been examined by the international organisations concerned. Suffice it to mention the resolutions adopted at Zurich (June 1946) by the "Executive Committee for Industrial Property" and—as regards copyrights—the resolutions adopted in Paris in the same month by the Legislation Committee of the "International Confederation of Authors and Composers" which includes some 52 Federated Societies belonging to almost all the countries of the world.

It would be highly welcome if the provisions of Annex 6 could be adopted also by States not signing the Peace Treaty, as well as by Allied and Associated Nations for their mutual relations, in order to attain the necessary uniformity in this field when the time comes for

the inevitable regulation of these rights as was done after World War I through the Bern "Arrangement" of June 30, 1920.

In fact, one might adopt, for the cases it covers, the draft of the international "Arrangement" drawn up at Zurich by the above-mentioned "Executive Committee", completing it with special provisions concerning literary property. This Draft is inspired by the Bern "Arrangement" of June 30, 1920, as well as by the Agreement stipulated by France and Great Britain on August 29, 1945. Moreover, it does not in any way depart from the general provisions contained in Annex 6 of the present Draft Peace Treaty.

2. Should it be desired to retain the clauses of Annex 6, the following amendments would have to be made:

a. The failure to comply with the procedure established by the laws of the various countries concerning industrial, literary and artistic property is due, in most cases, to difficulties arising out of the existence of a state of war. The Italian Delegation therefore proposes that Sept. 1, 1939, be fixed as the date on which these difficulties started. This date was also chosen by the Draft "Arrangement" drawn up at Zurich. (The Franco-British agreement of August 29, 1945, and an Italian law on this subject fix the date at Sept. 3, 1939 and August 31, 1939 respectively.)

b. To avoid any uncertainty which the expression "owing to the existence of a state of war" might give rise to, the substitution of the three lines of sub-paragraph 1, *a*, with the following sentence is proposed:

" . . . preserving in Italy of rights in industrial, literary and artistic property already acquired on Sept. 1, 1939, or which, had war not broken out, could have been acquired after this date as the result of an application made before or during the war".

c. In sub-paragraph 1, *b*, it should be made quite clear that applications for the right of priority mentioned in Article 4 of the international Convention of Paris can only be made by Allied and Associated Powers which are members of the Union, or by their nationals. Consequently it is proposed that, in the first line, the words "belonging to the Paris Convention" be added after "The Allied and Associated Powers".

For the reason set forth above it would be advisable to substitute the date of Sept. 1, 1939, to that of the outbreak of war with Italy contained in the clause under sub-paragraph 1, *b*. The two sentences "12 months before the outbreak of the war with Italy" should be replaced by "12 months before Sept. 1, 1939" and "six months before Sept. 1, 1939".

d. In accordance with the provisions contained in the Bern "Arrangement", the Zurich draft "Arrangement" and the Franco-British Agreement, the Italian Delegation proposes that the time-limit laid

down in paragraph 2 be fixed "from Sept. 1, 1939, to the date of the coming into force of the present Treaty" and not "from the outbreak of the war until a date 18 months after the coming into force of the present Treaty". There is in fact no justification for such a long delay.

e. Concerning paragraph 3, the Italian Delegation agrees as to the advisability of excluding the war period from the normal duration of rights in industrial, literary and artistic property. The Italian Government on its part, with a law of June 20, 1945, concerning literary and artistic property has already provided for an extension of the duration of rights in the economic exploitation of intellectual production.

The Italian Delegation proposes that, in analogy with the other terms, the date from which the further period provided in paragraph 3 should begin shall be fixed at Sept. 1, 1939.

Instead of ". . . which were in force in Italy at the outbreak of the war" the sentence: "which were in force in Italy on September 1, 1939" should be inserted.

f. The Italian Delegation finds that the proposal of the U.S.S.R. Delegation to suppress the sentence in italics in paragraph 4 is justified, for it would be extremely difficult to ascertain the rights granted by any one Allied or Associated Power to any other United Nation.

g. In paragraph 5 the protection of the rights belonging to third parties should also be extended to literary and artistic property. It would be sufficient to add to the first part of paragraph 5 the words underlined in the following sentence:

" . . . Have bona fide acquired industrial, *literary and artistic* property rights . . ."

h. The Italian Delegation also proposes that, failing agreement between the parties concerned, the terms and conditions of license mentioned in the second part of paragraph 5 be fixed by the Mixed Court proposed in Article 76 bis (Italian amendment) and not by the Conciliation Commission established under Article 72 of the present Treaty. The controversies would in fact concern relations between private persons and not between governments.

i. With regard to paragraph 8 it should be recalled that the Italian Delegation has suggested that rights in industrial, literary and artistic property should not be included in the property which, according to paragraph 1 of Article 69, may be retained or liquidated. There is consequently no ground for mentioning Article 68 in paragraph 8, Annex 6. Such mention should therefore be suppressed.

l. [*sic*] In accordance with what has already been said, the Italian Delegation insists that clauses be added to Annex 6 establishing:

—the date of cessation of the measures which the Signatory Countries of present Treaty intend to adopt; and

—the revision of conditions of license both with regard to the payment and the duration.

The Italian Delegation consequently accepts the proposals contained in resolution No. 3 adopted by the "Legislation Committee" of the "International Confederation of Societies of Authors and Composers". This resolution, with regard to the revision of the conditions of exploitation of rights, is consistent in principle with the clause of Article 2 of the Franco-British Agreement of August 29, 1945 and reads as follows:

"The measures taken by certain countries (other than measures forbidding or restricting relations with the enemy or concerning enemy property or the export of capital) which infringe on the rights enjoyed by foreign authors in these countries before the war, shall cease to have effect, and a revision of the financial terms for the exploitation of their works in the past shall be made at the request of the parties concerned. Suitable provisions shall also be made concerning the time-limit legally established for these rights, subject to transitional measures which may be granted to spread, over a short period of time, rights acquired by third persons."

5. In order to avoid the difficulties which the cession of territories might cause to the owners of rights in industrial, literary and artistic property following their change of nationality, it would be advisable to add a clause recognising and keeping in force industrial, literary and artistic property rights for the duration established in Italian law.

A clause of this kind would not be without precedent in other Peace Treaties, for such clauses already exist in the Treaties of Versailles (Art. 311), Saint-Germain (Art. 264 and 274) and Lausanne, July 24, 1923 (Art. 8).

The need for such a clause is also recognised by the "Committee of Legislation" mentioned above (Proposal No. VI).

It might be worded as follows:

"The inhabitants of the territories ceded by Italy in compliance with the present Treaty shall retain, notwithstanding the cession and their subsequent change of nationality, the full enjoyment in Italy of all industrial, literary and artistic property rights which they owned under Italian law at the time of the cession.

"The industrial, literary and artistic property rights in force in the territories ceded by Italy in compliance with the present Treaty, or those to be restored through the application of the provisions of the present annex, shall be recognised by the Country to which said territories are ceded. These rights will remain in force for the duration granted by Italian law."

6. Italy has stipulated bilateral treaties concerning literary and artistic property with the United States of America, with the Republic of Cuba and with Nicaragua. She also has an Agreement with the

U.S.S.R. providing for a temporary *status quo* with regard to industrial, literary and artistic property.

The U.S.S.R. did not take part in the Paris Convention of March 20, 1883 for the safeguarding of industrial property or in the Bern Union of September 9, 1886 for the protection of literary and artistic property. The three other States mentioned above did not take part in the latter Convention. Therefore the reasons set forth for the modification of Article 37 concerning bilateral treaties in general are even more valid when applied to bilateral treaties concerning industrial, literary and artistic property. In their case, in fact, the period of uncertainty—fixed by said article at six months after the coming into force of the Treaty—might seriously prejudice the exercise of the rights protected by these bilateral treaties.

Should the Italian Delegation's proposal for the modification of Article 37 not be accepted, a special clause concerning bilateral treaties dealing with industrial, literary and artistic property should be inserted.

Such a clause might be worded as follows:

Art. 37 bis.—“1. Each Allied or Associated Power will notify Italy within a period of six months of the coming into force of the present Treaty which bilateral treaty concerning industrial, literary and artistic property it does not desire to keep in force.

“2. All treaties so notified are to be regarded as abrogated one month after the date of notification.

“3. Any provision of treaties not so notified which are not in conformity with the present Treaty shall be deleted.

“4. The Treaty thus kept in force will be registered with the Secretariat of the United Nations in accordance with Article 102 of the United Nations Charter.”

NOTE.—See:

Bern “Arrangement” of June 30, 1920;

Resolutions adopted at the Paris meeting of June 1946 by the “Legislation Committee” of the “International Confederation of Societies of Authors and Composers”;

Resolutions adopted at the Zurich meeting of June 1946 by the Executive Committee of the “International Associations for the Protection of Industrial Property”;

Franco-British Agreement of August 29, 1945.

Doc. No. 36 bis (E).

Proposed Amendments

ANNEX 6

A. *Industrial, literary and artistic property.*

1. *a.* Substitute:

“. . . which were not capable of accomplishment owing to the existence of a state of war”.

with: “. . . *already acquired on September 1, 1939, or which, had war not broken out, could have been acquired after that date as a result of an application made before or during the war.*”

b. Add (1st line):

“The Allied and Associated Powers *taking part in the Paris Convention.*”

c. No changes.

2. Substitute:

“. . . from the outbreak of the war until a date 18 months after the coming into force of the present Treaty”

with: “. . . *from September 1, 1939 until the date of the coming into force of the present Treaty.*”

3. Substitute:

“the outbreak of the war”

with: “*September 1, 1939*”.

4. Suppress the words in italics.

5. Add after:

“. . . have bona fide acquired industrial”

the words “*literary and artistic*”.

Substitute in the same paragraph the words:

“the Conciliation Commission”

with “*the Mixed Court of Arbitration*”.

6 and 7. No changes.

8. Suppress the mention of Article “69” in this paragraph.

Add to the Annex:

1. The provisions proposed by the Legislation Commission of the International Confederation of Copyrights. This Commission, in No. 3 of its Resolutions, adopted in the Paris meeting of June 29, 1946, established the following:

“The measures taken by certain countries (other than measures forbidding or restricting relations with the enemy, or concerning enemy property, or the export of capital) which infringe on the rights enjoyed by foreign authors in these countries before the war, shall cease to have effect, and a revision of the financial terms for the exploitation of their works in the past shall be made at the request of the parties concerned. Suitable provisions shall also be made concerning the time-limit legally established for these rights, subject to transitional measures which may be granted to spread, over a short period of time, rights acquired by third persons.”

2. Provisions concerning industrial, literary and artistic property rights in territory to be ceded by Italy.

The provisions might be worded as follows:

“The inhabitants of the territories ceded by Italy in compliance with the present Treaty shall retain, notwithstanding the cession and their subsequent change of nationality, the full enjoyment in Italy of all industrial, literary and artistic property rights which they owned under Italian law at the time of the cession.

“The industrial, literary and artistic property rights in force in the territories ceded by Italy in compliance with the present Treaty, or those to be restored through the application of the provisions of the present Annex, shall be recognised by the Country to which said territories are ceded. These rights will remain in force for the duration granted by Italian law.”

3. The reasons set forth for the modification of Article 37 concerning bilateral treaties in general are even more valid when applied to bilateral treaties concerning industrial, literary and artistic property.

Should the Italian Delegation's proposal for the modification of Article 37 not be accepted, a special clause concerning bilateral treaties dealing with industrial, literary and artistic property should be inserted.

Such a clause might be worded as follows:

“ART. 37 bis.—1. Each Allied or Associated Power will notify Italy, within a period of six months of the coming into force of the present Treaty which bilateral treaty concerning industrial, literary and artistic property it does not desire to keep in force.

2. All treaties so notified are to be regarded as abrogated one month after the date of notification.

3. Any provision of treaties not so notified which are not in conformity with the present Treaty, shall be deleted.

4. The Treaty thus kept in force will be registered with the Secretariat of the United Nations in accordance with Article 102 of the United Nations Charter.”

Doc. No. 34 (E).

Memorandum on the Clauses of the Peace Treaty Concerning Insurances (Annex VI, B)

The Italian Delegation agrees with the U.S.S.R. Delegation that the clauses proposed in Annex VI—letter B—are unnecessary. In fact some of the questions considered are already taken care of by other clauses in the draft Treaty—for instance Article 68. Nor should it be forgotten that, even during the war, the Italian Government did its best to safeguard the interests of United Nations insurance companies, so that there is no reason why they should not be able to carry on their activity in the best possible way.

However, should it not be possible to accept the solution proposed above, the Italian Government is perfectly willing to grant the same treatment accorded to national insurance companies to the insurance companies of the United Nations. The following words should therefore be added at the end of paragraph 1:

“ . . . except for the general measures applying to the Italian insurance companies.”

Doc. No. 16 (G).

Memorandum on the Clauses of the Draft Peace Treaty Concerning Prize Courts and Judgments (Annex 8)

The draft Peace Treaty provides that each of the Allied and Associated Powers reserves the right to examine, according to a procedure to be established by it, all decisions and orders of the Italian Prize Courts involving ownership rights of its nationals and to *recommend* to the Italian Government that revision shall be undertaken of these decisions or orders which may not be in conformity with international law. Italy shall undertake—it is added—to accept and give effect to all recommendations made in the matter by the Allied or Associated Power concerned.

According to the above, the concerned Allied or Associated Power itself would be given the faculty to decide whether or not a decision of an Italian Prize Court is contrary to international law. This is not consistent with the axiom that nobody can be at the same time a judge and a party to the judgment.

If an Allied or Associated Power considers that a decision of an Italian Prize Court is contrary to international law, the question should be settled under the procedure normally followed for the settlement of international controversies.

It is therefore proposed that the above provision be cancelled, or, failing this, that at least the second part of the second paragraph—where it says that Italy undertakes “to accept all the recommendations made, subsequent to the examination of the said cases and to give effect to such recommendations”—be suppressed.

B. The draft Peace Treaty contains several proposals concerning judgments given by Italian Courts between June 10, 1940, and the coming into force of the Treaty in any proceeding in which a United Nations' national was unable to make adequate presentation of his case as defendant. Italy's obligation to accept revision of such judgments or award compensation when necessary is also envisaged.

Now, it is a fact that Italian law has never limited in any way the faculty of enemy nationals to defend their cases before Italian Courts during the war. Article 280 of the Italian *loi de guerre* after declar-

ing that enemy nationals preserve their ability to stand in judgment as plaintiffs or defendants, adds that when an enemy national is summoned to court and the Court judges that he is unable to defend his case satisfactorily, it appoints a person to represent him in judgment. Moreover, enemy nationals benefited on a par with Italian nationals from the general measures enacted in Italy to extend the terms of procedure.

The case of a United Nations' national unable during the war to defend himself adequately in an Italian trial can only have arisen exceptionally and even then solely as a consequence of *de facto* difficulties due to the state of war. It would hardly seem justified therefore to lay the responsibility in such a field on the Italian Government.

However, a procedure for the revision of judgments rendered by Italian Courts during the war against a United Nations' national could be set up in cases in which he can prove that he was unable to present his defence adequately, *but at the same time it would be only fair that such a privilege were limited to the nationals of those United Nations where a reciprocity in favour of Italian nationals exists in this matter.*

The British Delegation has also proposed that "judgments given by the Courts of a member of the United Nations in all cases which, under the present Treaty, they are competent to decide, shall be recognised in Italy as final, and shall be enforced without it being necessary to have them declared executory".

There seems to be no justification for such a departure from the normal rules concerning the execution of foreign judgments.

OBSERVATIONS ON THE DRAFT PEACE TREATY WITH RUMANIA BY THE RUMANIAN GOVERNMENT

CFM Files

*Observations on the Draft Peace Treaty With Rumania Submitted by
the Rumanian Delegation*

C. P. (Gen) Doc. 3

PARIS, August 26, 1946.

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OBSERVATIONS OF THE ROUMANIAN GOVERNMENT ON THE PREAMBLE AND ON SECTIONS [PARTS] II (POLITICAL CLAUSES) AND VIII (FINAL CLAUSES) OF THE DRAFT OF THE PEACE TREATY WITH ROUMANIA

Having made a thorough study of the provisions of the Draft Peace Treaty with Roumania and as a sequel to the statement made on 13th August, 1946, to the Conference by Mr. Georges Tataresco, Vice-President of the Council and Minister of Foreign Affairs, the Roumanian Delegation has the honour to lay before the Conference the following observations, reserving at the same time the right to amplify or expand them :

The Roumanian Delegation considers itself bound, as much in the interests of historical accuracy as of discharging its responsibilities towards the Roumanian people, to recall the efforts Roumania made and the great sacrifices which she suffered in the cause of the United Nations during the last nine months of the war. In her opinion these efforts and these sacrifices should to a great degree redeem the sins of the past and place Roumania in a different situation from that which is given her in the Treaty under discussion.

It is, of course, true that, as a result of the military events in Europe during May and June of 1940, and with the connivance of a handful of reckless individuals and traitors, Hitlerite Germany was able to make Roumania her temporary ally and drag her into a stupid war. It is equally true, however, that the Roumanian people, who had nothing in common with Hitlerite Germany and whose hopes, in fact, were bound up with the Allied nations, saw in the defeat of Germany their own deliverance.

This was the general feeling which led up to the act of 23rd August, 1944, a date which will be one of the most memorable in Roumanian history.

On that day the King, the Army and the people, united in one single belief and one single hope, burst the German bonds and as one man took their stand by the side of the Allies in the war for the liberation of humanity.

The act of 23rd August, 1944 occurred at a moment when, in the words of Generalissimo Stalin, the glorious Chief of the Red Army, the outcome of the war was not yet clear. It was not an easy or a safe step to take. It involved risks which might have been mortal for the country. At that time Germany had in Roumania an army 612,507 strong, of whom 390,873 officers and men, that is 26 divisions, plus 36,248 officers and men of the Air Force and Navy, were active troops.

The German army took immediate action. For three consecutive days their Air Force bombed the city of Bucharest, almost continuously in a series of terror raids which caused serious damage, while German troops advanced on the capital.

On 23rd August, 1944 the Roumanian people, inspired by genuinely democratic motives and with the full agreement and support of their young and gallant King, took their stand at the side of their natural Allies and resolutely embarked on a war of liberation. In accomplishing one of the greatest and most difficult feats in their history, they have, in our opinion, made a valuable contribution to the war of the United Nations and to final victory.

From that moment Roumania threw into the struggle all her forces and all her resources. Eighteen Roumanian divisions, with a total strength of 385,000 men, supported by an air force, engaged the armed forces of Germany and of Horthy's Hungary which refused to break away from Germany.

After bitter fighting, and in the record time of eight days, Roumanian territory to the south of the Carpathians was cleared of the invader who left behind more than 5,000 dead and 53,159 prisoners.

Therefore, when the Armistice Terms were signed in Moscow on 12th September, 1944, this first phase of the operations had already ended and the Roumanian Army found itself on the eve of new offensive operations this time in association with the Soviet forces. The Roumanian Army had to continue these efforts until the final surrender of Germany.

Although she had undertaken, by the terms of the Armistice, to contribute to the war on the side of the Allies at least 12 divisions, Roumania had in the field at any time between 23rd August, 1944 and 10th May, 1945, never less than 15 divisions. Operating under the Soviet Supreme Command, the Roumanian armies fought for 260 days under conditions of terrain and climate which were often very severe. Having penetrated to a depth of 1,000 kilometres into the enemy positions, they fought first on their native soil, then in Hungary up to the gates of Budapest, and finally, in Czechoslovakia up to the outskirts of Prague. In the battles which it fought it took 103,214 enemy prisoners.

How much this effort of Roumania's begun on 23rd August, 1944 contributed to the successful conclusion of the war is set out in a special memorandum which has already been circulated to members of the Conference (see memorandum No. 1).

It will be sufficient to state here that, in addition to the great losses in property and materials of all kinds, to which should be added the losses caused by acts of war on the part of the German and Hungarian armies, the war which Roumania waged on the side of the Allies against Germany and Hungary, from 30th August, 1944 onwards cost her not less than 111,379 killed and wounded, and some units lost their effective strength several times on the field of battle.

Firmly convinced of the contribution she has made to final victory, and conscious of the blood which was so freely shed by her sons in the

common cause, Roumania hopes that she will be accorded the common justice of being acknowledged as a co-belligerent.

She further requests:

(a) that, in view of the *de facto* situation, incidentally confirmed in Article 1 of the Armistice Terms, paragraph 4 of the Preamble to the draft Treaty should be amended so as to show that Roumania entered the war on the side of the Allied Powers on 24th August 1944 and not on 12th September 1944 after the Armistice had been concluded; and

(b) that in view of the *de facto* and *de jure* situation confirmed by Article 1 of the Armistice Terms, as also by Article 8 of the draft Peace Treaty, it should be stated at the end of paragraph 4 of the Preamble that Roumania took an active part in the war, not only against Germany, but also against Hungary.

PART II—POLITICAL CLAUSES

Article 3.

Whilst recognising the very great value of the principles proclaimed in this Article, it is questionable whether their inclusion in a Peace Treaty would not give rise to discrimination.

It would seem that the provisions contained in the Preamble and in Article I of the Charter of the United Nations referring to "respect for human rights and fundamental freedom for all without distinction as to race, sex, language or religion" might in this respect be deemed sufficient. If, on the day when Roumania is invited to become one of the United Nations, it appeared that there were discrepancies in this respect between the system provided for in the Charter and that provided for in the Treaty, it would be difficult to reconcile the retention of the special provisions of Article 3 of the Treaty with "the principle of the sovereign equality of all members" which is laid down in Article II of the Charter.

In order to avoid any semblance of discrimination in the relations between Members of UNO, the Roumanian Government would suggest that in Article 3 it should simply be stated that Roumania, in the exercise of her full sovereign rights and in accordance with the principles embodied in her Constitution and in virtue of the legislation subsequently enacted on 23rd August, 1944 and 6th March, 1945, undertakes to ensure the effective enforcement of the principles which are expressed in Chapter II (Articles 5 to 32—Rights of Roumanians) in the said Constitution. The Roumanian Government feel that they should in particular point out that under Article 5 of the Constitution "All Roumanians without distinction as to racial origin, language or religion, enjoy freedom of conscience, meetings and association and all statutory rights and liberties."

Those are in fact the principles set out in Article 3 of the Treaty and they have the advantage of not offending national sensibilities by creating a regime of discrimination.

Article 4.

Roumania applies all the provisions laid down in Article 4. There can therefore be no question of her completing them.

In order to avoid any misunderstanding as to the interpretation or the execution of the Treaty, we consider accordingly that in Article 4 the words "undertakes to complete these measures" should be deleted.

Article 7.

The Roumanian Delegation would like to have an opportunity of giving the Conference its views on the questions relating to Roumania in the Peace Treaties referred to in this Article, particularly the Treaty with Hungary.

If Roumania had to undertake forthwith to recognize these Treaties as well as the agreements or arrangements which have already been or will in future be reached in relation to the countries mentioned in this Article and to which she is not or will not be a party, it should at least be made clear that:

(a) These treaties, agreements or arrangements should not involve Roumania or her nationals in obligations or burdens nor deprive them of their existing rights and interest, beyond what is laid down in the present Treaty;

(b) That the States referred to in the present Article should similarly recognize the full force of the Treaty of Peace with Roumania;

(c) That the treaties, agreements or arrangements in question should not be such as to impair Roumania's rights to reparation arising whether from the Treaties which terminated the first World War or the subsequent agreements relevant thereto.

Article 8.

There is no precedent for a Peace Treaty re-establishing peaceful relations between two belligerent countries without the simultaneous participation of both interested parties.

Yet this is what Article 8 of the Draft Peace Treaty with Roumania does when it says that the state of war between Roumania and Hungary will terminate upon the coming into force of the present Treaty and the Treaty of Peace between the Allied Powers and Hungary.

Although Roumania declared war on Hungary and the Roumanian Armed Forces collaborated with those of the United Nations in the war against Germany and Hungary, there will be no Peace Treaty between Roumania and Hungary.

The Roumanian Government would stress the unusual nature of such a course of procedure which is quite unprecedented in international practice. The latter has established very definitely that a state of war is not legally terminated between belligerents except by a formal treaty of peace.

Under Article 8 we have the curious result that the restoration of a state of peace between two countries can be brought about by a process to which neither of them has given its formal consent.

In these circumstances it is for the Conference to find some means of reconciling the prerogatives of Roumania as a sovereign State, the general principles of international law in regard to the conclusion of treaties and the provisions of the draft Treaty drawn up by the United Nations.

It would appear that the most effective procedure would be for a *special Protocol* to be concluded between Roumania and Hungary* simultaneously with the Peace Treaty itself and on the same day as the latter is signed.

The technical device of a "Protocol" as a means of re-establishing peace is commonly resorted to in international practice (e.g. the signature on 22nd December, 1929, of the Protocol of Khabarovsk, which brought to an end the war between China and the U.S.S.R.; the signature on the 12th June, 1935, of the Protocol of Buenos Aires, which brought to an end the Chaco war between Bolivia and Paraguay, etc.)

Article 10.

Roumania considers that the application of Article 10 might lead to serious difficulties since most of the former treaties which would be revived are no longer suited to present-day conditions.

PART VIII—FINAL CLAUSES

Article 37.

This Article would appear to be superfluous. Roumania herself is not aware of any other States members of the United Nations who were at war with her apart from those listed in the Preamble to the Peace Treaty.

Besides, there is no corresponding Article in the Peace Treaty with Finland.

Article 38.

The wording of this Article is most debatable. It is a contradiction in terms first to stipulate expressly that Roumania should ratify the Treaty, and then to provide that it "will come into force immediately

*The Roumanian Government does not think that this legal instrument should be regarded as a protocol *additional* to the Peace Treaty seeing that the parties are not identical [Hungary is not a signatory to the Peace Treaty]. [Footnote in source text.]

after deposit of ratifications by the U.S.S.R., the United Kingdom, and the United States" quite irrespective of whether ratification by Roumania has or has not been effected. It is a well-established principle that ratification, and not signature alone, gives final force to treaties [Protocol No. 19 of the Berlin Congress of 13th July, 1878] and that "conventions become binding only if they have been ratified".

Such a departure from accepted principles is still less admissible when it refers to the coming into force of a peace treaty, the most important kind of international agreement.

Annex I.

No map has been supplied.

Note

In the case of those Articles which have not yet been agreed by the Council of Foreign Ministers and in regard to which the Roumanian Government has not made any observations the Roumanian Government reserves the right to present its views at a later date.

OBSERVATIONS OF THE ROUMANIAN GOVERNMENT ON PART III OF THE
DRAFT PEACE TREATY WITH ROUMANIA (NAVAL, MILITARY AND
AIR CLAUSES)

Having taken due note of the principles underlying the provisions of Article 19, and in the light of those principles, the Delegation, in the conditions ruling in Roumania to-day, has the following observations to make:

As a result of the historic event of 23rd August, 1944, the Roumanian Army took such a definite line that its contribution to final victory on the side of the Allies is notable for the following three considerations:

Immediate action as from 4 a. m. on 24 August, 1944.

Total action, in the sense that all the resources of the country, in men and material, were placed at the disposal of the Allies.

Combined action, in the sense that no subversive influence arose within the Army to frustrate or weaken the joint effort.

In fact, the whole Roumanian Army, without the slightest defection by any individual or group, spontaneously accepted the decision of His Majesty King Michael I and the Roumanian people.

In one single night, it took its stand alongside those from whom an accursed regime had tried to separate it, and turned its arms, with complete determination, against those with whom it had morally nothing in common.

Having substantially contributed, immediately after 23rd August, 1944, to the clearing up on Roumanian territory of the German troops still there totalling 612,000 men, 128,682 of these being on the lines of communication and 56,704 in the interior of the country, the Rou-

manian Army took part in four great series of military operations, namely:

—Covering the advance and concentration of Soviet troops to the North of the Carpathians;

—Liberation of Northern Transylvania;

—Defeat of Horthy's Hungarian Army;

—Liberation of Czechoslovakia.

Side by side with the glorious Red Army, the whole Roumanian Army, for 260 days, shed its blood unstintedly and fought with a spirit, a courage, and a disregard for losses which obtained for it not less than 78 written testimonials from various Soviet commanders, among them seven Orders of the Day signed by Generalissimo Stalin and a Decree conferring on H.M. Michael I the Order of Victory.

Throughout all this period of nearly nine months the Roumanian Army put into the line forces which reached a maximum of 29 divisions (with a total manpower of 385,847 men) and never fell below 15 divisions (185,567 men).

The Roumanian Army covered more than 1,000 kilometres, took part in 383 battles or actions, conquered 3,831 towns or villages, captured 103,214 prisoners, and left on the battlefield 169,822 dead, wounded or missing.

In spite of having been forced to carry on a war which she neither wanted nor understood against her natural Allies, we consider that, by its conduct on 23rd August, 1944 and by its subsequent operations, as the above statement shows, the Roumanian Army is entitled to very special consideration from the Allies.

We think this consideration could most suitably be shown by the following modifications in the military clauses of the draft Peace Treaty.

Article 11

a) Since early June this year Roumania has been reorganising her armed forces on the basis of a personnel strength of 138,000 men, as provided for in the above Article (in the case of other ranks this reorganisation had already been completed by 15th July; in the case of officers and N.C.O's it will be completed by 9th September; under a Decree of 7th August last, 16,120 officers and N.C.O's out of a total of 41,511 were placed on the reserve list.

In order not to exceed this figure, Roumania, while cutting down to a minimum the strength of the formations she has retained, has had to disband certain troops of the interior. This will make it very difficult to execute certain material operations arising out of the war.

Therefore, the Roumanian Delegation asks that *5,064 men (Officers, N.C.O's and O.R's) be added to the 120,000 effectives as laid down for the land forces.*

b) As regards the Roumanian Navy, an establishment of 4,565 to man the existing tonnage of 6,500 is quite inadequate.

The draft Peace Treaty provides a personnel of 5,000 men for a total tonnage of 15,000 tons. This means that Roumania would have only 435 additional men for the remaining 8,500 tons.

Roumania, therefore, requests that the strength of the Roumanian Navy be raised to the irreducible minimum of 6,320 men (Officers, Petty Officers and Seamen) instead of the 5,000 permitted.

c) Roumania would point out that it is not her intention that her armed forces should embark on any aggressive plan or scheme against anyone, but that she is sincerely anxious and firmly determined to preserve internal order and to co-operate in the establishment of universal peace within the framework of the United Nations.

Although its numbers are to be reduced the future Roumanian Army must receive thorough modern training, which will enable it to discharge the above-mentioned task.

While Roumania has been allowed to retain, for her land forces, modern methods of training, she has, by contrast, been deprived of bombers, which means that she cannot train personnel in one of the essential departments of air training.

In their present condition Roumanian bomber aircraft could not undertake any kind of offensive action, but they could easily be used for the training of specialist personnel.

Therefore, the Roumanian Delegation requests that the *36 Bomber Aircraft which are now in service with the Roumanian Air Force should be added, as training machines, to the 150 provided for in this Article.*

Article 14

In order to complete the training of crews the Roumanian Delegation requests that the only submarine still in Roumania's possession should be left to her as a training-ship. The present condition of this vessel, which is little better than that of the bombers, makes it impossible for it to undertake any action beyond a very short distance from its base.

Article 15

Most of the war material which Roumania possesses today is obsolete. If Roumania is to be allowed to have a properly equipped army, she should be enabled to keep this equipment in condition and to replace any of it which becomes obsolete.

If Roumania is forbidden to maintain any plant for the supervision, repair or replacement of worn-out or condemned material this will entail an additional burden on the Roumanian budget which will aggravate the economic condition of the country and make it even more

difficult to fulfil the obligations which are imposed by the draft Peace Treaty itself.

Roumania has no intention of manufacturing in her arsenals any arms *in excess* of the minimum necessary for the personnel which she has been allowed to retain, but she considers it essential that she should not be deprived of equipment which would enable her to repair worn-out or condemned material, or to replace any munition expended in the training of her army.

It is, therefore, absolutely necessary that Roumania should be permitted to keep, in the condition in which they now are, the following installations:

- a) *one arsenal, for the repair of war material;*
- b) *one shop in each of the former armament factories which are to-day practically entirely converted to peace-time requirements, in order to replace war material which is either defective or condemned;*
- c) *a factory for propellant or pyrotechnic purposes for re-testing existing ammunition and for replacing ammunition expended in the course of any year for the training of the armed forces;*
- d) *a naval dockyard for the repair and maintenance of the naval vessels which are permitted under the present draft Treaty.*

Article 16

a) For an army reduced as the Roumanian Army has been and lacking the equipment which would allow of the immediate replacement of faulty or condemned material, the *necessary minimum* of war material cannot be in exact proportion to the effective strength. Otherwise every weapon lost or damaged would mean one trained soldier less.

In the position in which the future Roumanian army will be placed, and in view of the absolute inadequacy of industrial equipment the necessary minimum just referred to should be determined so as to make allowance not only for allocations to active units, but also for *a reserve*.

As regards the armaments and balance of war material at present in use, Roumania estimates this reserve at 25% of the strictly necessary minimum.

In the case of ammunition it is impossible to determine the quantity which is strictly necessary, since expenditure depends on requirements and the degree of efficiency of the units under training.

Roumania does not propose to make or store ammunition beyond the amount necessary for the training of her troops and for building up a reserve to enable her to discharge the obligations laid upon her by the Treaty.

The Roumanian Delegation believes that the amount of ammunition which she would be entitled to retain should be determined on the following basis:

Ammunition required for training purposes for a period of 10 years and, in addition:

—*a reserve of three items of ammunition* for all categories of armaments necessary for the maintenance of internal order and the defence of the frontiers (obligations laid upon the Army under the provisions of the present draft Treaty).

b) In regard to *excess* war material the Roumanian Delegation would like to point out that:

—the Roumanian Army as at present equipped has a certain amount of war material of either Allied or German origin which was bought and therefore paid for by Roumania;

If this war material were put at the disposal of the Allies it would mean that the Roumanian contribution to the war effort would be increased by an amount equal to the cost of that material, as it has already been paid for.

The same would apply to war material of Roumanian origin, manufactured in Roumania and for her account.

The Roumanian Delegation, therefore, requests that:

War material captured during the war by the Roumanian Army after August 23rd, 1944, and which the Allied Control Commission has authorised Roumania to retain as war booty, should be left in her possession;

Excess war material of Allied or German origin, which has been paid for by the Roumanian Government, should be placed at the disposal of the Allies and the value thereof credited to the Roumanian Government;

Excess war material of Allied or German origin, not paid for by the Roumanian Government, and war material manufactured in Roumania, should be dismantled and converted into raw material and put at the disposal of the general economy of the country.

If this proposal were adopted, not only would an unjust clause be eliminated, but Roumania would be given the possibility of improving, in however small a measure, the difficult situation in which she finds herself to-day.

Article 20

The delay in returning Roumanian prisoners of war who have remained abroad helps to create and maintain a state of depression both among the population and the army.

Roumania is sure that these prisoners are being well treated. Nevertheless, for the moral rehabilitation of the country and to ensure a return to normal conditions, a date should be fixed for the return of prisoners of war at the earliest possible date.

These are the amendments which the Roumanian Government feels should be asked for in the military clauses of the draft Peace Treaty.

These amendments would fill a number of very serious gaps which have already become apparent in implementing military laws concerning the re-organisation of the army on a new basis in accordance with the provisions of the present draft Treaty.

If these proposals were adopted by the Peace Conference in their entirety, it would not only provide real evidence of the Allies' consideration for a country whose sacrifices on the battlefields have been borne with complete conviction and entire disinterestedness for the sake of final victory, but it would at the same time transform the Roumanian Army into an instrument serving only the cause of democracy and peace, and well equipped in all respects—moral, professional and material.

Firmly embarked on the new path of democracy, and peace, the Roumanian Army asks that it should in future be given all the confidence which it has already shown it merits both by the spontaneous, united and unanimous action it took on the night of 23rd/24th August, 1944, and by its achievements on the battlefield shoulder to shoulder with the Allies since that date and up to the final destruction of Hitlerite Germany.

The Roumanian Army requests that it should be given in peacetime the facilities which enabled it to fight and shed its blood for the common cause of the Allies in the supreme test of war.

OBSERVATIONS OF THE ROUMANIAN GOVERNMENT ON PART V OF THE
DRAFT PEACE TREATY WITH ROUMANIA (REPARATION AND
RESTITUTION)

Article 22

[Line of points appears in source text.]

Article 23

Paragraphs 1 and 2:

Roumania accepts the principles of the London Declaration of January 5, 1943.

Paragraph 2 of Article 23, providing the obligation to make restitution irrespective of any subsequent transactions by which the present holder of any such property has secured possession, i.e. even if he acted in good faith, goes beyond the provisions of the Declaration of January 5, 1943. Roumania would thus be assuming additional obligations, even though she had scrupulously observed the principles laid down in this Declaration.

Roumania does, in fact, hold property which she acquired by bona fide and not fictitious means, as a result of transactions which not only have the appearance of legality, as mentioned in the Allied Declaration of January 5, 1943, *but which are legal by their very substance*. These transactions, which had an indisputably bona fide basis, in-

volved the actual supply of goods as a counterpart for services rendered and were concluded under agreements and conventions of a strictly commercial or financial character.

Roumania, being thus *a bona fide purchaser* of the goods in question, will take advantage of this status, as the principle of good faith is recognised in international relations.

The point of view we have just stated is, moreover, consonant with the spirit of the text of the "Explanatory Note", attached to the Allied Declaration of January 5, according to which the rules of equity will apply in determining the validity of the transactions, covered by this Declaration.

True, this appeal to equity is explicitly foreseen only in the relations *inter se* of the United Nations. But equity is not an isolated consideration to be admitted in some cases and excluded from others. If the conditions under which looted property was acquired are considered "*ex aequo et bono*", the State acquiring the property is, *eo ipso*, entitled to put forward the plea of good faith which is unanimously recognised by all legislations as the most elementary equity.

For the reasons stated above, the Roumanian Government feels it should ask for a modification of paragraph 2 of Article 23, so as to exempt from the application of this Article property acquired in good faith under a deed of legal transfer.

The text of paragraph 2 also states that the obligation to make restitution applies to "property at present in Roumania". We suggest the insertion before "Roumania" of words "the possession of". In our opinion, the absence of these additional words can only be due to an oversight.

At the same time, it should be pointed out that the text of paragraph 2 might be construed to mean that restitution applies also to property transferred under commercial agreements or direct commercial transactions concluded by the Roumanian Government or its nationals with the authorities or inhabitants of territories occupied by the Axis-Powers. But, as, firstly, such transfers could not have been effected by force or duress and, secondly, Roumania has provided equivalent material consideration, these observations should be borne in mind when finally drafting paragraph 2.

It should be observed, as regards this same paragraph: that restitution of rolling stock presents a very complicated problem.

The foreign rolling stock on the Roumanian railways represents mostly material which by force of circumstances was held up in Roumania while almost all the Roumanian rolling stock in other countries was put at the disposal of the Allied Armies by the Roumanian Government, for joint military operations after August 24, 1944.

The figures of the Roumanian Railways' Administration show that:

a) Some 178 locomotives and 42,000 trucks, belonging to Allied and other countries, are operating on the national railways: of these, some 135 locomotives and 20,000 trucks must, after repairs, be handed over to the U.S.S.R. within about one year.

b) 274 locomotives and some 26,000 Roumanian trucks are being used on foreign railways.

The restitution of foreign rolling stock without the corresponding return of Roumanian rolling stock would paralyse Roumania's railway communications and greatly disorganise her economic system.

This problem needs to be settled as a whole, particularly as other States are in a similar position.

Paragraph 4:

This paragraph provides for the restitution "in good order" of property removed by the Axis Powers by force or duress from the territory of any United Nation.

Such an obligation, though, cannot apply to property which was removed by an Axis Power from the territory of a United Nation and later handed over to Roumania against payment.

As this is a case of property paid for by Roumania, the most that could be expected would be restitution in the condition in which it is being used by the present owner. This would imply Roumania losing the value of this property, but there should be no contingent liability to recondition such property, as that would mean an additional burden on Roumania.

We consider, therefore, that the words "in good order" should be replaced by the words "in the condition in which it is being used by the present owner".

Paragraph 6:

As the wording of this paragraph might, in certain cases, involve the Roumanian Government in pecuniary burdens if it were, for reasons beyond its control, unable to take the measures in question, it should be made clear that the Roumanian Government is only obliged to take such measures as lie in its power for the restitution of the property.

Paragraph 8:

This paragraph, under which the burden of proving that the property was not removed by force or duress, rests on the Roumanian Government, is not only contrary to the principles of common law, but constitutes an obligation which, in most cases, cannot be fulfilled, seeing that the Roumanian Government is unaware of the circumstances under which such property was acquired by the Axis Powers.

The Roumanian Government ventures to suggest that a new text be drafted making it the duty of the claimant Government to identify

the property, to prove its ownership and show that it was removed by force or duress.

OBSERVATIONS OF THE RUMANIAN GOVERNMENT ON PART VI (ECONOMIC CLAUSES) OF THE DRAFT PEACE TREATY WITH RUMANIA

Article 24

Paragraph 1

The obligation, provided by this paragraph, to restore all the legal rights and interests and return all property, should only apply in favour of the Allied and Associated Powers and their nationals. Considering that this obligation derives from *acts of war*, to make nationals of a country which has not been at war with Rumania, benefit from this obligation would create for those nationals an unjustifiably privileged status.

While recognising that Rumania is obliged to satisfy the requirements of paragraph 1, we deem it necessary to observe that, in our opinion, this obligation should mean the re-establishment of legal rights and interests as they existed at the moment of the entry into war of each of the Allied and Associated Powers against Rumania. Otherwise, Rumania would find herself burdened with obligations not legitimately arising out of a state of war.

Paragraph 1, as it is worded, seems to oblige the Rumanian Government to repeal in favour of the nationals of Allied and Associated Powers all the legal provisions which applied to them under laws enacted after 22 June, 1941 and even—an unexpected result—after 24 August, 1944, regardless of the fact that this legislation did not discriminate against them.

It is evident that Rumania is prepared, so far as she has not already done so, to repeal all discriminatory legislation affecting the nationals of Allied and Associated Powers. However, to keep the text as it stands at present, would have the effect of setting up on one and the same territory two legal systems, and this would be contrary to the general principles of law and the notion of national sovereignty.

Moreover, the application of this text might lead to such consequences that the legislator would find himself finally obliged to perpetuate legal situations calculated to place the nationals of Allied and Associated Powers in an exceptionally privileged position.

At the same time, innumerable claims for damages from injured parties would be anticipated. This would entail heavy burdens on the Rumanian State and, consequently, lessen its capacity to compensate the Allied and Associated Powers.

Moreover, there is a noticeable absence of a reference, which would seem natural as it is inherent in the spirit of the text: the words: “and which are in the possession of the Rumanian State or its nationals”.

should be interpolated after the words: "in Rumania". The absence of these words seems to be due to an oversight.

Finally, a last and important observation: as the U.S.S.R., which has suffered direct losses as the result of war on its own territory, has made allowance for the fact that Rumania has not only withdrawn from the war against the United Nations, but has declared war against Germany and Hungary and has fought against these two countries with substantial forces, and has reduced its reparation claims to a sum which can be assessed at a fifth of the total damages incurred, we deem it equitable to ask for the same treatment from the Allied and Associated Powers. The more so, as by its action, Rumania shortened the war and thus enabled the Allied and Associated Powers to reduce their losses and their sacrifices.

Considering that some nationals of the Allied and Associated Powers have been enabled, thanks to credits given or facilitated by the Rumanian State or subsidies granted by it, to make good at least some of the losses they sustained, it would be equitable that the amount of losses to be compensated should be computed only on the outstanding reparations, the credits granted or given on easy terms, by the State for this purpose being still borne by the latter, without prejudice, of course, to the reduction mentioned in the preceding paragraph.

Paragraph 6

Considering the *de facto* situation in Rumania, paragraph 6 appears to be unnecessary.

In the first place, Rumania has not imposed a tax on capital.

Secondly, even if certain taxes could possibly be considered as of an exceptional character, it should be observed that, as a result of price-control and the special circumstances prevailing in Rumania, those taxes are borne entirely by the consumer.

Finally, no fiscal regulation of a discriminatory character have been enacted.

Paragraph 8

In order to avoid certain possible abuses consequent on change of nationality effected during the war, the Rumanian Delegation considers that it would be advisable at the end of subparagraph *a*, to replace the words "date of the Armistice with Rumania" by the words "date at which the loss or damage was suffered."

The benefit of this text, as it now stands, could be claimed by persons who were nationals of the Allied and Associated Powers at the date of the Armistice, but did not possess such nationality at the time the damage was caused. The authors of the texts can hardly have wished to create such a situation.

The second paragraph of sub-paragraph *a* is in contradiction with the principles laid down in the preceding paragraph, as well as with

the general principles of law, universally accepted, concerning nationality regulations.

The fact that certain security measures were taken against persons who seemed to endanger the security of the State, cannot affect their personal status.

Article 26

The Rumanian Government ventures to explain why it cannot accept the principle laid down in this Article.

As the property, rights and interests, referred to in this Article, were transferred by their owners to the territory of the Allied and Associated Powers, they thus contributed to the war effort of these powers, while at the same time depriving the Axis Powers of the corresponding financial resources. The omission of this text is intended to avoid punishing Rumanian nationals who, because they believed in the victory of the Allied and Associated Powers, transferred their assets to the territory of these Powers.

The provisions of this Article are still less justified inasmuch as Rumanian nationals who had assets in Axis countries would seem to retain the possibility of recovering them.

Moreover, if owners are allowed to dispose freely of their property, rights and interests, mentioned in Article 26, it would encourage the revival of international trade and thus contribute to the efforts made to restore the country's equipment and rehabilitate the national economy.

In support of these considerations, we would point to the solution proposed by the U.S.S.R. Delegation in the draft Treaties with Bulgaria and Hungary, and adopted in the Peace Treaty with Finland by the United Kingdom and the U.S.S.R.

Article 27

Rumania wishes to retain for herself and her nationals, her full rights vis-à-vis Germany, Hungary and the nationals of those States, in connection with property, debts and interests.

In view of her sacrifices and the extent of her contribution to the common victory over the Axis Powers, Rumania also intends to maintain her claim to just reparation from Germany and Hungary.

The Rumanian Delegation will submit a special memorandum on this latter point.

Article 29

The provisions of Article 29 obliging Rumania to waive all claims against the Allied and Associated Powers "arising directly out of the war or out of actions taken because of the existence of a state of war—after September 1st, 1939" seem to be unfair.

Rumania remained neutral until 22 June, 1941 and was only in a state of war with certain Allied and Associated Powers after that date. It would, therefore be unfair, if she were prevented from putting forward claims arising out of measures taken by the Allied and Associated Powers during the period of her neutrality.

Consequently, if the Article is to be maintained, it appears necessary to replace the date of 1st September 1939 by that of 22 June 1941.

As for point *c*), it should be stressed that the renunciation by Rumania of her claims in respect of the decrees of the Prize Courts of the Allied and Associated Powers concerning a period when she was neutral, would constitute for her an unwarranted loss.

It would therefore seem logical that the date of the 1st September stated in point *c*) should also be changed to the 22nd June 1941.

Paragraph 2

The provisions of the part of this paragraph, beginning with the words "the Rumanian Government agrees", impair the sovereign right of the Rumanian State to allow for the general interests, the country's possibilities and the equitable application of the principle of equality of burdens, in the settlement of claims of Rumanian nationals arising from facts of war.

Discrimination would thus be established between the Rumanian nationals who, in virtue of this article would be subject to two different legal regimes: whereas some would be indemnified under the exceptional provisions of the above-mentioned paragraph, others would be subject to provisions of internal law in the matter of reparations.

It is all the more necessary to eliminate the provisions of this part of paragraph 2 as, by their application, they might establish in favour of the German State and its nationals, debts against Rumania, arising from the facts covered by the present Article.

Paragraph 4

The Rumanian Delegation ventures to draw attention to the fact that the final passage, from the words "including all such currency" up to the end, is useless, considering that in practice and law, this question has been completely settled in Rumania; the exchange of currencies mentioned in this paragraph is terminated and the holding of such currency is regarded as a breach of Rumanian law.

The maintenance of this paragraph would thus offer to holders of such currencies the means of asserting illicit claims.

Paragraph 5

The period during which the waiver of claims by Rumania should apply, should be from the 22nd June 1941 to the 24th August 1944, and not, as stipulated in the draft Treaty, from the 1st September 1939 to the date of the coming into force of the said Treaty.

Article 30

The Rumanian Government cannot raise any objections to the application of most-favoured-nation treatment in any international economic relations that may be entered into in the future.

Nevertheless, so long as a considerable part of Rumania's annual production has to be applied to the fulfilment of obligations already undertaken, and of those provided for in the Peace Treaty, she desires to retain complete freedom of action in respect of her economic policy, in order to be able to employ the limited resources which are left to her to the best advantage.

In such circumstances, the Rumanian Government consider that the most-favoured-nation clause should be applied in her international economic relations, not as a general obligation imposed by the Peace Treaty, but as a conventional provision, freely subscribed by means of bilateral negotiation.

Having concluded its remarks on each of the clauses of the Peace Treaty, the Rumanian Delegation considers it essential to add some observations on the position as a whole.

First, in view of the complexity of the problem created for Rumania by these clauses, the divergences which exist between their different versions, and the various interpretations to which they may give rise, the Rumanian Delegation reserves the right to amplify its observations or later to clarify its views according to the development of the debate.

Secondly, it should be stated that, whatever the final decisions in respect of the clauses of the Treaty, the latter will impose on Rumania very heavy burdens over a long period of years. Added to the losses suffered by Rumania as a result of the war, the important efforts she has made and has still to make, and the imperative necessity of restoring her equipment and re-establishing her national economy at the earliest moment—on which the execution of her obligations above all depends—Rumania may find herself faced with charges which as a whole will be greater, possibly much greater, than her capacity to pay or her transfer facilities.

In her desire loyally to fulfil the obligations she is about to enter into, Rumania cannot ignore this aspect of the problem.

Therefore, the Rumanian Delegation would be grateful for an opportunity of explaining Rumania's present economic position to the Economic Commission.

Rumanian proposal in respect of certain Annexes

The Rumanian Delegation considers that Annexes 4, B, C, D, which do not, in their opinion, correspond to the modifications suggested by the Delegation to the Articles to which these Annexes refer, should be withdrawn.

A supplementary note in respect of these Annexes will be presented later if necessary.

OBSERVATIONS OF THE ROUMANIAN GOVERNMENT CONCERNING ANNEX
6 TO THE DRAFT PEACE TREATY WITH ROUMANIA

A. Prize Courts.

A provision such as the one contemplated in this Annex is not in conformity with the principle of the international effect of judgments of prize courts. When it is a case of estimating the international responsibility actually incurred by a State as a result of erroneous or unjust prize court judgments, international practice is at present usually determined by the following considerations:

There is general agreement in recognising that prize court judgments shall enjoy the authority of the *res judicata*, when they are *in rem* (in the sense that they have full effect and are legally enforceable against States being Third parties as regards transfer in the property of the vessel or the cargo), but not *in personam* (which implies that the State by which the vessel has been captured is internationally liable for any faults committed by its own Prize Courts, either by omission, or as a result of any breach of international law, and that such default shall entail, in accordance with the generally accepted principles of law, the obligation to compensate the injured party).

Expressed in ordinary language, this principle signifies that, once a Prize Court has rendered judgment, that is when the successive judicial instances have been exhausted, such a judgment becomes irrevocable, and can only be reopened by diplomatic or other procedure. Wheaton rightly saw in this rule "a principle of public law undeniable in itself and necessary for peace and trade" (Wheaton's Argument: Danish Indemnity, see Moore "Arbitrations". Vol. V. p. 4555).

In support of this principle, *conventional law* can be invoked, and the authority of the *res judicata in rem* enjoyed by prize court judgments, confirmed as these are by former Treaties of Commerce and Navigation (exchange of declarations between Great Britain and Colombia; Art. 12 of the Treaty of 2nd April 1831 between France and Haiti; Art. 14 of the Treaty of 9th December 1834 between France and Bolivia; Treaty of 8th March 1848 between France and Guatemala; Art. 13 the Treaty of 12th March 1848 between France and Costa Rica; Treaty of 22nd February 1856 between France and Honduras, etc.) and by Treaties of Peace (Art. 19 of the Treaty of 14th January 1814) between Denmark and Sweden; Treaty of Zurich of 10th November 1859 between France, Sardinia and Austria-Hungary; Art. 13 of the Treaty of Frankfort of 10th May 1871; Art. 27 of the

Treaty of Peace signed at Berlin on 7th March 1918 between Germany and Finland, etc.).

The only exception to these general principles concerns the Peace Treaties of 1919–20. Art. 440 of the Treaty of Versailles—provisions reproduced in the other treaties signed at the same period (Art. 378 of the Treaty of Saint Germain, Art. 296 of the Treaty of Neuilly, Art. 361 of the Treaty of Trianon)—established a differential regime by which Germany undertook definitely to recognise all prizes seized by the Allied Powers, the latter reserving to themselves the right to examine (under conditions to be determined at their own discretion between themselves) the judgments of German prize courts, even in the case of neutral prizes. *But this exceptional provision* was not, in fact, effectively applied; and it is difficult to accept it as the expression of positive law on this subject. But it is nevertheless this discriminatory clause, contrary to all previous legal doctrine, which it is sought to insert to-day in the draft Peace Treaty submitted to Roumania.

b) Internal Prize Court Jurisprudence is in the same sense; see, in particular, British Prize Courts in Egypt 28th June, 1918, German ship “Lützow” (*Fauchille et Basdevant, Jurisprudence britannique en matière de prises maritimes*, volume II, 1927, pp. 492–498); Belgian Prize Courts 17th October 1919, ex-Dutch steamship “Midland” (Verzijl, *Le droit des prises de la Grande Guerre*, Leyden, 1924, pp. 1289–1290) and 8th December, Dutch sailing ship “Agiena” (*ibid.*, p. 1291).

c) Lastly, international jurisprudence confirms the views expressed above. See the judgment of 30th June 1930 rendered by the special Germano-Portuguese Arbitration Tribunal in the matter of the Portuguese claims against Germany (Portuguese vessel “Cysno” and French vessels “Guadeloupe” and “Florida”, decision, Lausanne, 1930, pp. 24–28; *Revue de droit international*, 1934, p. 3 & 5.)

Consequently, the Roumanian Government is of opinion that an independent State cannot be required, without injuring the prestige of its courts and without ignoring the principle of *res judicata*, to review certain judgments rendered by its Prize Courts. The only normal legal method (which the Roumanian Government would for its part be prepared to accept) would be to engage a diplomatic or arbitration procedure applicable only to judgments deliberately contrary to international law and in which the international responsibility of Roumania is involved. In this hypothesis, and provided it was agreed that judgments previously rendered should be accepted as final, the Roumanian Government would be prepared to pay pecuniary compensation, in as far as it was recognised that its responsibility was involved.

It would seem, therefore, that Section A of Annex 6 should provide that each of the Allied and Associated Powers should reserve its right

to examine, in accordance with a procedure to be agreed upon with the Roumanian Government, all judgments and orders of Prize Courts affecting the property rights of its nationals. If an Allied or Associated Power considers that a judgment or order of a Roumanian Prize Court is contrary to international law, and if Roumanian constitutional law does not allow or only allows to a limited extent that the consequences of such judgment or order should be nullified by administrative action, the said Allied or Associated Power and the Roumanian Government should agree mutually to fix the amount of pecuniary compensation payable by Roumania. In case of differences of opinion on any of the above points, the question should be referred for decision to an arbitrator, designated by mutual agreement by the parties concerned. If within a period of . . . the said parties fail to agree upon the appointment of an arbitrator, the latter shall be designated by. . . .

B. Judgments.

The Roumanian Government wishes to call attention to the obligation which would be imposed to revise all judgments rendered by its own Courts since 22nd June 1941 in connection with any lawsuit in which a national of any of the United Nations should not have had the opportunity of stating his case adequately. Such a procedure, which is tantamount to imposing by authority a review of judgments which have acquired the force of *res judicata*, is not in accordance with the general principles of *lax [lex]*.

The Roumanian Government therefore prefers the proposal submitted by the United States Delegation, and supported by that of the U.S.S.R., but specifies, that the obligation to review judgments rendered against a national of one of the United Nations shall only apply to judgments which have been rendered in a court before which the national in question *was unable to defend his case*.

**OBSERVATIONS ON THE DRAFT PEACE TREATY WITH BULGARIA
BY THE BULGARIAN GOVERNMENT**

CFM Files

*Observations on the Draft Peace Treaty With Bulgaria Submitted by
the Bulgarian Delegation*

C. P. (Gen) Doc. 4

PARIS, August 26, 1946.

TABLE

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I. AMENDMENTS TO AND OBSERVATIONS ON THE PREAMBLE TO THE DRAFT PEACE TREATY WITH BULGARIA

1) The Bulgarian Delegation proposes to include in the Preamble a reminder that Bulgaria started military operations against German troops, not after the signing of the armistice on October 28, 1944, as appears from the text of the present Preamble, but as early as September 10, 1944, as soon as the Fascist Government was overturned and power taken over by the Fatherland Front.

2) The Delegation proposes that Bulgaria be recognised as a co-belligerent in the anti-Hitler coalition and that this recognition be included in the Preamble to the Peace Treaty.

3) Without proposing to change the text of the Preamble at this point, the Bulgarian Delegation declares that Bulgaria's participation in the war on Germany's side can be summed up in the following paragraphs:

a) Bulgaria signed an alliance with Hitlerite Germany and agreed that her territory be transformed into a German military base;

b) On the cessation of military operations in this region she held a part of the Aegean region of Greece in occupation by Bulgarian troops, as well as part of Yugoslavia's territory where she put down uprisings organised by the resistance movement;

c) She declared war on Great Britain and the United States and forced the U.S.S.R. and other United Nations to declare war on her;

d) Bulgarian forces of occupation participated on several occasions in the operations undertaken by the German troops against the National Army of Liberation of Yugoslavia.

These criminal acts performed by pro-Hitlerite leaders to whom the Bulgarian People's Court has meted out a severe punishment, characterise Bulgaria's participation in the war against the United Nations and must be considered as Bulgaria's maximum responsibility in this war.

4) Without proposing any amendment to the text of the Preamble at this point either, the Bulgarian delegation declares that long before breaking off the alliance with Germany, and long before Bulgaria's participation in the war on the side of the United Nations mentioned in the Preamble, the Bulgarian people pursued a fierce fight against the Fascist dictatorship and the German occupation. As far back as 1923, there were three armed uprisings against the Fascist Governments. During the war an important resistance movement sprang up under the leadership of the Fatherland Front, and a strong partisan army was active behind the German lines.

Thanks to the resistance of the people and the army and in spite of a strong pressure on the part of Hitler no Bulgarian troops were sent to the Eastern front. The fascist Governments were also compelled to refrain from sending any troops against Great Britain and the

United States. For the same reasons, the campaign aimed at sending "volunteers" against Soviet Russia was a complete failure. The oppositions of the people and the army were a serious obstacle in the way to a fuller participation of the Bulgarian troops in the operations undertaken by Germany against the Yugoslav Army of Liberation. When the Red Army entered Bulgaria, the people and the army revolted and after overturning the pro-Hitlerite Government on September 9, 1944, sided with the U.S.S.R., Great Britain and the U.S.A.

Without waiting for the Armistice to be formally signed, the Government of the Fatherland's Front immediately undertook operations against Germany, at the same time ordering the drafting of its entire armed force which reached the figure of 418.000 men. Several Bulgarian armies totalling 250.000 fighters fought against the German troops in Yugoslavia, Hungary and Austria. For eight months the Bulgarian Army was a part of the 3rd Ukrainian Front and acted in close collaboration with the Yugoslav Army of Liberation.

Through these operations, Bulgaria hastened the evacuation of Greece and contributed to the liberation of Yugoslavia and to the final defeat of Hitlerite Germany. In this war Bulgaria lost more than 32.000 killed and wounded and suffered material losses exceeding 290 million dollars.

Although not formally recognised as a co-belligerent, Bulgaria nevertheless exhibited every characteristic of a co-belligerent state.

II. AMENDMENT TO ARTICLE I OF THE DRAFT PEACE TREATY WITH BULGARIA (TERRITORIAL CLAUSES)

The Bulgarian Delegation proposes that Article I of the Draft Peace Treaty be amended in such a way that the Greco-Bulgarian frontier, fixed by the Treaty of Bucharest of August 10, 1913, is re-established.

This frontier left Bulgaria in possession of Western Thrace, although it was drawn after a war which had an unfortunate end for Bulgaria. In this manner, Bulgaria would keep a natural outlet to the Aegean Sea which is of vital importance for her national economy.

The separation of Western Thrace from Bulgaria which took place later created an abnormal situation by dividing regions which form an indivisible geographical and economic whole. This decision was, moreover, imposed against the opinion of certain delegation to the Peace Conference of 1919 and in the absence of certain Great Powers. Since then, the problem of Western Thrace and Bulgaria's outlet to the Aegean Sea has remained open and unsolved.

The return to Bulgaria of Western Thrace would remove a grave injustice committed against the Bulgarian people. This solution would, at the same time, create favourable conditions by which not

only Bulgaria but neighbouring countries would profit and would help in the establishment of true and lasting collaboration among Balkan peoples.

The Bulgarian delegation therefore proposes that Article 1 of the draft Peace Treaty with Bulgaria be amended and worded as follows:

“The frontiers of Bulgaria, as shown on the map attached to the present Treaty (Annex 1) shall be the same as existed on 1st January 1941, with the exception of the Greco-Bulgarian frontier which shall be the same as was established by the Treaty of Bucharest of 10th August 1913.”

III. OBSERVATIONS ON THE POLITICAL CLAUSES

The Bulgarian Delegation can here and now declare that Bulgaria has already applied, is now applying and will continue to apply the principles underlying the political clauses of the Treaty, particularly since these principles form the basis of the policy of the democratic regime now obtaining in the country.

IV. OBSERVATIONS ON THE MILITARY CLAUSES

New Bulgaria is resolved to be a pacific country which for its future security counts in the first place upon the protection and strength of the United Nations Organisation and upon the good understanding and collaboration with her neighbours. The Bulgarian Government has already on its own initiative, considerably reduced her armed forces by bringing them down to below pre-war strength. A further and even more important reduction is planned and will result in bringing these forces down to approximately the strength provided for in the Draft Peace Treaty.

Bulgaria does not therefore in principle object to the reduction of her armed forces.

However, it would be unjust to impose on Bulgaria various military restrictions because she has never taken any active part in the war against the United Nations but on the contrary, mobilised all her forces in order actively and efficiently to contribute to the defeat of Hitler's Germany. Her contribution is acknowledged in the Preamble to the Draft Peace Treaty.

The loss of many lives and the considerable sacrifices borne in the fight against Germany together with the numerous proofs which the Bulgarian people and Government have given of their devotion to the cause of peace and the principles of democracy would make such restrictions seem gravely unjust. The Bulgarian people would not understand the reasons underlying these measures and would regard them as an unjustifiable humiliation.

For this reason the Bulgarian Delegation considers that it is fully justified in requesting that the provisions in question be deleted from

the Draft Peace Treaty as they may hurt the dignity of the Bulgarian people.

V. SUMMARY OF OBSERVATIONS ON THE QUESTION OF REPARATIONS
(ARTICLE 20)

In view of Bulgaria's effective participation in the war against Germany, Article 20 of the Draft Peace Treaty stipulates that Bulgaria would be liable to only a partial compensation of the losses suffered by Yugoslavia and Greece as a result of military operations and of the occupation by Bulgaria of the territory of these states.

As regards Bulgaria's participation in the war on Germany's side, we refer to our observations on the Preamble.

Claims brought forward by Greece for compensation exceeding 708 million dollars are in open contradiction with the provisions of Article 20, and considered objectively quite arbitrary and groundless. Many fantastic demands such as claims for the return of railway, rolling stock, cattle, etc. . . in quantities which before the war never existed in the territory occupied by Bulgarian troops.

If we compare these Greek claims with the budgetary resources of the Bulgarian state and with her capacity for export, the fantastic character of these claims becomes at once apparent. The entire revenue from taxes which normally amounts to about 25 milliard leva a year (about 80 million dollars) would be required over a period of ten years in order to meet the Greek claims for compensation. If one half of Bulgaria's exports, which, in normal time amount to 15 milliard leva a year (50 million dollars) were reserved for reparations, a period of 30 years would be necessary to satisfy the Greek claims.

In bringing forward those claims, the Greek government took no notice of the following important considerations:

(a) Since no Bulgarian troops took part in the invasion or fought with the German Army in Greece, they could not have caused the destruction for which the Greek Government blames them. On the contrary, a considerable amount of construction was carried out on Greek territory occupied by the Bulgarian authorities.

(b) Since from October 1940 onwards, Greece was at war with Italy her economic resources were already considerably impaired. The intrusion of the German Army into Thrace in April 1941, resulted in the complete economic exhaustion of the occupied territory. Not only the Bulgarian forces of occupation but also the native population were eventually maintained on supplies imported from Bulgaria.

A fact of primary importance is the maintenance in regions occupied by the Bulgarian troops from the moment of their entry and until their evacuation in 1944 of an absolutely identical economic and financial regime with that of Bulgaria, i.e. the same method of carry-

ing out transactions, the same prices for goods, the same means of payment, no exceptional fiscal changes, but in 1941, exemption from payment of all direct taxes.

By her direct and effective cooperation with the United Nations in the war against Germany and by her close collaboration with the Yugoslav People's Army of Liberation, Bulgaria contributed to the liberation of the territory of Yugoslavia and hastened the evacuation of Greek territory by German troops. Retreating German troops were thus prevented from carrying out mass destructions and devastations in Greece. This co-belligerency cost Bulgaria more than 32,500 lives and material losses totaling 290 million dollars.

Being an essentially agricultural country, Bulgaria came out of the ordeal of the war and the German occupation with the principal resources of her national economy seriously impaired. Even before the war the standard of life in Bulgaria was very low, her national income of 60 or 80 dollars per head per year being the second lowest in Europe.

With an even smaller national income (50 dollars per head per year) with her agricultural and industrial equipment worn out with the serious destruction wrought by air-raids her finances showing a deficit and with a passive commercial balance, Bulgarian national economy can now carry only a modest share of the burden of reparations.

The disastrous drought of 1945 struck the economic as well as the agricultural life of the country. The drought of 1946 destroyed a high proportion of the harvest of Indian corn, sunflower seed, cotton and even tobacco.

In these circumstances, any disbursements by way of reparation would lead to disastrous results, since they will hinder the economic reconstruction of the country and the restoration of finances, still further reduce the miserable standard of life of the Bulgarian peasants, workmen and public officials for many years to come and paralyse the development of the commercial relations with the United Nations.

VI. AMENDMENTS TO THE ECONOMIC CLAUSES OF THE DRAFT PEACE TREATY WITH BULGARIA

Article 8

1. *Each Allied or Associated Power of the one part, and Bulgaria of the other part, will notify within a period of six months of the coming into force of the present Treaty, which pre-war bilateral treaties they have decided by common agreement to keep in force or revive. Any provisions not in conformity with the present Treaty shall however be deleted . . .*

Article 22

1. *Paragraph 2: The restoration of legal rights and interests shall imply the annulment of the effects of all discriminatory or restrictive*

measures introduced during the war and not the complete restoration of the pre-war situation, regardless of eventual changes arising from the general legislation of the country.

4. U.S.S.R. proposal.

The Bulgarian Delegation accepts this proposal.

6. United Nations nationals and their property shall be exempted from any exceptional taxes, levies or imposts in excess of those imposed on Bulgarian nationals and their property, etc.

Article 23

Paragraph 2. *The transfer of German assets shall be effected after deduction of arrears of taxes, preferential claims or costs of management and all other charges payable on the basic components of these assets, including all legitimate contractual rights of the former German owners of such assets.*

Article 24

U.S.S.R. proposal.

The Bulgarian Delegation accepts the text of this proposal in its entirety.

Article 25

U.S.S.R. proposal.

The Bulgarian Delegation accepts the text of this proposal with the following proviso: after the word "property" add "and all other assets".

Article 27

1. Bulgaria waives all claims of any description against the Allied and Associated Powers on behalf of the Bulgarian Government or Bulgarian nationals arising directly out of the war or out of actions taken because of the existence of a state of war *between Bulgaria and the Allied and Associated Powers.*

2. The provisions of this article will bar, completely and finally all claims of the nature referred to herein, which will be henceforward extinguished, whoever may be the parties in interest. *Persons who furnished supplies or services on requisition to the forces of the Allied and Associated Powers in Bulgarian territory, and those who suffered non-combat damage in Bulgarian territory shall not be entitled to make any claim against the Armed Forces of the Allied and Associated Powers.*

Paragraphs 3 and 4 of Article 27 should be deleted.

Article 28

The Bulgarian Delegation requests this article be deleted.

Article 32

The Bulgarian Delegation requests that this article be deleted.

*Annex 4**B. Insurance*

U.K. proposal.

The Bulgarian Delegation requests that this proposal be withdrawn.

Annex 6

The Bulgarian Delegation requests that this Annex be deleted.

VII. OBSERVATIONS ON THE ECONOMIC CLAUSES OF DRAFT PEACE
TREATY WITH BULGARIA*Article 8*

The revival or keeping in force of pre-war bilateral Treaties between Bulgaria and Allied and Associated Powers should be by common consent of the contracting powers.

Article 22

(a) It would be just and equitable to return any property belonging to Allied and Associated Powers on April 24, 1941 in the state in which it actually is.

In any case the Bulgarian Delegation draws attention to the fact that the restoration of rights and interests of the United Nations and their nationals should be interpreted as the annulment of the effects of all discriminatory or restrictive measures introduced during the war and not as the complete restoration of the pre-war situation, regardless of eventual changes arising from the general legislation of the country.

(b) Compensation for destroyed or damaged property (proposal of the American Delegation, Art. 22 para. 4) should only be claimed insofar as the damage results from acts on the part of Bulgarian authorities or from illegal acts on the part of Bulgarian nationals.

(c) Indemnity would only be paid up to one-third, at the current rate of the leva (see proposal of the U.S.S.R. Delegation).

(d) If the proposal of the United States Delegation is adopted as it stands, no indemnity can be claimed for participation in corporations or associations of any nationality other than that of one of the United Nations for, in this case, property and interests in fact belong to legal persons and not to the physical persons participating in these corporations. Furthermore, in case of participation in corporations the capital of which is of ex-enemy e.g., German origin, any compensation to United Nations nationals corresponding to their participation will, in practice, result in payment in favour of these corporations or payment by Bulgaria of reparations to Germany.

(e) Exemption from any exceptional taxes, levies or imposts imposed by the Bulgarian Government or by Bulgarian authorities on United Nations nationals and their capital assets (para. 6) is only

acceptable inasmuch as this taxation is heavier than that which is levied on Bulgarian nationals and their holdings.

Article 23

A provision should be inserted Article 23, whereby German property in Bulgaria is transferred to the U.S.S.R. free of payment of arrears of taxes or any liabilities in favour of third persons, the claims of German firms and establishments being compensated by claims of Bulgarian firms and establishments.

This principle was admitted in Article 6 of the Agreement drawn up in Paris on 21st December 1945, concerning reparation to be received from Germany.

Article 24

(a) Measures of seizure of Bulgarian property, rights and interests in territory of the United Nations in order to guarantee the payment of their claims and those of their nationals are unreasonable and their adoption would create the greatest confusion and numerous difficulties in the economic relations between Bulgaria and the United Nations. In this connection, it must never be forgotten that property of Bulgaria and of her nationals in United Nations territory (with the exception of property to which the provisions of Article 24 do not apply, paragraph 5 of the Article) mainly consists of assets of the Bulgarian National Bank and generally speaking exceptional and provisional economic assets (outstanding payments, etc.).

(b) The conditions imposed by Article 24 are too severe as they demand the eventual liquidation of Bulgarian property to an extent which exceeds the amount of compensation due to the United Nations in respect of their claims on Bulgaria, as this liquidation may be effected in a lump sum on condition that the excess over and above the amount of the claim be repaid to the person entitled to it. In particular, in the case of artistic and industrial property, this amounts to confiscation pure and simple (Paragraph 4). This article, therefore, defeats its own object.

(c) In view of the goodwill shown by the Bulgarian Government in meeting its obligations, it would be superfluous to look for indirect guarantees in case these obligations were not satisfied by seizing Bulgarian State property or even that of private persons which obliges the Bulgarian State to compensate them. Besides only the Bulgarian Government can decide whether and to what extent it shall compensate Bulgarian nationals for any damage resulting from the war.

(d) The Bulgarian Government would accept the full text of Article 24 proposed by the Soviet Delegation. This proposal has also been accepted by the other Delegations in the case of the Draft Peace Treaty with Finland.

Article 25

(a) The transfer to the Soviet Union of German assets in Bulgaria (Article 23 of the Draft Peace Treaty, relating to the provisions of the Potsdam agreements), deprives Bulgaria of the possibility of setting off her claims on Germany against German property in Bulgaria. The waiving of all claims on Germany will therefore apply not to the balance of Bulgaria's war-time account with that country, but to the sum total of Bulgarian claims,—a heavy and unjustifiable burden on the Bulgarian state.

(b) The waiver in Article 25 (U.K., U.S. and French proposal) concerns not only credits arising out of contracts but all claims arising out of the war, and, consequently, claims in respect of reparation. This matter will be dealt with in drawing up the Peace treaty with Germany, but it should here and now be stressed that the proposed solution is unjust since, compared with Germany, Bulgaria is not a conquered country but in the conquerors' camp.

(c) Article 25 stipulates that Bulgaria shall waive all claims but fails to explain in whose favour she must waive them. Since under the Draft Peace Treaty, Yugoslavia and Greece are the only countries entitled to claim reparations and since Article 20 provides for the satisfaction of their claims in this respect, the countries which are to benefit and the exact extent of the renunciation required of Bulgaria are not clear, unless we are to understand that Germany is to benefit by the Bulgarian reparations.

(d) In the case of the Draft Peace Treaty with Finland the Soviet proposal was agreed to inasmuch as any restrictions imposed in respect of any Finnish property in Germany shall be removed after the coming into force of the treaty in question. There is no reason why Bulgaria should be more harshly treated than any other ex-satellite of Germany.

(e) The Soviet Draft of Article 25 appears to the Bulgarian Delegation to be satisfactory. Bulgaria should in any case now be allowed to reserve the right to claim reparations from Germany when the peace treaty with the latter is being drawn up.

Article 27

(a) The waiving of claims against the United Nations should apply to claims arising out of the state of war between Bulgaria and any one of the United Nations, and should not date from 1st September 1939, since on that date relations between Bulgaria and all the United Nations were normal and peaceful.

(b) Paragraph 2, which obliges the Bulgarian Government to compensate Bulgarian nationals for damages suffered either through any requisition of supplies or services or as the result of military operations, should be deleted.

(c) Paragraph 3, which provides that Bulgaria shall likewise waive all claims against countries with which she was not at war is unjustified.

(d) Paragraph 4 should also be deleted. Under Article 16 of the Armistice Convention, Bulgarian merchant ships were in the general interest of the Allies placed under the Allied (Soviet) High Command. Instead of confiscation, Bulgarian merchant ships were, therefore, merely placed under Allied control. Furthermore, paragraph 4 provides for the waiving of all claims arising out of action taken by the Allies with respect to merchant ships irrespective of the nature of such action. The provisions of the Peace Treaty should not be any harder than those of the Armistice Convention.

Article 28

Under Article 8, each Allied or Associated Power will notify Bulgaria within a period of six months of the coming into force of the present Treaty, which pre-war bilateral treaties it desires to keep in force or revive. Since pre-war trade agreements and treaties between Bulgaria and Members of the United Nations contained clauses for the mutual granting of most-favoured-nation treatment, a further reference to the most-favoured-nation principle in another article of the Peace Treaty is superfluous, more particularly in the case of Article 28, since the appropriate provisions of that Article would remain in force for only 18 months.

Furthermore, the provisions of Article 28, inasmuch as they relate to cases not covered by the above-mentioned treaties would interfere with the freedom of Bulgarian economic legislation during a period of 18 months from the coming into force of the Peace Treaty.

Article 32

Bulgaria being a Danubian country, it would be in her interest if navigation on the Danube were regulated by a Conference on which Bulgaria would be represented on equal terms with the other Danubian countries.

Annex 4

B. Insurance

U.K. proposal

In view of the proposed amendment to Article 22, paragraph 1 this proposal should be entirely deleted, since its adoption would frustrate the application of the law under which all insurance is nationalised.

Annex 6

As revision of judgments rendered by default is a universally recognised principle of law, and as its application is fully ensured by Bulgarian legislation, there can be no object in inserting a provision

for the revision of judgments rendered by default in the Bulgarian courts against United Nations nationals.

**OBSERVATIONS ON THE DRAFT PEACE TREATY WITH HUNGARY BY
THE HUNGARIAN GOVERNMENT**

CFM Files

*Observations on the Draft Peace Treaty With Hungary Submitted by
the Hungarian Delegation*

C. P. (Gen) Doc. 5

PARIS, August 26, 1946.

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ANNEXES REFERRED TO IN THE ATTACHED OBSERVATIONS

Annex 1, "The Hungarian problem in relation to Roumania" has been circulated in French to each of the Delegations.

The maps contained in Annex 2 are on file in the General Secretariat, where they may be consulted by the Delegations.

Annexes 3, 4, 5 and 6 are attached to the present memorandum.

Annexes 7, 8 and 9 have been circulated in French and English to each of the Delegations.

I. TERRITORIAL AND POLITICAL PROVISIONS OF THE DRAFT PEACE
TREATY WITH HUNGARY

Preamble.

The Hungarian Delegation has the honour to present the following observations concerning the territorial and political provisions of the draft Peace Treaty with Hungary.

Whereas Marshal Voroshilov has, in the note handed to the Hungarian Government, expressed the appreciation of the Soviet Union to Hungary, not only for having declared war on Germany but also for having contributed effectively to the success of the war waged by the United Nations against Germany, the Hungarian Delegation has the honour to propose that, at the end of the third paragraph of the Preamble, after the words ". . . with Hungary; and", the words: "That she contributed to the final success of the war against Germany" shall be added.

The Hungarian Delegation has no observations to make concerning the Article 1; paragraph 1 of the draft Treaty.

Observations of the Hungarian Government, Article 1, para. (2).

Concerning paragraph 2 of the said article, the Hungarian Delegation has the honour of declaring as follows:

The Delegation takes note of the annulment of the arbitration award of Vienna of August 30th 1940. In this connection, the Dele-

gation only wishes to remark that the initiative for this arbitration came from the Roumanian Government of the time. However, as the Hungarian Delegation argued in the Plenary Session of the Conference, this annulment is not in itself a solution to the serious and delicate problems at issue between Hungary and Roumania.

In fact, more than a million and a half Hungarians are actually living in Roumanian territory. However great may be the goodwill displayed towards them by the Roumanian Government, they are nevertheless subject to all kinds of ill treatment and molestation by the local authorities or by nationalist organizations. Hungarians capable of bearing arms are compelled to undertake forced labour, while the administrations and the officials of the territories inhabited by Hungarians, systematically refuse to learn their language. Hungarians must submit to requisitions and confiscations of every kind. Hungarian schools are hampered in their activity, or forced to close down. The land reform of 1946 has defrauded Hungarian peasants, for a Royal Decree of 1945, No. 645, authorises Roumanians to cancel the contracts made between 1940 and 1944 with Hungarians. Hungarian commercial and industrial undertakings are compelled to accept Roumanians as administrators or managers. Ecclesiastical authorities are subject to every kind of persecution, etc. Full details concerning the complaints by Hungarians against Roumanians will be found in a book entitled "The Hungarian Problem with regard to Roumania", issued by the Hungarian Ministry of Foreign Affairs (see Annex I).

The Hungarian Government urgently appeals for the suppression of these abuses, and proposes a solution which is just as well as practical. As proposed at the Council of Ministers of Foreign Affairs, the Hungarian Government considers that part of Transylvanian territory should be restored to Hungary; namely, an area of 22,000 square kilometers, little more than one-fifth of the whole of Transylvania amounting to 103,000 square kilometers.

Annexes 2 and 3

According to the provisions of this settlement, the number of the Roumanians in Hungarian Territory is estimated at 880,000, whereas 1,060,000 Hungarians would remain under Roumanian sovereignty. Under these conditions, both States would necessarily be induced to adopt an identical attitude of toleration towards their minorities.

Annexes 4 and 5

The Hungarian Government does not wish to insist on the economic necessities which also point towards such a solution. This mountainous and well wooded territory, sparsely inhabited, would give Hungary the territory it lacks (Annex 6).

The Hungarian Government's note of April 27th 1946 was conceived in this spirit, as well as the *aide-mémoire* to the Council of Foreign

Ministers in Paris. It was also with this idea in mind that the President of the Hungarian Delegation expressed the desire, in his exposé before the Peace Conference, that direct negotiations between Hungary and Roumania should be undertaken before the final drafting and signature of the Peace Treaties, with a view to arriving by mutual agreement, at a settlement based on ethnic realities.

In any case, such a solution, if adopted, should be accompanied by measures calculated to facilitate reconciliation between Roumania and Hungary. This is what we have already proposed in our note 80/Be of 27th April 1946, in which we referred to the guarantees which should be granted to minorities, in conformity with the principles of the Atlantic Charter, and the policy of Lenin and Stalin.

Observations of the Hungarian Government, Article 1, para. (3).

The Hungarian Delegation has no observations to present concerning paragraph 3. However, in case a new text is adopted, instead of paragraph 2 of the draft, attention is drawn to the necessity of examining to what extent paragraph 3 should be modified, provided such alteration does not affect Soviet territory.

Observations of the Hungarian Government, Article 1, para. (4).

The Hungarian Government takes note of the annulment of the Vienna award of 2nd November, 1938, and of the re-establishment of a common frontier between Hungary and Czechoslovakia as it existed on 1st January, 1938. Only on condition, however, that the return to the territorial *status quo* would at the same time entail a return to the legal and ethnic *status quo* of the Hungarian population, which, according to the data of the *Statistický Zpravodaj* 18th year, number VI, amounted in 1945 to 650,000 persons. What is aimed at is the restoration of citizenship rights to members of the Hungarian minority, and the abrogation of discriminatory laws against them, and at providing guarantees for their national existence.

Should Czechoslovakia propose modifications to the frontier as it existed 1st January, 1938, or should she not be prepared to grant guarantees for the return to the legal and ethnic *status quo* of 1st January, 1938, Hungary requests that the Czechoslovak proposals should be communicated to her in sufficient time for comment.

The Government of the Hungarian Republic has the honour of drawing the attention of the Peace Conference to the fact that the boundary posts intended to mark the line of the former frontier have been removed or destroyed as a result of the war. It would be desirable to complete Article 1 by a provision stating that the frontier shall be delimited by Mixed Commissions working on the spot. A similar procedure would be necessary if the Conference decided to establish frontiers differing from the former ones.

Observations of the Hungarian Government, Article 2.

The Government of the Hungarian Republic is willing to carry out the provisions of Article 2 of the Draft, and takes note of the fact that similar provisions are contained in the Draft Treaty with Roumania.

But the Hungarian Government wishes to point out that the rights and freedoms enumerated in Article 2 do not contain all the "Rights of Man", and refers to the exposé the President of the Hungarian Delegation [gave?] to the Plenary Session of the Conference. The enumeration of the rights in question should be completed by an exact description of these rights, such as "the right to elect domicile, freedom to choose school language, freedom to work and to engage in a calling". The words "without distinction of race, sex, language, or religion" should be completed by the insertion of "of nationality".

The Hungarian Delegation wishes to point out that the mere reference to the "Rights of Man" does not seem sufficient when defining the statute of minorities, which would require more detailed regulation.

The Government of the Hungarian Republic has exposed its views on this point in an *Aide-Mémoire* presented on 11th June, 1946 to the Council of Foreign Ministers in Paris. It requests that corresponding provisions should be included in the Peace Treaty with Roumania.

Annex 7.

The Hungarian Delegation has the honour to annex a copy of this *Aide-Mémoire* (Annex No. 7); and declares its readiness, on a basis of reciprocity, to enter into the same engagements with regard to minorities living in Hungarian Territory.

The Hungarian Government, as regards Czechoslovakia, takes note of the fact that this country being one of the United Nations is bound by the provisions contained in the Charter of the United Nations. The Hungarian Government, in this connection, recalls the interpretation of paragraph 4 of Article 1, which makes the maintenance of the *status quo*, as far as frontiers are concerned, depend on the maintenance of the *status quo* concerning the rights of the Hungarian minority in Czechoslovakia.

The Hungarian Government also hopes that in the event of admission to membership of the United Nations, it will have the opportunity of raising the question of the defense of minorities before the appropriate body.

Concerning minorities, the Hungarian Delegation wishes to draw the attention of the Conference to another important question. It is extremely regrettable that the countries of south-eastern Europe at present contain a large number of persons without nationality, which permits the State in which they are living to restrict the application of the "Rights of Man" in their favour. The origin of this state of

things is, on the one hand, the complicated and frequently contradictory provisions of the Peace Treaties concluded after the previous world war, which enabled certain States to deny citizenship to the members of an undesirable minority or, on the other, to make regulations, such as those recently adopted by certain States like Czechoslovakia and Roumania, by which members of a "national" minority living on their territory have forfeited the citizenship previously conferred on them, or have had fresh obstacles placed in the way of the recognition of this citizenship.

The Hungarian Delegation, wishing effectively to guarantee the "Rights of Man" and to bring about appeasement among the peoples of the Danube Basin, deems it necessary to complete the Draft Peace Treaty by provisions compelling the States concerned to recognize without reservations the right of citizenship to persons domiciled in their territory.

The Hungarian Delegation refers for more ample details concerning the proposed solution, to the note of October 31st 1945 addressed to the representatives of the Great Powers at Budapest, a copy of which is enclosed herewith.

Annex 8.

With reference to the Czechoslovak and Roumanian provisions mentioned above, the Hungarian Delegation wishes to point out that it refers more precisely to the Czechoslovak Presidential Decree promulgated on 3rd August, 1945, by which Hungarian inhabitants of Czechoslovakia are declared to have forfeited Czechoslovak citizenship. As for Roumania, the Hungarian Delegation refers to the note of 15th July, 1946 handed by the Hungarian Republic to the representatives of the Great Powers accredited in Budapest, copy of which is attached (Annex 9).

Annex 9.

The Hungarian Delegation has no comment to make on the provisions of Part II, namely Articles 3, 4, 5, 6, 7, 8 and 9.

Observations of the Hungarian Government, Article 34.

Concerning part VIII of the Draft Treaty (Final Clauses), the Hungarian Delegation has the honour of making the following observations.

After paragraph (2) of Article 34, add "The Hungarian Government shall accredit to the three heads of Missions, plenipotentiaries whose function would be to transmit to the Hungarian Government messages addressed to it, and to give to the heads of these Missions all necessary information."

The object of this suggestion is the need for designating special agents to ensure adequate liaison between the different organs concerned.

Observations of the Hungarian Government, Article 36.

As regards Article 36, the Hungarian Government considers that in order to avoid uncertainty, a limit of one year from the signing of the Treaty should be specified for the purpose of acceding to it.

Observations of the Hungarian Government, Article 37.

Concerning this Article, the Government of the Hungarian Republic has the honour to point out that it would be more in keeping with international usage for the Treaty to come into force, not only after it has been ratified by the Great Powers mentioned, but also by Hungary.

In conclusion, the Government of the Hungarian Republic hopes to be allowed to present, if necessary, such further observations or comments as may be required to make known its point of view concerning any solutions which may be proposed.

II. OBSERVATIONS OF THE HUNGARIAN DELEGATION CONCERNING THE MILITARY CLAUSES OF THE DRAFT PEACE TREATY WITH HUNGARY

Concerning these clauses the following comments are submitted:

Articles 10 to 12. No comments.

Article 13. The Hungarian Delegation requests that the restrictions contained in the draft should not apply to "self-propelled or guided missiles or apparatus" with an effective range of less than 100 metres. Such weapons are intended solely for defensive purposes.

Article 14. The Hungarian Delegation requests that the war material necessary for the maintenance of the armed forces authorised in Article 10 shall not include the material required for replacing material deteriorated through ordinary wear and tear, nor material used for purposes of military training.

Article 15. The Delegation requests that the exact meaning of the expression "of German origin" should be specified: since the Hungarian army, as well as the armies of other States, was supplied with material which, although patented in Germany, should be regarded as material of international type. Should the term "of German origin" be interpreted in such a wide sense that it would apply to such international types of war material, Hungary would be faced with an insoluble financial problem, since it would necessitate re-equipping the army with entirely fresh types of war material.

Articles 16 to 18. No comments.

Article 19. The Delegation requests that instead of the words "as soon as possible", the following should be adopted: "within a period of six consecutive months following the signature of the present Treaty". In support of this request, it is sufficient to refer to the anxiety prevailing among families of prisoners of war. A fixed period

for the repatriation of prisoners of war would contribute greatly to tranquillize these anxieties.

Annexes 2 and 3. No comments.

III. OBSERVATIONS OF THE HUNGARIAN DELEGATION ON THE ECONOMIC CLAUSES OF THE DRAFT PEACE TREATY

The economic policy of a country is chiefly dependent on its geographical position. This doctrine is applicable to the countries of the Danube basin, whose economic policy must be based on their joint interests.

At the present time, when the conclusion of the Peace Treaties brings the second World War to an end, all countries, whether victorious or vanquished, are at one in their hope that Peace will heal their wounds and give that impulse to economic activity which is undoubtedly the essential factor in any kind of political reconciliation. This is why it is desirable that the essential economic requirements of the Danube Basin, including Hungary, should be taken into account in the Peace Treaty.

The Hungarian Delegation submits detailed proposals concerning the clauses of the Draft Treaty, reserving its right to make further proposals in due course. The Hungarian Delegation ventures to introduce its proposals by the following observations on the economic problems raised by the Draft Treaty.

THE ECONOMIC AND FINANCIAL POSITION OF HUNGARY

Preliminary remarks.

Even before the war, Hungary's position after the Treaty of Trianon was that of one of the poorest countries of Europe, with a very low standard of living and public expenditure absorbing a large proportion of private wealth. The density of the population had made it necessary to proceed with the industrialization of the country, in spite of the lack of raw materials required for this purpose.

In 1938, the last year of Peace, the national income amounted to 5,2 milliard pengoes, equivalent to 1 milliard dollars, barely 112 dollars per annum per head of population, on which 24 dollars were levied to cover public expenditure.

In these circumstances, it is obvious that accumulation of capital was bound to be limited. Even during the most favourable years, savings did not exceed 7.4 whereas in the western countries savings amounted to as much as 15.

Owing to the fundamentally agricultural character of Hungarian economy, the country was unable to react efficiently to the World Crisis in 1931. It was forced to proclaim a moratorium and to grant facilities to agricultural debtors.

The economic consequences of the war.

The German High Command proceeded to occupy Hungary on March 19th, 1944, thus laying the country open to Allied air attack, and afterwards caused it to become an actual theatre of operations. As early as the beginning of the summer, the Germans began to remove the moveable goods of the country. As matters grew worse and worse for Germany, this operation assumed the character of a complete evacuation. The economic position of Hungary, further aggravated by the destruction resulting from warfare, was as follows when liberated by the Red Army:

Out of the 52 milliard pengoes (10 milliard dollars) at which the national capital was estimated, the losses amounted to between 35 and 40, including 6,7 milliards on actual production equipment and 6,1 milliards on trade. Agricultural wealth was reduced by 25% and live-stock by over 50%. Industry lost a third of its fixed capital; 63% of the rolling-stock was destroyed or taken away by the Germans; 25% of the living accommodation in Budapest had become unfit for use, and there were even some towns where damage to dwellings reached 88%.

Such is the devastation caused by the war in the productive capacity and the material wealth of the country.

The Government administrative machinery was completely disorganized, communications entirely paralysed, trade between town and country held up, causing scarcity and famine in the big urban districts.

The result was that, for the year following the Liberation, national income fell to approximately 2,6 milliard pre-war pengoes, equivalent to 500 million dollars.

Inflation.

The lack of balance between production and consumption, and the paralysis of state machinery compelled the Government to tolerate the resumption of free trading. Moreover, the obligations contained in the Armistice Treaty have made it necessary to rehabilitate at least a portion of industrial production, which entails refusing priority to the requirements of the home market. Moreover, for long months, the Government found it impossible to proceed with the assessment or collection of taxes. In any case, there would have been no solvent taxpayers as economic activity was only very slowly reviving. It is this chain of circumstances that resulted in an inflation which might be called unique in economic history. In the financial year from July 1st, 1945 to June 30, 1946, expenditure amounted to roughly 514,4 million pre-war pengoes. During this period, revenue barely attained 54,7 million pengoes, which means that only 10.6% of the expenditure was covered.

The financing of most of the State's expenditure was therefore dealt with by the issue of more banknotes and by June 1946, one month before stabilisation, the note circulation had reached the astronomic figure of 6,277 trillion pengoes.

Anyone acquainted with the effects of inflation will know that it is the working classes who suffer from it. Such was also the case in Hungary. In spite of increases given to nominal salaries, their purchasing power fell, first from week to week, then from day to day and in the end, from hour to hour. There were days and weeks when the salaries given to wage earners of all types did not exceed 2 or 3% of the real value of their wages in 1938. Even during the most favourable spells, which were relatively brief, the wage-earners never received a salary representing more than 20 to 25% of their purchasing power in 1938.

The above figures allow for such arrangements as direct systems of barter resorted to by the peasants and factory workers so that the latter could obtain food.

It was therefore natural that money should have rapidly ceased to function as a unit of value and even as a means of payment. And so it is that in the middle of the 20th century we find in the very heart of Europe a country which has reverted to the original forms of trade.

Stabilisation.

All those responsible for Hungarian economic activity and the masses themselves plainly realised that the inflation had reached its utmost limits and that stabilisation must be attempted at any price and whatever the sacrifices.

The experts had, of course, hesitated. They considered that the national income was not yet sufficient to support the re-adjustment of the budget and the taxes to meet international commitments. Production was still inadequate to demand, and Hungary still lacked the foreign exchange which seemed absolutely necessary in order to maintain the value of the pengoe on the foreign market. Notwithstanding these fears, stabilisation was imperative for the reasons previously mentioned. It had to be attempted at the first opportunity and that seemed to arise at the beginning of the new harvest.

The agrarian reform which many people thought would entail a fall in production, actually proved, in these exceptional circumstances, the essential factor for the preservation of agricultural production. This was due to the fact that whereas large estates would have felt a shortage of labour, machinery and draught animals, the Hungarian peasant set himself to tilling the soil allotted to him, one might almost say with his bare hands, and, according to statistics, produced in 1946, 9.9 million quintals of wheat, 3.5 million quintals of rye, 4.1 million quintals of barley, 1.7 million quintals of oats, 19.9 million quintals of

maize, and 19 million quintals of potatoes. This harvest, as compared with 1936, represents the following percentages: Wheat 36%, Rye 43.7%, Barley 56.9%, Oats 54.8%, Potatoes 88.7%.

The harvest in 1946 is thus rather poor, but it is better than last year. The bread supply is only partially ensured, because the 9.5 million quintals of wheat and rye required for the people's consumption, and the 1.4 million quintals destined to meet international commitments absorb practically the whole harvest. This entails the use of maize and potatoes as substitutes in order to retain the necessary quantities for sowing.

For the period from January to March, Hungarian industry has, for its part, produced the following percentages as compared with the corresponding period in 1938. Metal-working and machinery, 94.3%; leather and rubber 12.6%; wood, bone and plastics 11.9%; textiles 24.3%; clothing 12.3%; processed food 36.7%. Notwithstanding these figures, the Hungarian Government considered that the situation required, without further delay, either an increase in production or some external assistance. On August 1st a new currency, the florin, was introduced. This unit is based on gold and its value defined as follows: 1 kilog. of pure gold equals 13.210 florins, which represents the value of this currency as 11.74 florins to 1 dollar. At the same time, the Government has incorporated price levels and salaries in a rationing scheme.

The rationing system covered only a certain number of foodstuffs. It was not possible to provide a rationing scheme for industrial products as the output was inadequate.

Compared with 1938, price variations are as follows: The index for foodstuffs stands at 4.1 florins to 1 pre-war pengoe, for industrial products it amounts to 5, rents, on an average, stand at 3, whereas, taken as a whole, wages and salaries only represent 25 to 50% of their pre-war value.

In order to illustrate the standard of living, an outline of the food problem must be given. The rationing scheme provides for the supply of 1,077 calories per day for town-dwellers, 1,084 calories for office workers, 1,481 for light manual labourers and 1,957 for heavy manual workers. Even these rations were only possible with the assistance of U.N.R.R.A.

The greater part of the calories are supplied by bread and flour. It will be sufficient to point out that the standard number in Hungary should be 3,080 calories and that, during the war years 1942 and 1943, the minimum ration never included less than 1,528 calories for the least favoured sections of the population.

Seasonal products which may be bought in the free market, including vegetables, fruit, poultry and eggs, ease the situation to some extent, but in this connection it must be remembered that excessively

low wages scarcely allow large masses of the people to raise the standard of living by purchases in the free market. It is the shortage of fats which is specially felt, not to speak of meat which has almost completely disappeared from the market since the latter years of the war. At present the slaughtering of animals for food is forbidden on account of the great reduction of the livestock.

The budget of the Hungarian State.

It is important at this juncture to consider the taxes which the Hungarian State levies on its nationals in order to meet its home and foreign commitments.

The Hungarian budget shows a revenue of 610 million pre-war pengoes and an expenditure of 710 millions. Expenditure is divided into three categories:

- 275 millions for staff salaries and pensions;
- 125 millions for ordinary maintenance costs;
- 310 millions for extraordinary maintenance costs,

including 70 millions for reconstruction and 240 millions for liabilities deriving from the armistice treaty (30 millions for the cost of international supervisory bodies and 210 millions for reparations).

In order to cover the 100 millions deficit, the Government intends to make full use of its right of issue, which it can do by recourse to fiduciary loans, without the inflation which does invariably accompany currency stabilisation measures. It must be pointed out moreover, that for the financial year 1946-1947 the approximate income of the nation will be 3.2 milliard pre-war pengoes and that, consequently, State taxes alone will comprise 19% of the national income. The cost of local administration, amounting to 180 million pre-war pengoes, entails the addition of a further 6% to taxation which therefore amounts to 350 pengoes per head. When these taxes have been deducted there remains an income of 263 pengoes (50 dollars) per capita of the population, a figure which makes any further taxation quite impossible. It is for this reason that the budget makes no provision for the payment of internal or foreign debts, or for financial liabilities deriving from the Draft Peace Treaty now under consideration. In this connection attention must be called to the fact that as payment towards the national debt (2 milliard gold pengoes or 400 million dollars) and foreign debts (900 million pengoes) a sum of 33.5 million pengoes, entails the addition of a further 6% to taxation which therefore amounts to 350 pengoes per head. When these taxes have been de- with creditors. As for the sums necessary for the reparation of damage to Allied property in Hungary, it is impossible to make any estimate, even approximate, as no data are available. But as we have already seen, the budget with its 100 million deficit is for our nationals a burden which cannot be further increased.

In these circumstances, it is impossible for the national income to increase at a more rapid rate. In view of the very low standard of living which Hungary will have to accept as a result of currency stabilisation, there can be no question of allocating more than the 240 million pengoes set aside to cover international obligations.

The international obligations of Hungary may be attributed partly to the war which has been lost and partly to debts contracted before the war.

From a chronological standpoint, our international debts take precedence over our war debts but from the standpoint of international law and political requirements, priority must be given to war debts. Since the coming into force of the Moscow Armistice Treaty, the Hungarian Government has had frequent proof of the generosity of the U.S.S.R. which, in view of Hungary's extremely weak economic position, has shown herself disposed to grant facilities as regards reparation payments. While convinced that, where necessary, the U.S.S.R. will not refuse to reduce reparation payments, the Hungarian Government feels obliged to state its views on the obligations in question, so as to give a true picture of all aspects of the country's economic and financial potentialities.

In April of this year, the Government of the U.S.S.R. agreed that reparations payable during the next 6 years could be paid over a period of 8 years. Shortly afterwards, the U.S.S.R. further agreed that reparation payments could be progressively spaced out. By this agreement, the reparations payable to the U.S.S.R. during 1946 were reduced from \$27.3 to \$21.8 million and those for 1947 to \$23 million. At the same time Moscow cancelled penalties previously incurred by us to the amount of \$6,000,000. Under another concession made at the request of the Hungarian Government, permission was given to Hungary to deduct from the reparations payable, in two equal parts, in 1946 and 1947, the value of a batch of securities representing Hungarian investments in an important foreign mining concern. The actual value of these bonds will be assessed by a joint Russo-Hungarian commission.

The principle of progressive deferment has also been adopted by Yugoslavia and, for the first year at any rate, by Czechoslovakia. Hungary's reparation obligations thus amount to \$33 million for the year 1946, but the transfer of the batch of securities will reduce this amount to a considerable extent.

These repeated concessions provide evidence of the generosity of the U.S.S.R., on which we count also in the future. We hope that the U.S.S.R. will always allow for our capacity and our economic effort and that she will not refuse her indulgence for delays for which we are not really responsible.

A second war liability is that of the cost of maintenance of the army of occupation. According to very modest estimates, it has been calculated that this will amount to 188 million pre-war pengoes for the last 9 months of 1945. When representatives of our Government visited Moscow they obtained formal promises from the proper authorities there that a considerable reduction would be made in the strength of the army of occupation. Moreover, we hope that the Soviet Government will continue to assume responsibility for a certain part of the maintenance cost of its troops in Hungary as it has done in the past and that it will increase its participation in these costs.

As for the cost of the Inter-allied Control Commission, this amounted to 11 million pre-war pengoes for a period of 9 months.

It is among obligations of this kind that must be classified the reparations provided for in Article 23 of the draft Peace Treaty. According to this Article, Hungary must restore all the legal rights and interests in Hungary of the United Nations and their nationals as they existed before the war, restore to these nations and their nationals all property belonging to them in the state in which it is at present, and compensate the owners for any damage caused to the property in question.

Hungary has not yet made any payment towards these liabilities, which are also prescribed in the Armistice Treaty; for the moment, we do not know the amount due under Article 23.

Nevertheless, the figures and the data which the Hungarian Delegation has just quoted are sufficient to prove to everyone the accuracy of the statement made above to the effect that, despite the generosity of the Soviet Union, the international liabilities of Hungary as laid down in the draft Treaty are far beyond her capacity of payment.

Conclusions.

To sum up, Hungary begs the Conference to take account of the efforts made by the Government of the Hungarian Republic to meet her liabilities up to the extreme limit of her nationals' capacity. Hungary, therefore, hopes that the final draft of the Treaty will not include any fresh stipulations likely to make her economic position more difficult, as for example, reparations, the liquidation of Hungarian property abroad, the renunciation of her rights and claims against Germany and her ex-allies. The same applies, also, to claims which, we are informed, have been made against us outside the framework of the draft by certain Powers—the justification of which, moreover, Hungary contests.

Hungary will, therefore, ask the Conference to grant it facilities for reconstructing her economic life. One of the fundamental conditions of our economic restoration is the restitution of our property taken westwards by the Hitlerite forces and their Hungarian accom-

plices. The detailed list which the Government of the Hungarian Republic has transmitted to the Allied Powers is far from complete.

This property, which represents a very large part of our national patrimony, is absolutely essential for the productive capacity of the country. Without it, neither the efforts of the Hungarian workers nor the mobility of the capital still in our possession will suffice to raise the standard of living of the country to the level at which it was between the two wars. We are grateful to the Government of the United States for having handed back to us the gold carried off to the West and for their promises concerning the restitution of property removed since January 20, 1945 (date of the Armistice) or since October 15, 1945 (the date when the "Crossed Arrows" came into power). It would, however, be desirable that the initial date of the restitution should be ante-dated to the cessation of Hungarian sovereignty, that is to say, to March 19, 1944, and that the application of relevant measures should not encounter any technical difficulties. Without this property, Hungary would remain not only in a permanent state of poverty but in the direst state of distress. For these reasons, the restoration of the property removed, is as important for the whole Danube basin and for the peace of Europe as it is for Hungary itself.

The Hungarian Delegation ventures to draw attention to the great hardships which will inevitably result for Hungary from the proposed territorial changes. These would involve the loss of certain sources of power, the severance of certain communications and important relations, and the dislocation of certain economic entities. It is in the interest of the Powers concerned to establish international agreements designed to regulate these questions. In this connection, the Hungarian Delegation is making concrete proposals for the settlement of these problems.

Hungary is animated with the sincere desire to fulfil her international commitments as loyally and fully as possible. With this object in view, she hopes that the total amount of her obligations will be definitely fixed, that a certain amount of latitude will be given her to meet these obligations, and that her liabilities will be assessed on the basis of the country's capacity of payment.

OBSERVATIONS BY THE HUNGARIAN DELEGATION ON ARTICLES 21 TO 33 OF
THE DRAFT PEACE TREATY (STATEMENT OF REASONS FOR THE AMEND-
MENTS PROPOSED)¹

Article 22

Under the provisions of paragraph 1 of this Article Hungary is obliged to return all property removed from the United Nations' territory.

¹ For amendments proposed, see p. 276.

As worded the draft would invalidate, without any compensation, transactions under which, without resort to direct or indirect duress, Hungary or Hungarian nationals purchased such property, from persons entitled to sell it, on the basis of the principle of freedom of contract, and against payment of its full value.

Therefore, as in paragraph 2, and as presumably intended by the authors of the text, the Hungarian Delegation requests that after the word "removed" the terms "by force or duress" be inserted.

Paragraph 2 of Article 22 obliges Hungary to return all property originating from the territory of any United Nation, regardless of whether the original Hungarian purchaser had paid in full for the property removed by force or duress from the country of origin by an Axis Power.

In the view of the Hungarian Delegation, some protection should be given to the original bona fide Hungarian purchaser—the responsibility of proving such *fides* resting with Hungary—so that he should not be at a loss.

Hungary would also ask to be granted a right of recourse against the Axis Power which removed the property in question from its country of origin. If there is to be no restriction provided for the obligation that property shall be returned, there should be recognition of this right of recourse in accordance with the actual principles of private international law.

Under Paragraph 6 of Article 22, Hungary accepts the obligation to return rolling stock of foreign origin located on Hungarian territory. She would, however, ask for reciprocity in the application of this principle. As a result of shortage of the necessary rolling stock, railway traffic in Hungary is already subject to very serious difficulties, and if Hungary is compelled to return rolling stock of foreign origin, without having her own rolling stock returned there is a risk of communications being completely paralysed.

Since under the rules of international law, rolling stock is not regarded as booty, both economic and legal motives militate in favour of this claim for restitution.

As a consequence of war events and military operations, rolling stock has been lost on both sides; territorial changes have likewise made big differences in the distribution of rolling stock. In the interests of economic and political justice in this sphere, we would suggest that a conference of railway experts be convened to proceed to a fair and just redistribution of rolling stock.

Article 23

Concerning the paragraphs which have been jointly agreed by the Foreign Ministers of the Four Great Powers, the Hungarian Delega-

tion, apart from a few draft amendments of minor importance which she ventures to indicate below, has no remarks to make.

Hungary, however, feels herself seriously prejudiced by paragraph 4 of Article 23 providing that Hungary shall be responsible for all injury done "as a result of the war" to ex-enemy property (including, under Article 31, French property, as well as that of States who severed diplomatic relations with Hungary). According to clause (d) of the American proposal in regard to paragraph 4, the expression "as a result of the war" includes the consequences not only of any action taken by the Hungarian Government or its agencies, but also of any action taken by one of the belligerents and of any action or failure to act caused by the existence of a state of war.

Such an extension of responsibility seems, in the view of the Hungarian Delegation, excessive. In this respect, it would seem advisable to take into account the fact that under Article 21, Hungary is obliged to make reparation for losses caused through her participation in the war. These reparation charges completely exhaust Hungary's financial possibilities.

The Hungarian Delegation considers that, as regards losses caused by factors other than the operations of the Hungarian forces or the action or failure to act of the Hungarian Government or their agencies, it would be unfair to exact reparation from Hungary for two reasons;

1. The losses sustained by Allied property on Hungarian territory occurred almost exclusively after March 19th, 1944, i.e. the date when the country was occupied by Hitler's forces. Since during the period of German occupation, Hungary was unable to exercise her full sovereignty, the supreme power being in the hands of the German High Command, Germany, according to general principles of international law as well as justice, should be liable for the losses which occurred as a result of the war. Consequently, the Hungarian Delegation is of opinion that the losses inflicted on the Allied and Associated Powers by German military operations on Hungarian territory should be considered as forming part of German reparations.

2. The damage inflicted on the Allied Powers by German military operations represents a very large proportion of the losses, amounting to about 35 to 40% of the national wealth of Hungary. They resulted in a very great decrease in the productive capacities of Hungary in the field of industry and agriculture, on the one hand, and a substantial impoverishment of the population, on the other. Most of the losses sustained by the Allied Powers affected industrial and agricultural plant, but the economic life of Hungary was also impaired. She felt these losses just as much as those inflicted on the property of Hungarian nationals. The U.S.S.R. proposal takes these circumstances into account by suggesting that in view of the losses sustained by

Hungary in the course of military operations against Germany on Hungarian territory, compensation should be made in part, to the extent of one-third of the losses sustained.

3. Considering that, under Article 21, the U.S.S.R., Czechoslovakia and Yugoslavia will obtain compensation in the aggregate for the losses they sustained through Hungary, to pay special compensation to these three Powers for the losses they suffered on Hungarian territory would, in the view of the Hungarian Delegation, mean paying twice for the same loss.

4. Reparation for the losses concerned would weigh so heavily on the budget of the State, that, as already explained by the head of the Hungarian Delegation at the plenary meeting, and as set out more fully in the Delegation's memorandum, it would be impossible to find the funds necessary to cover such reparation. By making a tremendous effort and by reducing the standard of living of the Hungarian population to the lowest possible level, the Hungarian Government has been trying since 1st August, 1946, to stop the disastrous inflation by creating a stable currency. The primary condition for financial stability is, of course, to balance the State budget, or at least reduce the deficit to a level where it can be covered without the risk of fresh inflation. In the light of these considerations, the budget estimates the expenditure at 710 million pre-war pengös, and revenue at 610 millions. The revenue required for the needs of the State, and government payments to autonomous administrations absorb, in round figures, 25% of the national revenue, assessed at 3.2 milliards of pre-war pengös for the year 1946-1947. Thus, the proportion of the revenue not earmarked for public expenditure is 263 pengös, or 50 dollars per capita for 1946-47. To add to the State budget fresh liabilities which in all probability would be considerable, would mean jeopardizing the success of stabilisation. It should moreover, be noted that, in order to secure the financial equilibrium alluded to above, the stabilisation budget has earmarked only very modest sums for the chief departments of State. Quite apart from the fact that salaries and material expenditure are so low that they cannot possibly be kept on that level very long, the sums earmarked for reconstruction are so small, that they could not cover the more urgent needs of economic recovery.

In consideration of these facts, the Hungarian Delegation would ask the Conference to limit the liability of Hungary to the losses sustained by Allied property in Hungarian territory as a result of measures taken by the Hungarian Government or their agencies. Should this principle be agreed, the Hungarian Delegation would be able to accept any of the alternatives contained in the draft Treaty which the Conference liked to adopt.

If the Conference found it impossible to accept this proposal by the Hungarian Government, the Hungarian Delegation would then ask

for the proposal of the U.S.S.R. Delegation to be adopted. Under this proposal compensation would be made in part to the extent of one-third of the damage sustained.

On the details of Article 23, the Hungarian Delegation ventures to suggest amendments to paragraphs 3 and 9.

1. In the case of Paragraph 3 the Hungarian Delegation thinks that a bona fide third party, should be protected where it can be proved that he acquired the property against payment of its full value.

In any case, the Hungarian Delegation feels that right of recourse should be accorded against the Axis Power whose measures of force or duress resulted in the transfer of certain property belonging to United Nations nationals to nationals of Axis Powers.

2. Regarding Paragraph 9, the Hungarian Delegation would state that there are no grounds for any special agreement about the bonds held by the Committee of Bondholders of the Danube-Sava-Adriatica Railway, since debtor-creditor relationships are regulated, in a general way, by the provisions of Article 27. The other creditors of Hungary would undoubtedly consider it prejudicial to their interests if special treatment were granted to a group of specific creditors. The Rome Agreement of 29th March, 1923, moreover, laid such heavy burdens on the debtor States, that after the world crisis of 1933, they were no longer able to fulfil their obligations. The settlement of relations between the debtor States and the Committee of Bondholders of the Danube-Sava-Adriatica Railway Company will call for direct negotiations between debtors and creditors in the same way as the settlement of other foreign debts. Should the Conference, nevertheless, agree to the French proposal, the Hungarian Delegation is of opinion that the wording of the Article should allow for a possible modification of the obligations arising under the Rome Agreement, in order to adjust them not merely to the changes consequent on the redistribution of the lines over the territories of various States, but also to the capacity of payment of the States concerned. The Hungarian Delegation has the honour to submit to the Conference in Annex A draft amendment.

3. The Hungarian Delegation considers it necessary, in any case in the clauses concerning losses sustained as a result of the war, to exclude definitely any expression which might be construed to mean that Hungary would also have to compensate nationals of Allied Powers for losses sustained as a result of the currency inflation which prevailed in Hungary before 1st August, 1946, or losses which are of the nature of loss of profit. It was natural to expect that foreigners with interests in Hungarian currency should not have escaped the ravages of war and its dire consequences, including inflation. But it would clearly be unjust to hold the general population which has

paid for the inflation by an almost incredible reduction in their standard of living, responsible for any losses foreign interests may have sustained through inflation. Similarly, the Peace Conference certainly does not propose to extend the obligation to compensate to cover loss of profits. In order that there should be no misunderstanding, the Hungarian Delegation would like to suggest that this should be stated in the text of the Treaty itself and ventures to submit a draft amendment to the Conference on this point.

Article 24

This article provides that the U.S.S.R. has a right to all German "holdings" located in Hungary. Since the term "holding" is not usual in the text of the Treaty and may be a source of confusion as regards the property to be restored, the Hungarian Delegation considers that it would be desirable, in this Article also, to employ the usual term of "property, rights and interests" which comprises all holdings.

Further to prevent misunderstandings, it should be expressly specified that such property, rights and interests pass to the U.S.S.R. with the charges attaching thereto. This results from general principles of private law (*nemo plus juris ad alium transfere potest, quam ipse habet*—"no one can transmit more rights to another person than he has himself"). The U.S.S.R. is the successor of Germany as the owner of this property. It is not from Hungary therefore that the U.S.S.R. will acquire certain property rights under this Article. If Hungary was therefore obliged to liberate such German property, the provisions of the present Article would not apply to the German owner or to him exclusively, but also to Hungary, which was certainly not the intention of the authors of the Article.

In this connection it must be pointed out that several States have made claims concerning the transfer of property stated to be German (e.g. France, Austria), but regarded by them as their property or the property of their nationals.

Article 25

Property, rights and interests located in territory of the Allied and Associated Powers falls into two categories:

On the one hand, property situated in territory of creditor states (U.S.A., Great Britain, etc.).

On the other, property, rights and interests situated in territory of neighbouring states (U.S.S.R., Czechoslovakia, Yugoslavia).

1. Hungarian property, rights and interests situated in the territory of creditor states are the result, in great part, of financial transactions between these states and Hungary; they consist, mainly of credits intended to finance our imports and meet payments resulting from financial liabilities.

The import of raw materials is all the more essential for the existence of the country because our stocks have been destroyed and depleted, and the country lacks raw materials. It is therefore absolutely necessary to ensure a minimum of imports. The economic development of the country also requires other imports, to meet on the one hand, the requirements of reconstruction work and on the other the need for additional supplies of food due to falling off in agricultural production.

Export possibilities only allow us to cover 20 per cent of our import requirements, which does not guarantee the indispensable minimum of raw materials.

This being the case, Hungary has a vital interest in obtaining foreign currency; and therefore cannot forego the free disposal of her foreign currency holdings in creditor states.

These credits date from a period subsequent to the conclusion of the "standstill agreements"; and were granted on the understanding that they would not be used for the payment of previous debts. Without these agreements, Hungarians could not have received credits of this kind, which would otherwise have been liable to seizure by the creditors. The Hungarian Government has no objection to making payments by mutual agreement, provided they are proportionate to the financial capacity of the State.

At present, however, while Hungary is in no position to meet claims from abroad, the Hungarian Delegation cannot admit that these sums should be used for the repayment of capital, i.e. in a way which is not consistent with the financial capacity of the State. The Hungarian Delegation also wishes to point out that it would be contrary to the principle of equal treatment of creditors, to pay such debts out of the sums in question. By confiscating these credits, certain creditors would perhaps obtain a hundred per cent refund, whereas others, particularly neutral States, would receive nothing. It is quite clear that such provisions would seriously threaten the foundations of Hungarian credit, and render it difficult to obtain the foreign loans which are indispensable to the economic rehabilitation of the country.

2. Property, rights and interests in the territory of neighbouring States originated in most cases in the relations between Hungary and the territories previously belonging to it, which were ceded to other States as a result of the last war. Though such property, rights and interests constitute a by no means negligible share of Hungary's foreign assets, since that country is particularly lacking in capital, they are at the same time one of the mainstays of the welfare and normal development of Hungarian minorities in neighbouring countries.

The Hungarian Delegation does not exactly know which liabilities should be met from property situated in her territory. After examining the different Articles of the draft Peace Treaty, it considers:

1. That Article 21 on reparations does not provide for the seizure of Hungarian property abroad for this purpose.

2. That it cannot come under the heading of restitution of property under Article 22, since claims against them do not require that Hungarian property should be used for this purpose.

3. As far as claims for restitution specified in Article 23 are concerned, the American proposal provides for the indemnification of owners by payments in Hungarian currency, without any necessity for the use of Hungarian property abroad.

This being the case the property in question should only be used for the payment of private debts and liabilities. In this connection, the Hungarian Delegation draws attention to the fact that such a one-sided liquidation would be a most unjust and costly method of meeting private debts. Should this liquidation be carried out on a non-commercial basis, it would result in fresh losses, involving an appreciable loss in the assets available for the payment of debts. It is sufficient to recall what occurred in carrying out similar clauses of the Treaty of Trianon to show that this is the case.

The Hungarian Delegation believes that the best way of settling this problem would be by a mutual agreement between debtors and creditors, perhaps subject to the control of a "clearing office".

The Hungarian Delegation is therefore compelled to move the adoption of the proposal of the U.S.S.R. The only amendment proposed is that Hungary, in accordance with the obvious object of this proposal, should have the right freely to dispose of all property in United Nations territory, regardless of what restrictions they may have been subject to during the war. It is of special interest for Hungary that the wording of the text should clearly stress the need for restoring property seized by the Nazis, and now situated in United Nations territory (i.e. Czechoslovakia and Poland).

Should the Conference decide, contrary to the expectations of the Hungarian Delegation, to adopt the proposal of the U.S.A., the U.K., and France, the Hungarian Delegation suggests several subsidiary amendments as follows:

1. The Hungarian Delegation proposes that the income from Hungarian property in Allied Nations territory should first of all be used to cover liabilities arising from the Peace Treaty, and that, should this income be insufficient, the liquidation of property should be carried out in an established order and according to a valuation mutually agreed upon with the Hungarian Government. In this way, the Hungarian Government could arrange that property of lesser value should be liquidated first, so that any balance should be returned to the owner after payment of liabilities. In any case, the liabilities to be paid by liquidation should not include those of a private character referred to in Art. 27 of the draft Treaty.

2. Hungarian owners should be guaranteed a right of pre-emption for the liquidation of their property.

3. It would be unjust to confiscate rights and interests arising out of industrial, literary, and artistic property without compensation.

In this respect, the Hungarian Delegation suggests that compensation should be determined by mutual agreement with the Hungarian Government, and that to obviate legal uncertainty, the Allied Power should notify, within six months, what industrial, literary and artistic property it is proposed to confiscate.

4. It is in any case necessary to specify that the right of detention and liquidation should only apply to property seized during hostilities, so that the restrictions imposed after the cessation of hostilities should not give rise to the application of such measures.

5. It would be equitable that the property of Hungarian physical persons, who, owing to persecution in Hungary, took refuge in the territory of one of the United Nations should be exempted from seizure and liquidation, even if they were living without permission in the country in question.

Article 26

According to the proposal of the U.K., U.S. and French Delegations to Article 26 of the draft Treaty, Hungary renounces all claims, including debts, against Germany and German nationals arising out of contracts and other obligations entered into before September 1, 1939. This renunciation would apply equally to all losses or damage which occurred during the war. On the other hand, neither this article, nor any other, contains clauses restoring to Hungary the right to dispose of Hungarian property situated in Germany, Austria, or other countries formerly allies of Germany.

1. As regards claims subsequent to September 1, 1939, these arose, in most cases, from commercial transactions between Germany and Hungary. For, even before the second world war, Germany played a predominant part in Hungarian foreign trade; the deliveries of goods on which Hungarian assets are based cannot therefore be regarded as exclusively arising from war conditions.

During the years preceding the second world war, imports of German and Austrian origin formed approximately 40% of total Hungarian imports. Exports to Germany and Austria constituted 46.6% in 1934, approximately 40% in 1936 and 1937, and 45.7% in 1938 of Hungarian exports.

During the war years, imports from Germany and Austria amounted to 52.9% in 1940, 58.5% in 1941, 51.2% in 1942, and 53.3% in 1943 of Hungarian imports. Exports to Germany and Austria amounted to 49.4% in 1940, 59.9% in 1941, 54.9% in 1942 and 60.2% in 1943 of total Hungarian exports.

Hungarian credits resulting from such deliveries therefore constitute assets resulting from former trade relations with Germany, in exchange for which Germany should have supplied Hungary with goods during or after the war. The fact that the German economic system was not in a position to fulfil its obligations to Hungary and to Hungarian nationals in this respect, should not have as a consequence that Hungarian debts should not be paid when, after a certain period has elapsed, the increase in German capacity to export would render this possible. If, on the other hand, our claims against Germany were to be transferred to the Allied Powers, this would result in a serious increase of the charges Hungary is called upon to bear by way of reparation.

2. It is certain that, as a result of the delivery of war material, Hungary is owed certain amounts by Germany. Most of these credits, however, date from the period subsequent to March 19, 1944, the date on which Hungary was occupied by the Nazis. Hungary cannot renounce either such claims, or the right to demand reparation from Germany for the damage which the Hungarian economic system has suffered as a result of German military operation on Hungarian territory. The Hungarian Government has already drawn up a general schedule of the damage caused: (1) directly by the German armed forces (forced transport, destruction, etc.) (2) by events of war due to German military operations.

Since May 1945, the Hungarian Government has notified the Inter-Allied Control Commission at Budapest of its intention to formulate claims and demand reparation from Germany, and to submit a detailed schedule of damages, together with a statement of the reasons for its claims, when peace with Germany is being negotiated. Hungary, which has inflicted exemplary punishment on its war criminals, would be seriously affected, both from a moral and material point of view, if she were compelled to renounce *a priori* all reparation claims against Germany, the principal war culprit.

3. Since, if Article 26 is adopted in the form proposed by the U.S.A., U.K. and France, no article of the draft Treaty would dispose of the Hungarian property, rights and interests situated on German or Austrian territory, or on that of ex-allied States of Germany, the Hungarian Delegation wishes to stress the following facts:

Hungarian property situated in Germany comes under two headings: (1) property which prior to 1944 was situated in German territory; (2) property which the Nazis or their accomplices the "Crossed-Arrows" transferred to Germany during 1944 and 1945.

The amount of the property coming under the first heading is less than that of the property removed, but is by no means a negligible quantity. The Hungarian Delegation therefore requests that the

right of Hungary to dispose of Hungarian property situated in German territory should be explicitly recognised.

As to property removed by the Nazis and the "Crossed Arrows", the Hungarian Government thinks it is legitimate to claim its restitution. It also wishes to point out that the list already submitted to the Allied Powers cannot be regarded as complete. This property, representing as it does a considerable part of the national patrimony, is essential for the restoration of the productive capacity of the country. If it is not restored, neither the efforts of the Hungarian workers nor the mobilisation of remaining Hungarian capital would suffice to raise the standard of living in Hungary to the level prevailing between the two wars. The Hungarian Government is extremely grateful to the Government of the U.S.A. for having restored the gold reserves removed to the West, and for having promised to restore the property removed since January 20, 1945, on which the Armistice was concluded, and as well as the property removed since October 15, 1944. It would, however, be desirable that the latter date should be altered to March 19, 1944, the date on which Hungarian sovereignty *de facto* came to an end, and that the restitution of such property should not encounter any technical obstacles.

4. With regard to property removed from Hungary, and at present situated in the territory of Austria or of States former allies of Germany (particularly Italy), Hungary requests, in accordance with the reasons set forth above, that such property should also be restored.

5. With regard to Hungarian property situated in the territory of ex-allied States of Germany, the Hungarian Delegation wishes to draw attention to the fact that in certain countries (e.g. Roumania) such property has been confiscated. The confiscation and the conditions in which such property has been dealt with, have frequently resulted in serious deterioration. Without going into details, the Hungarian Delegation feels compelled to express the wish that the Peace Treaty should guarantee Hungary the right of disposing of Hungarian property situated in the territory of ex-allies of Germany.

To sum up, the Hungarian Delegation agrees with the views expressed by the U.S.S.R., which take account of what has been set forth above, but proposes the following modifications:

(1) The restitution of property should be guaranteed, not only in the case of Germany, but also as regards Austria and ex-allies of Germany;

(2) The date January 20, 1945, should be altered to March 19, 1944;

(3) The war material necessary for the equipment of the armed forces which Hungary is authorised to retain should also be restored;

(4) Hungary should be guaranteed the right freely to dispose of all Hungarian property situated in German and Austrian territory, and in that of ex-allies of Germany.

Article 28

Under this Article, Hungary waives all claims of any description against the Allied and Associated Powers on behalf of the Hungarian Government or Hungarian nationals arising directly out of the war or of actions taken because of the existence of a state of war.

The second sentence of paragraph 2 would compel the Hungarian Government to make equitable compensation to persons who furnished supplies or services on requisition to the forces of the Allied and Associated Powers in Hungary and in satisfaction of non-combat damage claims against the forces of the Allied and Associated Powers arising in Hungarian territory. The Hungarian Government is not in a position to pay equitable compensation for the war damage of the inhabitants of Hungary. Apart from this financial consideration of decisive importance, the Hungarian Delegation proposes the deletion of this stipulation, for the additional reason that it considers it unfair to discriminate between different categories of war damage, and to have to compensate persons who suffered losses as a result of requisitions independently of actions of war, when compensation is refused for damage resulting from acts of war properly so-called.

According to the words of the second sentence of this paragraph, Hungarian prisoners of war—in contradiction of the relevant provisions of the Hague and Geneva Conventions—cannot ask the Allied and Associated Powers even for the payment of arrears due to them as remuneration for work executed by them. The Hungarian Delegation proposes to delete this phrase, as, in order to prevent possible escapes, a large number of prisoners did not receive their wages in cash, but under deferred payment schemes. It would be unjust and inequitable to invalidate Article 6 of the Hague Convention of October 18, 1907 and Article 5 of the Geneva Convention of July 27, 1929, under which prisoners of war are entitled to collect their wage arrears on being freed from captivity.

Article 30

With regard to this article, whose provisions deal essentially with questions of procedure, Hungary agrees to the U.S.S.R. proposal, and to the U.S. supplementary clause, which provide for the shortest and swiftest procedure. The U.S. supplementary clause is all the more important since it guarantees that questions in dispute shall be actually decided.

Article 32 bis

In declaring null and void the territorial changes to Hungary's advantage which have occurred from 1938 to 1941, the Draft Treaty restores the frontiers as they were in 1938. In this connection we should like to draw attention to the fact (without prejudice to the Hungarian

proposals submitted to the Territorial Commission) that Hungary will be obliged to make certain claims of an economic or financial character on the neighbouring States, for reasons which include the problem created by the investment of capital in these territories, the taking over by Hungary of part of the Public Debt, the question of civil servants and pensioners, and the operations of banks and other economic bodies, insurance companies and national insurance schemes, etc.

In order to give a fair solution to these problems, it is essential that the States concerned should at a given moment begin direct negotiations among themselves. This is why the Hungarian Delegation has the honour to propose the insertion of an article stipulating that negotiations for the settlement of these questions should begin within six months from the coming into force of the Peace Treaty. Should the conversations of the interested parties not result in their coming to a common agreement, the Hungarian Delegation proposes that the disputes be submitted to a Conciliation Commission in accordance with the Article 30 of the Treaty.

Article 32 ter

Based on the system of the draft Treaty, the proposed article adopts, as a general principle that the countries of the Danube Basin should conclude suitable arrangements facilitating a solution of certain economic questions to their mutual advantage.

In proposing the adoption of this Article, the Hungarian Delegation is inspired by the following considerations:

The greater part of Hungarian territory includes the lowest regions of the Carpathian Basin where the cultivated areas are to a great extent liable to be flooded. The cost of protective works against this danger constitutes a heavy burden, and is an important factor in increasing costs of production, without any corresponding advantage from the use of the water. Reservoirs for irrigation, and hydraulic power plants could only be erected on the other side of the mountain ranges, situated across the frontier.

Defense against floods can only be successful if adequate installations are established and maintained on the other side of the frontier, if a common hydrographic and meteorological service is in operation for the territory as a whole which constitutes a hydrographical unit, and last, if the territory in question has the benefit of a rational forestry system and of measures for the control of soil erosion.

The importance of a proper water control system was realised by the authors of the Treaty of Trianon, and twenty-six of its articles deal with hydraulic questions; but the measures adopted were not sufficiently effective.

The Hungarian Delegate welcomes the initiative of the Yugoslav Delegation and adheres, in principle, to the Yugoslav proposal, under which Hungary and Yugoslavia should settle hydraulic questions affecting both countries by an agreement. It wishes to point out, however, that the matter has a wider scope, and that a satisfactory solution can only be arrived at if the countries of the Carpathian Basin settle these questions by joint action. It feels that the Conference would reach the desired results if all the Danubian countries were to participate in this settlement.

The first questions requiring settlement are the following:

A. Existing hydraulic plant should be properly maintained so as not to endanger results already obtained.

An efficient hydrographic and meteorological service should be organised and maintained for the territory forming a hydrographic unit.

The necessary supply of water for the lower regions of the Carpathian Basin should be guaranteed by mutual agreements.

A part of the hydraulic power from the upper fluvial regions should be ensured by mutual agreements, as a set off against the heavy cost of protection against floods, which are a heavy charge on the lower regions of the Carpathian Basin.

Existing future rights to the use of water should be recognised.

Other questions connected with the water regime (e.g. fishing rights) must be settled.

There should be a common forestry policy, and used for the control of soil erosion.

B. Hungary is cut off from the sea. Her only possible maritime traffic is compelled to make use of a round-about route by the Danube. It is important for the economic development of the country that Hungarian import and export should enjoy special rates on the railways which connect with the sea; their free ports, and docks, should be assigned to her. The Treaty of Trianon provided that Hungary should have an outlet to the sea. But these provisions were not satisfactory because they could be nullified by an unfavourable rate policy.

C. The frontier cuts across the railway and road net so that railway lines and roads connected with each other and with main railway lines and roads on the other side of the frontier, make communication almost impossible between districts which are economically interdependent. It will be long before Hungary can build new connecting lines. It is therefore necessary that the use of these lines and roads should be guaranteed by adequate arrangements.

D. The third group of agreements would ensure the existence of undertakings dependent on each other, but situated in different countries. Blast furnaces located on Hungarian territory receive ore from

neighbouring mines situated across the frontier. The governments concerned took these facts into account during the inter-war period. Czechoslovakia, even independent Slovakia, guaranteed plants located in their territory the delivery of supplies of ore from mines belonging to these concerns, but situated in foreign territory, as well as transport for these materials at reduced rates. Hungary assumed similar obligations by way of reciprocity in the frontier districts where the position was the converse.

The same position existed with regard to Austria. Both governments had ensured by bilateral agreements the rational exploitation of a great coal field situated on both sides of the frontier. It is of vital interest for Hungary, which lacks iron ore, to obtain this ore, which cannot bear heavy transport charges. It is therefore desirable for the Peace Treaties to compel the States concerned to conclude similar agreements.

We have only cited these facts as examples. There may be other cases where the frontier line cuts economic unities in two, and where the States concerned should conclude agreements to secure their mutual interests.

AMENDMENTS PROPOSED BY THE HUNGARIAN DELEGATION TO ARTICLES 21
TO 33 OF THE DRAFT PEACE TREATY

Article 22

Para. 1.

Para. 1 would be replaced by the following text :

“Hungary accepts the principles of the United Nations Declaration of January 5, 1943, and will return property removed by force or duress from United Nations’ territories”.

Para. 2.

To Para. 2 should be added a second sub-paragraph :

“The said obligation will not apply to property acquired by Hungary in good faith, that is to say, for payment of the full value of the property in question. The burden of proof will rest on Hungary”.

Para. 6.

To Para. 6 should be added a second sub-paragraph :

“The United Nations, in their turn, will restore to Hungary the rolling stock of Hungarian origin located in their respective territories”.

There should also be added a third sub-paragraph :

“Within a period of six months from the coming into force of the present Treaty, an international railway Conference will be convened by the Governments of the U.S.S.R., the United Kingdom, the United States and France, with the participation of the States concerned in

the distribution of rolling-stock. This conference may, if necessary, take decisions differing from the above-mentioned provisions”.

Para. 8.

The following text should be inserted as Para. 8 :

“Hungary retains the right of recourse against the Axis Power by whose action property referred to in this Article was removed from the territory of one of the United Nations”.

Article 23

Para. 3.

A second sub-paragraph should be added to paragraph 3, reading as follows :

“The said obligation shall not apply to property, rights and interests acquired by Hungary in good faith, i.e. against payment of the full value of the said property, rights and interests. The burden of proof shall rest on Hungary”.

A third sub-paragraph should be added to paragraph 3, reading as follows :

“Hungary retains the right of recourse against the Axis Power whose measures of force or duress resulted in the transfers referred to in the present Article”.

Para. 4.

Amendments proposed to Para. 4.

First alternative

Sub-paragraph *d.* of the U.S. proposal would be replaced by the following text :

“As used in this Article, the phrase “as a result of the war” includes the consequences of any action taken by the Hungarian Government or of any action or failure to act by its organs during the existence of a state of war”.

Second alternative

Sub-paragraph *a)* would be replaced by the following text :

“Where, as a result of any action taken by the Hungarian Government or any action or failure to act by its organs, during the existence of a state of war, the property cannot be returned or . . . damage suffered”.

Sub-paragraph *c)* would be replaced by the following text :

“Where a corporation or association of any nationality other than that of one of the United Nations has suffered a loss of its property as a result of any action taken by the Hungarian Government or of any action or failure to act by its organs during the existence of a state of war, compensation . . . United Nations national”.

Sub-paragraph *a)* would be deleted.

In addition

The Hungarian Delegation asks for the adoption of the U.S.S.R. proposal.

New Para. 8a.

The following should be inserted after Para. 8 as a new Para. 8 *a*:
 "Loss or damage due to the general economic situation in Hungary or as a special consequence of the currency inflation prevailing in Hungary up to 1st August, 1946 or which amounts to loss of profits will in no case be deemed liable to be compensated for by Hungary."

Para. 9.

The Hungarian Delegation requests that this paragraph be deleted. If this paragraph is maintained, the Hungarian Delegation suggests that it be replaced by the following text:

"A new agreement shall be negotiated between the Danube-Sava-Adriatica Railway Company, the Governments concerned, and the Committee of Bondholders of the Company, in order to determine the method of applying the provisions of the Rome Agreement of March 29, 1923, laying down the Company's Articles of Association, and to determine the modifications required in that Agreement".

Article 24

Article 24 should be replaced by the following text:

"Hungary recognises that the U.S.S.R. is entitled to all German property, rights and interests in Hungary transferred to the U.S.S.R. by the Control Council for Germany and undertakes to take all necessary measures to facilitate the transfer of such property, rights and interests.

"The property, rights and interests referred to in this Article shall be transferred to the U.S.S.R. together with all liabilities and mortgages encumbering them at the date of the Armistice".

Article 25

The Hungarian Delegation accepts the proposals made by the U.S.S.R. Delegation, with the following modification:

". . . on the territory of Allied and Associated Powers even if such rights were limited in consequence of the participation of Hungary in the war on the side of Germany."

Should the U.S.S.R. proposal not be adopted by the Conference, the Hungarian Delegation would suggest the following amendments to the proposals submitted by the U.S.A., United Kingdom and France.

1st para.

Paragraph 1 to be replaced by the following text:

Each of the Allied and Associated Powers shall have the right to seize all property, rights and interests within its territory, which on

the date of the coming into force of the present Treaty belong to Hungary or to Hungarian nationals and to apply the net proceeds thereof to settle its claims or the claims of its nationals against Hungary or Hungarian nationals deriving from the present Treaty, to the exclusion, however, of claims covered by Article 27 of the Treaty.

Should the net proceeds of seized property not be sufficient for settling the claims covered by the preceding sub-paragraph, the Allied and Associated Powers shall have the right to retain or liquidate all property, rights and interests, in a rotation fixed by mutual agreement with the Hungarian Government. The value of property, rights and interests retained shall also be fixed by mutual agreement with the Hungarian Government. All Hungarian property or the proceeds thereof, in excess of the amount of such claims as above determined, shall be returned.

2nd para.

Paragraph 2 should be amplified as follows :

. . . on the understanding that the Hungarian owner shall have a priority right to acquire the property referred to.

4th para.

Paragraph 4 to be replaced by the following text :

No obligation is created by this article on any Allied or Associated Power to return industrial, literary or artistic property to the Hungarian Government or Hungarian nationals. The equivalent value of these claims shall be fixed by mutual agreement with the Hungarian Government and shall be included in determining the sums which may be retained under paragraph 1 of the present Article. The Government of each of the Allied and Associated Powers . . . in the national interest.

Each of the Allied and Associated Powers shall notify the Hungarian Government, within six months from the date of the coming into force of the present Treaty which rights with respect to industrial, literary or artistic property it intends to retain and the limitations, conditions and restrictions it intends to impose on these rights. In default of such notification, the rights in question, in respect of industrial, literary or artistic property, shall be considered as restored to the Hungarian Government or Hungarian nationals.

5th para.

Paragraph 5 should be replaced by the following text :

The property covered by paragraph 1 of this Article shall be regarded as Hungarian property which has been subject to control during the period of hostilities by reason of a state of war existing between

Hungary and the Allied or Associated Powers having jurisdiction over the property, but shall not include:

(a) Property of the Hungarian Government used for consular or diplomatic purposes or for the maintenance of a cultural or social institution;

(b) Property belonging to religious bodies or private cultural or social institutions and used for religious, cultural or social purposes.

(c) Property of natural persons who are Hungarian nationals residing within Hungarian territory . . . since January 20, 1945.

Article 26

The Hungarian Delegation accepts the proposal of the U.S.S.R., but suggests that it be amended as follows:

Para. 2

Paragraph 2 should be replaced by the following text:

Hungary shall have the right of restitution of any identifiable property at present located in Germany, Austria or in the territory of other former allies of Germany and which was removed from Hungary after March 19, 1944, including army equipment authorised by the present Treaty, even if this equipment should be considered as war material.

The restitution of any Hungarian property now located in German or Austrian territory or in the territory of the other former allies of Germany will be carried out under the direction of the military authorities of the occupying Powers.

Article 28

Para. 2

The Hungarian Delegation requests the deletion of the second sentence.

Para. 5

Paragraph 5 should be replaced by the following text:

The waiver of claims by Hungary under this Article includes any claims arising out of actions taken by any of the Allied and Associated Powers with respect to Hungarian ships between September 1, 1939, and the date of the entry into force of the present Treaty.

New Article 32 (a)

The following to be inserted after Article 32:

“Any economic or financial problems arising out of the annulment of territorial changes which have taken place since 1938 shall be the subject of direct negotiations between the States concerned. Such negotiations shall be entered into within six months of the coming into force of the present Treaty. If no agreement is reached, the case

shall be referred to a Conciliation Commission to be set up under Article 30, it being understood that the Commission shall be composed in the first place of representatives of the States concerned."

New Article 32 (b)

The following to be inserted after Article 32 (a).

"Should the Hungarian frontiers as determined in the present Treaty cut across any economic unit or interfere with the mutual utilisation of any natural resources, or should any means of communication constitute an obstacle to flood protection, the Parties concerned shall under the aegis of the U.S.S.R., U.S. and U.K. Governments, conclude agreements for the permanent elimination of any such difficulties in the general interest."

ANNEXES

The Hungarian Delegation reserves the right to submit amendments and comments at a later date.

ANNEX 3

[There follows Annex 3, Detailed Description of Modifications in the Frontiers between Hungary and Rumania; for text, see Department of State Publication 2868, *Paris Peace Conference 1946, Selected Documents*, p. 1097.]

ANNEX 4

Ethnic distribution in 1930 and 1941 of the population in the territory to be ceded to Hungary (22,000 sq. kms.)

	1930	%	1941	%
Hungarians	495,106	31.8	594,822	36.8
Roumanians	865,620	55.7	833,925	51.9
Others	194,062	12.5	183,251	11.3
Total	1,554,788	100.—	1,617,996	100.—

References:

1. For the year 1930: General Census of the population of Roumania. Vol. II. Mother tongues.
2. For the year 1941: General Census of Hungary for the year 1941. Facts concerning mother tongues.
(General census of Roumania in 1941. Ethnic origins).

Ethnic distribution of the population in the territory detached from Hungary in 1920 and ceded to Roumania. Area: 103,000 sq. kms.

	1910	%	1930	%	1941	%
Hungarians	1,661,805	31.6	1,480,721	26.7	1,749,907	29.6
Roumanians	2,829,454	53.8	3,234,157	58.3	3,303,983	55.8
Others	766,208	14.6	834,928	15.0	869,294	14.6
Total	5,257,467	100.—	5,549,806	100.—	5,923,184	100.—

ANNEX 5

[Annex 5 does not appear in the source text.]

ANNEX 6

The Hungarian Delegation wishes to explain the economic reasons which have influenced its decision to formulate claims for the modification of the frontier between Hungary and Roumania.

In the first place, consideration should be given to the fact that 25% of the territory claimed by Hungary is wooded country and this could solve the problem arising from the shortage of wood for fuel and reconstruction in Hungary and particularly in the Great Hungarian Plain. These forest areas are of incomparably less value to Roumania.

As regards hydraulic power, this area could provide large supplies which would make it possible to arrange for the electrification of the Great Plain.

The territory to be ceded would be large enough for all the construction works required to protect the Plain against floods and for the draining and irrigation of this area.

With regard to mineral resources, the area claimed would supply raw materials essential to Hungarian industry such as lignite, bauxite, asphalt, limestone and precious metals. All these materials are less valuable to Roumania as she has adequate deposits of them in other areas.

The area in question would complete and unify the road and rail network of the Great Plain. The new frontier would give rise to no difficulties as regards communications. As for the economic interests of the population, these are, in every case, bound up much more closely with those of Hungary than of Roumania.

**OBSERVATIONS ON THE DRAFT PEACE TREATY WITH FINLAND BY
THE FINNISH GOVERNMENT**

CFM Files

*Observations on the Draft Peace Treaty With Finland Submitted by
the Finnish Delegation*

C. P. (Gen) Doc. 6

PARIS, August 26, 1946.

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PART II: POLITICAL CLAUSES

SECTION 2

Article 6.

In the statement it made before the General Assembly of the Peace Conference the Finnish Delegation had the opportunity of pointing out that present Finnish legislation recognizes the high principles expressed in Article 6 of the Peace Treaty. Finland accordingly has but to guarantee that she will follow these principles in the future.

Article 7.

The Delegation begs to observe that Finland, as has been noted in the Draft Peace Treaty, has already fulfilled the obligations laid on her by this article, and that she undertakes to fulfil them in the future too.

Article 8.

The Delegation declares that Finland, having taken steps in accordance with the Armistice Agreement to dissolve organizations of a Fascist type on Finnish territory whether political, military or paramilitary, as well as other organizations conducting propaganda hostile to the Soviet Union or to any other of the United Nations, is prepared in the future too not to permit any organization to conduct propaganda as aforementioned.

Article 9.

The Finnish Delegation fully approves the purpose aimed at by the provision of this article, i.e. the surrender for trial of war criminals and such persons as in one way or other have committed crimes against peace and humanity. In this respect Finland has conscientiously fulfilled the stipulations of the Armistice Agreement, in respect whereof she has received due acknowledgement from the Allied Powers, last in the preamble of the Draft Peace Treaty. By virtue of the Armistice Agreement she has taken all possible steps in order to commit for trial both war criminals proper and the so-called war responsables.

The Finnish authorities and courts have carefully and thoroughly examined all cases of war crime which have been submitted to them and most of which have already been brought to a close.

With regard to the cases of persons having committed crimes against peace and humanity it is considered in Finland that the question of punishing the war responsables was definitely settled by a special trial in a manner which satisfied the Allied Powers.

As regards paragraph (a) of Article 1, the Delegation wishes to draw attention to the fact that it would make it possible to demand that Finnish citizens be surrendered for trial by foreign courts. No such demand has been made since the Armistice and such a procedure would be contrary to the principle expressed in the Form of Government according to which a Finnish citizen may not be tried before any other court than that within whose jurisdiction he stands by the law.

With regard to the last paragraph of the article the Delegation would like to mention that in Finnish opinion a uniform procedure should be agreed upon for settling all disagreements arising out of the interpretation and execution of the Peace Treaty, in the manner proposed under article 33.

PART VI: FINAL CLAUSES

Article 32.

The Finnish Delegation begs to refer to the wish it expresses under Article 33 in respect of achieving a uniform procedure for the settlement of disputes arising out of the execution and interpretation of the Treaty.

Article 33.

The Finnish Delegation hopes that disputes concerning the interpretation or execution of the Peace Treaty, excepting the cases mentioned under Article 29, should be settled by a uniform procedure to be agreed upon. In the opinion of the Delegation such disputes should in the first place be tried to be settled by diplomatic means, and, if the disputes can not be settled in this manner and the parties do not agree upon another procedure, they should be referred to a Court of Arbitration constituted in the manner provided by the Hague Convention 1907 regarding peaceful settlement of disputes.

PART III: MILITARY, AIR AND NAVAL CLAUSES

Article 13.

1. The maintenance of land, sea and air armaments and fortifications shall be closely restricted to those required for meeting tasks of an internal character and local defence of frontiers. In accordance with this principle Finland is authorized to have armed forces consisting of not more than :

(a) a land army including frontier troops with a total strength of 34,400 personnel;

(b) a navy with a personnel strength of 4,500 including the personnel of the coastal artillery and a total tonnage of 20,000 tons [10,000];

(c) an airforce, including naval air arm and reserve aircraft less than 5 years old, of 120 aircraft with a total personnel strength of 3,000. Finland shall not possess or acquire aircraft designed primarily as bombers with internal bomb-carrying facilities.

2. These strengths will in each case include combat, service and overhead personnel.

The motives of changes to Article 13.

(a) It is proposed that the words "anti-aircraft artillery" be omitted because units of anti-aircraft artillery are included and should continually be included in land, naval and air force.

(b) Because of the considerable length of Finland's coastal line—about 1,500 kilometers—a navy of 10,000 tons is unable to defend it and to protect the maritime trade in waters close to it even if auxiliary and training vessels are not included.

(c) For the reason of the extensiveness of Finland's territory—the total area being about 340,000 square kilometers—the local points of defence will be situated far apart from each other. Air scouting must be territorially limited because of the denseness of the forests. All this means that the air forces must be divided into small units for scouting and defence purposes, situated far from each other even if local defence operations only are at issue. On account of woody and hilly ground forced landings always result in destruction of material. Our difficult weather conditions—especially cold and frequently unfavourable flying weather—cause a great part of material to be continually under repair or attendance and this increases the need of material even for peace time training.

Aircraft over 5 years old have no fighting value. They could, however, be used in the first stages of training. Thus they would admit training without representing any fighting value.

Interpretation.

The Delegation begs to be informed as to how the expression "fortifications required for local defence of frontiers (coastal frontiers)" is to be interpreted.

Article 17.

In order to make local defence possible, Finland is authorized, in addition to the war material required for the maintenance of armed forces permitted under article 13 above, to retain the present coastal artillery, anti-aircraft and anti-tank material.

Finland shall not retain, produce, otherwise acquire or maintain facilities for the manufacture of war material in excess of material permitted above.

The motives for changes to Article 17.

It has been conceded that Finland's defence forces have the right to execute tasks of internal character and of local defence of frontiers. In a country, the area of which is about 340,000 square kilometers the troops allowed by Article 13 have no possibility of using their right

for defence. The proposed coastal artillery, anti-aircraft and anti-tank material is clearly of defensive character and in its main parts locally and entirely bound beforehand.

Article 18.

1. Excess war material of Allied origin shall be placed at the disposal of the Allied Power concerned according to the instructions given by that Allied Power.

2. Excess Finnish war material shall be placed at the disposal of the Governments of the Soviet Union and the United Kingdom.

3. War material of German origin or design in excess of that required for the use of the army permitted in the Treaty will be placed at the disposal of the Soviet Union and the United Kingdom.

4. Excess war material mentioned in paragraphs 1, 2 and 3 and the character of which is defined in annex 3, will be handed over or destroyed within one year from the date Finland has received detailed instructions regarding surrender or destruction.

5. Finland relinquishes all her rights to war material which has been handed over in accordance with the paragraphs 1, 2 and 3. The value of this material which will be fixed by a commission of experts of both parties, will constitute in regard to the material to be handed over to the Soviet Union, a part payment of Finland's war reparations to the Soviet Union, and, in regard to the material to be handed over to the United Kingdom, part payment of Finland's debt to England arising from earlier deliveries of war material.

6. It is also considered to be destruction of war material if material suitable or reconvertible to civilian use is given without delay to civilian use and normally used up.

7. Finland will not acquire or manufacture any war material of German origin or design except equipment which is necessary for the maintenance and use of that material of German design which according to paragraph 3 of this Article remains in her possession.

8. Finland will not employ or train any technicians, including military and civil aviation personnel, who have been nationals of Germany.

The motives for changes to Article 18.

Paragraph 4. The handing over and destroying of the material can not begin before detailed instructions have been given. In respect of the technical execution of the handing over and the destroying a period of one year is requested. It is reasonable that this period of one year begins to run first from the date when the detailed instructions have been given to Finland.

Paragraph 5. Finland's payments of war reparations to the Soviet Union are to be paid in commodities. It is natural and reasonable that commodities owned and handed over by Finland are to be considered as part payments of reparations even if they are war material.

In regard to the material to be handed over to the United Kingdom it is natural that this material is to be considered as part payment of the Finnish debt caused by the earlier purchase of the same war material from England.

Paragraph 6. Finnish economic life and the civilian population are in dire need of commodities. In order to relieve this need, it is to be hoped that a suitable or convertible part of the war material could be used in this manner.

Paragraph 7. The proposed addition is necessary in order to avoid incompatibility between paragraphs 3 and 7.

PART IV: REPARATION AND RESTITUTION

Article 22.

Finland's economic position, the influence brought on it by the reparations provided in the Armistice Agreement, and the conditions which must be considered in judging the real consequence of Finland's present war reparation have been described in the appended memorandum. From the Finnish point of view it would be important if the reparation sum of 300 million dollars fixed in the Armistice Agreement could be reduced to 200 million dollars.

Article 23.

On September 6, 1945, an agreement relative to Article 14 of the Armistice Agreement was signed between the Finnish Government and the Allied Control Commission in Finland concerning property unrestituted before August 1, 1945, or compensation for it, amounting to a total of 22 million dollars. On April 29, 1946 a notification in writing was received from the U.S.S.R. authority concerned to the effect that the Soviet Government in accordance with its decision made in April 1946 considered that the obligations under the said article of the Armistice Agreement were deemed to have been fulfilled. Consequently, the deliveries which had taken place according to the aforementioned special agreement were discontinued as from May 1, 1946.

FINLAND'S WAR REPARATIONS

By virtue of the Armistice Agreement concluded on September 19th, 1944 between Finland and the Soviet Union, Finland was enjoined to pay a war reparation in fulfilment of which she was to deliver commodities to the value of 300 million gold dollars over a period of six years. After the close of the first reparation year the term of delivery was prolonged by two years, and consequently reparations, amounting to 50 million dollars during the first reparation year, will be about 35.5 million dollars during each of the following seven years. With regard to their value in dollars and the term of payment, reparations imposed on Finland are thus equal to those to be paid by Roumania and Hungary, but, when calculated after the size of the popula-

tion, they are found to be more than two and a half times higher than Hungary's and not less than five times higher than Roumania's.

As Finland has to pay her war reparations in the form of commodities, the real significance of this burden appears from the prices with which Finland is credited in respect to such goods. A special agreement concluded on December 17th, 1944 established that the latter are to be valued on the basis of world market prices in 1938, with an increase of 15 per cent in respect of machinery, appliances and ships to be built, and 10 per cent in respect of other goods. For this reason, and considering the requirements regarding quality specified for the individual items in the schedule of delivery established for each year, the total value of goods delivered, provided no change will take place in the principles adopted for pricing, will be about 417 million dollars according to prices prevailing in the year (1944) when the Armistice Agreement was signed. The value of reparations is actually higher still if present dollar prices are to be considered.

The Armistice Agreement further stipulated that Finland had to restitute to the Soviet Union all property carried away from the latter's territory during the war. As, however, original or corresponding property could not always be delivered, it was agreed in summer 1945 that Finland was to compensate such unrestituted property by delivering products of her own instead. In regard to restitutions no heed was paid to the considerable investments made in the territories occupied by Finland troops after 1941. Excluding original Russian property restituted, Finland has delivered under the Restitution Agreement, until the end of April 1946 when the Soviet Union relieved Finland of further obligations in respect hereof, commodities totalling 24 million dollars at 1944 prices.

Besides this Finland has to stand for the expenses of the Allied Control Commission, 4 million dollars in 1945, and hand over German property and claims in Finland 44 million dollars in all. The latter item need not have been paid under other circumstances, and Finland is not even allowed to deduct from it Finnish nationals' claims against German nationals. Furthermore, the costs for administrating and for transporting to the Soviet Union the spoils of war taken from Germans amounted to about 12 million dollars.

In discharge of these burdens Finland has surrendered during the first reparation year 23 million dollars worth of national wealth, not accounting for the capital value of the ceded territories which it is difficult to estimate, but should be about 13 per cent of the country's whole national wealth. The major part of the burden has to be paid out of annual national income, i.e. about 76 million dollars in the first reparation year, about 60 million dollars in the second, and about 370 million dollars over the remaining six years, or 506 million dollars all told at the price level of 1944.

It is doubtful whether Finland could have acquitted herself of this burden had she even been in possession of her full capacity of production such as it was before World War II. It is true that the foreign payments balance, for instance under the favourable conditions in 1934-1938, gave an average net annual surplus of about 20 million dollars, but even such a surplus would have been scarcely sufficient to cover an appreciable part of the annual expenses for reparations, etc. evenly divided over the eight years. But, in fact, Finland's economic resources have further greatly deteriorated on account of the war.

Thus Finland has been obliged to cede roughly 13 per cent of her territory with all real property situated there. In 1938, these ceded areas accounted for 10 per cent of the whole country's industrial, farming and forestry production. About one-third of Finland's water-power, both exploited and under construction, was to be found there. German devastation in Northern Finland in autumn 1944 rose to about 107 million dollars. In other parts of the country damages caused by bombings and other direct acts of war were 210 million dollars. Inner communications have been badly upset and the merchant fleet has been reduced by two-thirds. Fields have fallen into decay and farm, industrial and town buildings are in bad repair. Railways and roads, machinery and productive plants are in a bad state and have become technically obsolete, and their efficiency has consequently greatly declined. The automobile park is practically worn out. Stocks of raw materials, dealers' stocks and private stocks of consumers' goods such as clothing, household articles, etc., are either small or inexistent. Finland's material national wealth is estimated to have fallen by at least 1,000 million dollars at 1944 prices, which makes about 25 per cent of her national wealth before the war.

Finland's resources of physical labour have also diminished during the war. She lost 85,500 men killed and missing, or 7.2% of the able, male population in 1938. Besides this Finland has more than 50,000 invalids whose ability is substantially reduced. The labour crisis would have been greater still if the whole population of the ceded territories, about 436,000 people, had not moved over to Finland's present territory; but on the other hand the re-establishment of a displaced population of more than 10 per cent of all inhabitants in the country, and the task of providing these people, who were torn off from their homes and their occupations, with productive occupations corresponding to their capacities, have caused the country enormous difficulties and expenses and cannot be carried through within the space of a few years.

Lastly, prevailing conditions have not even allowed Finland to make the best of these essentially reduced productive forces. This

was in the first place due to limited trade possibilities, in consequence whereof it was necessary to replace the efficient fuel coal by labour-wasting firewood, to use unprofitable substitutes in numerous other branches, and so forth. The existing capacity of many industries cannot be fully utilized on account of the shortage of raw materials and electric power.

In result of these facts the real national income in 1945 was only about 500 million post-war dollars, that is roughly 60 per cent of what it was before the war. In the second year of peace somewhat better results will evidently be obtained in industry and transportation, but on the other hand the output of farmers' produce cannot be raised owing mainly to lack of fertilizers and fodder. The value of all production in 1946 can be estimated at about 585 million dollars, which is 70 per cent of the pre-war level accounting for the depreciation of money value. The first reparation year's total uncompensated exports rose to 76 million dollars, or 15 per cent of the national income in 1945, and the second reparation year's corresponding expenditure is about 60 million dollars, or 11 per cent of the estimated national income in 1946. It may be interesting to note, for the sake of comparison, that the reparations Germany had to pay in the late 1920's, and which were found to be too high, on the average were only 2.3 per cent of Germany's annual national income.

The fact that Finland has fulfilled entirely, and on the whole punctually too, the first year's reparations and other financial obligations might give the impression that she will be able to discharge herself, by her own means, of these commitments even such as they are now. Actually, this is not the case.

Firstly, there were still stocks of raw materials, requisites and finished goods in 1945 which could be used for fulfilling reparation and restitution deliveries. These stocks are depleted now, and they have to be refilled alone with a view of maintaining the continuity of production. It should thus be remembered that the first year's reparations included, for instance, floating ships for 18 million dollars.

Secondly, the relative importance of machine shop manufactures in reparation deliveries is much greater in the second reparation year and will be still more so during the following years; but heretofore the metal working industries have mainly served the purpose of supplying other Finnish industries with necessary manufactures without producing practically anything for exports—in fact, imports of machinery and appliances have always been large in Finland. This fact alone makes it necessary to invest large sums in these industries, the capacity of which must be raised about three times from the pre-war level. Until June 1946, no more than about one-third of such total investments of estimatedly 25 million dollars had as yet been affected.

Indirectly too, war reparations and cession of territory have created a great need of investments. Thus, for instance, the output of water power must be increased during the next four years by 2.450 million KWH, or practically by the same amount as previously over a period of 25 years.

But investments in the so-called old home market industries, in expert industries, in transportation and in farming can be postponed no longer, as has been done ever since 1939. If the most urgent repairs to machinery, installations and buildings are not done now, the whole country's capacity of production instead of rising, as it ought to, will very soon decline catastrophically.

For these reasons productive investments in 1946 and the next few years will call for a much greater share, estimatedly 20-25 per cent, of the national income than in 1945. If war reparations and other uncompensated outlays be added to this, barely two-thirds of the present, reduced national income will be available for general consumption. Is it, in fact, possible to go so far?

Such a curtailment of consumption might be temporarily possible under conditions of exceptional wealth. In fact, it is considered to be a very good achievement even in the wealthiest countries if 15 per cent of the national income can be saved, or in other words if only 85 percent of it can be reserved for general consumption. But Finland is a poor country now, and her standard of consumption has steeply declined during the war. Food rations can be reduced no further without impairing the peoples' working capacity, and the clothing situation must necessarily be improved now if the imminent crisis shall be avoided. This applies likewise to the housing situation which has been aggravated not only by the stagnation of building operations during the war, but also by the displaced population's need for dwellings.

The question of war reparations can therefore be solved neither by means of a further reduction of the present standard of consumption, nor in desisting from indispensable repairs or ignoring the needs for renewal of productive capital.

One solution would of course be that to extend the burden of reparations over a longer period by means of foreign credits, provided such can be had. Such a measure has, in fact, already been necessary in order to enable Finland to pay reparations up to now. After the conclusion of Armistice, Finland has obtained foreign credits amounting to a total of 120 million dollars, this sum being very little short of that representing the value of payments made out of national income during the first two reparation years.

In excess of net incomes obtained from exports, etc. credits amounting to no less than 100 million dollars, including loans already granted,

are required for financing imports with a view of meeting the minimum requirements mentioned above. At this condition production and exports can be raised in a sufficient measure to allow the need of supplementary foreign credits to be reduced to about 70 million dollars in 1947. In the subsequent reparation years it should be possible to gradually reach a state of balance in foreign payments.

Finland is prepared to do all that is in her power in order to fulfil her obligations in respect of war reparations. However, she fervently hopes that the burden imposed on her be reduced so that the fulfilment of her obligations does not exceed her economic capacity and destroy the economic resources which, if they are preserved, can allow her to make her best contribution not only to the reconstruction of her own country, but also to that of the whole world.

PART V: ECONOMIC CLAUSES

Article 24.

Paragraph 1.

With regard to the stipulation that Finland shall restore all the legal rights and interests in Finland of the United Nations and their nationals as they existed on June 22, 1941, the Delegation begs to remark that the fact that the time fixed is counted to begin on June 21, 1941, makes this stipulation more severe than that of article 13 of the Armistice Agreement. In fact, Finland's state of war with several of the United Nations began later, as for instance with England on December 6, 1941. In this respect the position adopted in the Appendices is more equitable; in paragraphs 1(c) as well as 2 and 3 of Appendix 4 the time is calculated as from the date of the outbreak of war, and paragraph 1 of Appendix 5 still more explicitly says that contracts shall be deemed to have been dissolved as from the time when any of the parties became an enemy. The delegation hopes that the aforementioned effects of war in accordance with the last-mentioned stipulation will be deemed to have begun in respect of each State and its nationals as from the date when the state of war has actually begun between the State concerned and Finland.

Paragraph 2.

It is understood that the charges referred to in this paragraph do not include the administration fees collected by the Allied Property Custodian for property kept in his custody, these fees being in conformity with international usage and in no respect immoderate.

It is also understood, in conformity with what seems to appear from paragraph 1 (a) of Appendix 4, that the charges referred to in this paragraph, whilst including additional charges and other fines, do not include such regular charges to be paid in peace time the payment of which was deferred as long as the state of war lasted and which thus

have to be paid later. Annual patent fees can be mentioned as an example of such charges.

Paragraph 4.

This clause actually implies a considerable increase of the Finnish war reparation burden. Finland would have to pay compensation for property which was destroyed or damaged for instance by bombs, and according to the U.K. proposal also or such property as remained in the territories ceded to the Soviet Union. Furthermore, Finland should have to pay, at least according to the U.K. proposal, compensation in such cases too as a Finnish corporation whose shareholder is a national of one of the United Nations has suffered losses through the war. As damages according to article 30 shall be indemnified to the Allied and Associated Powers and France and those of the United Nations which have broken off diplomatic relations with Finland, as well as to nationals of all these countries, i.e. on a very wide scale, this considerably increases Finland's obligations in respect of indemnification.

It would be equitable if Finland's obligations in respect of indemnity were not extended further than what is established in article 11 of the Armistice Agreement, by virtue of which Finland has to make compensation for such losses only as she herself has caused. If her obligations in respect of indemnity become more extensive as compared with the Armistice Agreement, Finland should be granted a reduction on the amount of compensation in order to make it possible for her to bear the additional burden thus arising. In all cases the paragraph regarding payment of compensation should include a clause corresponding to that expressed under paragraph (b) of the U.K. proposal.

Article 27.

The Finnish Delegation has no observations to make with regard to this article provided paragraphs 1(c) and 4 are interpreted in such manner that the Finnish State and Finnish nationals have the right to look after their interests in matters concerning Finnish ships, Finnish goods or payment of costs before Prize Courts of Allied or Associated Powers and according to the procedure followed in the countries concerned, lay forth testimonies and in case of need appeal to a superior Court for a decision on a judgement or decision made by an inferior Prize Court.

Article 28.

In the opinion of the Finnish Delegation it would be appropriate if paragraphs 1(c) and 2 of this article were approved in the form proposed by the Soviet Union.

ANNEX 4. SPECIAL PROVISIONS RELATING TO CERTAIN KINDS OF PROPERTY**A. INDUSTRIAL, LITERARY AND ARTISTIC PROPERTY***Rights to industrial property.*

As the period of validity of a patent in Finland is exceptionally long, for patents granted prior to 1.1.1944 20 years and thereafter 17 years, it would be desirable from the Finnish point of view if the period of validity instead of being extended by a period corresponding to the duration of war, would remain unchanged and the holders of patents for this period would get compensation from the user of the patent. In such case it would be an internal matter for Finland to decide whether the State should pay the compensation owed by a bona fide user.

It is understood that the unpaid annual fees for patents should be paid when the patent rights are re-established if it is meant that the holder of a patent is entitled to compensation from the user of a patented invention for the years during which the patent was lost.

As during war practically all connections with the Allies were severed, patent agents in Finland had hardly any possibilities of pursuing their clients' patent applications. According to the regulations of the Finnish Patent Office these applications should have been considered void. Directly after the outbreak of war the patent office adopted a procedure according to which the applications of Allies were not considered void unless there was an absolutely compelling reason for it. For this reason comparatively few patent applications of Allies have become void, and the number of such cases to be taken up again is by no means alarming. If patent applications have become void, the same procedure should be applied to them as to patents, i.e. they should not automatically have to be taken under consideration unless the patent holder or his assignee applies for it. No protection of utility models is in force in Finland.

In Finland trade marks are registered for 10 years. The registration can be renewed for another 10 years if it is done before the expiration of the previous period. A great number of the trade marks of Allies which were registered in Finland on June 22, 1941, have ceased to be valid because of the expiration of the registration period, and renewals could not be applied for, all connections being cut off. The Draft Peace Treaty cannot either purport that such trade marks as have been deleted from the register should automatically be considered to have been continually in force; the holder of the trade mark shall on the contrary make an application in order to have the deletion cancelled. It would seem reasonable if a system could be adopted according to which the holder of the trade mark in so far as the 10-year

period expired between June 22, 1941, and the date of signature of the Peace Treaty can apply for a renewal of the registration within a certain fixed time limit after the signing of Peace, in which connection a fee for the renewal of the registration should be paid and the new registration period would begin to run as from the date on which the previous registration expired. It might be possible that the utility mark thus renewed would be deceptively similar to that which in the meantime has been registered in the name of the third party, but according to general principles of law regarding utility marks the latter would have to make way for the former. The number of possible conflicts arising out of this arrangement would evidently be very small, because the Finnish Patent Office did what was possible in order to prevent utility marks which expired during the war from being registered in the name of another person.

With regard to the so-called Union priority, Finland has acceded to the Paris Convention such as it was revised in Washington in 1911, and according to which the period of priority is four months. In the opinion of the Finnish Patent Office the extension of priority, in respect of utility marks, so far back as the roughly 5½ years proposed under paragraph 1 *b*) of annex 4 would lead to insurmountable difficulties in Finland.

Rights in literary and artistic property.

Finland has strictly followed during the whole war the clauses of the Berne Convention regarding protection of rights in literary and artistic property, naturally in respect of nationals of those countries which have signed the Berne Convention. The rights in literary and artistic property of nationals of such countries have by no measures of legislation whatsoever been placed in the position of enemy property, regardless of whether these countries were in a state of war with Finland or not. Accordingly, performance retributions have been collected in the normal manner on behalf of foreign composers, as for instance Lyons, Coats, Kettelby, Elgar and others. These retributions in Finnish marks can thus be freely disposed of in Finland by the composers, naturally in conformity with the foreign currency regulations in force in Finland at every time, as it is suggested in the U.K. proposal for paragraph 4 *a*) of article 24. Other rights in literary and artistic property of foreigners are protected in the same manner in respect of the duration of the war. Therefore, it seems as if there were no reason to extend the duration of rights in literary and artistic property for a further term corresponding to the duration of the war, as proposed in paragraph 3, annex 4.

The holder of rights in literary and artistic property must naturally be afforded a sufficient time for taking action against such persons as have infringed his rights during the war and which action he was

unable to take earlier on account of obstacles due to the war. Such a time limit being included under paragraph 1 *c*) of the annex, the protection of holders of rights in literary and artistic property is duly guaranteed without it being necessary to extend the provisions of paragraph 3 to regard them too.

B. INSURANCES

With regard to paragraph 1 the Delegation begs to point out that United Nations Insurers according to Finnish laws in force even now have every possibility of recovering their former portfolios of business in Finland. As to legislative enactments more onerous than those in force before the outbreak of war the stipulations contained in paragraph I should be so construed that enactments in force at the outbreak of war relating to the rights of foreign insurers to carry on insurance in Finland which are unaltered, still shall remain in force while amendments despite the aforesaid stipulation can be made in common law, as for instance in the criminal or fiscal law and in common law dealing with all insurers (e.g. the penalty for failure for preparing assessment forms for income return might be aggravated or the tax increased).

Paragraph 2 should be so construed that the words "insurance claims arising out of war" only mean payment of claims arising out of the war, not however, losses caused for instance by currency depreciation or property transfer tax levied on account of the war.

If paragraphs 1 and 2 are so construed, Finland has no observations to make.

The same applies to paragraph 3, all the more so as Finland has been afforded the possibility of accepting the securities mentioned therein as legal deposits or reserves at their value at the outbreak of war.

Should the USSR proposal relating to this paragraph be accepted and, consequently, article 24 be considered sufficient, Finland expects that the stipulations concerning insurance in this article are not construed in a manner more severe than has been said above of the U.K. proposal.

In the event of the U.K. proposal for Article 24, paragraph 4, of the Peace Treaty being enforced, assets of United Nations nationals in Finland and consequently also assets arising out of insurance transactions, as for instance insurance funds, should be paid in original currency. This is the more natural in insurance business as the premium and claims reserves are offset by a liability of an equal nominal amount in Finnish marks.

Should the USSR proposal for paragraph 4 be accepted Finland also expects that the construction put on the treaty will not in the result be less favourable than has been said above of the construction to be put on paragraph 4 of the U.K. proposal.

APPENDIX [*Anneæ*] 5. CONTRACTS, PRESCRIPTIONS AND NEGOTIABLE INSTRUMENTS

1. CONTRACTS

Paragraph 1.

This paragraph should be construed so that the seller, upon dissolution of the contract, shall return to the buyer the money received from him by virtue of such dissolved contract.

Paragraph 2.

Section (*e*) seems to be too indefinite, as according to it all such contracts would remain in force one party of which is a state, municipality or other similar juridical person charged with administrative functions.

Section (*f*) is vague as it leaves it open for deliberation to decide when "general interest" demands the execution of a contract, and when one of the parties is being caused "substantial prejudice". It would also be very important to have a definition of what is meant by "general interest".

III. REPORTS OF THE COMMISSIONS

REPORTS ON THE DRAFT PEACE TREATY WITH ITALY

CFM Files

*Report of the Political and Territorial Commission
for Italy*

C.P. (Plen) Doc. 24

PARIS, October 5, 1946.

RAPPORTEUR'S PREFACE

MR. CHAIRMAN: I formally present the report of the Political and Territorial Commission for Italy. It records the work of 43 meetings, during the course of which the Commission studied the various parts of the treaty allocated to it, together with the large number of amendments submitted by various delegations.

The primary purpose of this document is to present to the Conference the positive decisions and recommendations of the Commission insofar as these relate to the amended texts of the Articles of the treaty.

The material contained in the report is arranged in the following manner:

Chapter I covers the terms of reference, including the list of proposed amendments submitted to the Commission.

Chapter II sets out the manner in which the Commission disposed of the Articles of the Draft Treaty allocated to it. The number of votes by which the amended texts were adopted is recorded, and the texts as amended are given in full. In certain instances, and in accordance with the Rules of Procedure, majority and minority viewpoints are expressed. These majority and minority reports have been submitted by delegations and are reproduced in the form in which they were submitted.

Chapter III contains the decisions and recommendations on the Free Territory of Trieste. The reason for the segregation of this material is a technical one arising from the fact that the earlier sections had been prepared and translated before this section had been completed.

Chapter IV. As a result of a decision of the Commission a Fourth Chapter has been added containing the viewpoints of delegations on certain of their proposed amendments which had not been adopted. The purpose of this Chapter IV is to enable delegations to record and

to convey to the Plenary Conference this information on questions to which they attach particular importance. These comments have been reproduced in the form and language in which they have been submitted.

Chapter V records the votes taken on proposals relating to the Free Territory of Trieste, and on certain other important items referred to in the final paragraph of the conclusion.

The concluding section contains a summary of results of the Commission's labours in a form which it is hoped will be most convenient for the consideration of the Plenary Conference.

In short, the report is a working document and is arranged as such, and it is in no sense a narrative of the course of discussions.

CHAPTER I. TERMS OF REFERENCE OF THE COMMISSION

The Political and Territorial Commission for Italy held 43 meetings, under the Chairmanship of Mr. Leif Egeland, Delegate of the Union of South Africa. It elected as Vice-Chairman M. Manuilsky, Delegate of Ukraine, in whose absence M. Baranovsky assumed the functions of Vice-President and as rapporteur, Mr. McIntosh, Delegate of New Zealand.

The Commission was composed of Delegates of 20 countries, as follows: Australia, Belgium, Brazil, Byelorussia, Canada, China, Czechoslovakia, Ethiopia, France, Greece, India, Netherlands, New Zealand, Poland, Ukraine, United Kingdom, Union of South Africa, U.S.A., U.S.S.R., Yugoslavia; the representatives of Albania, Egypt and Italy were invited to state before the Commission their points of view on the relevant sections of the Draft Peace Treaty with Italy.

The Commission had the task of considering certain parts of the Draft Peace Treaty between the Allied and Associated Powers and Italy, drawn up by the Council of Foreign Ministers and of submitting, eventually, recommendations to the Plenary Conference.

The parts of the Draft Treaty studied by the Commission were as follows:

Preamble

Part I —Territorial clauses (Articles 1 to 13, Annexes 1 and 2)

Part II —Political clauses (Articles 14 to 37, Annex 9)

Part III—War Criminals (Article 38)

Part V —Withdrawal of Allied Forces (Article 63)

Part IX—Settlement of disputes (Article 72)

Part XI—Final clauses (Articles 75 and 78)

In the course of its work the Commission took into consideration the following amendments, proposals and resolutions:

- Preamble:*
- 1 Yugoslav amendment (C.P.(IT/P) Doc.5)
 - 2 Netherlands amendments (C.P.(IT/P) Doc.6 and Doc.8)
 - 1 Amendment submitted by the Chinese delegation in the name of the Belgian, Brazilian, Canadian, Chinese and Netherlands Delegations (C.P.(IT/P) Doc.14)
 - 1 Australian amendment (C.P.(GEN) Doc.1.B.1)
 - 1 Yugoslav amendment (C.P.(GEN) Doc.1.U.1)

Part I

Articles 1 to 12:

- 1 Australian amendment (C.P.(GEN) Doc.1.B.1)
 - Art. 1 1 Yugoslav amendment (C.P.(GEN) Doc.1.U.2)
 - Art. 2 1 Australian proposal (See record of Decisions of the 8th meeting, III b)
 - 1 French proposal (see record of Decisions of the 10th meeting, II d, and record of Decisions of the 11th meeting, Rev.1, I)
 - Art. 3 & 4 1 Brazilian amendment (C.P.(GEN) Doc.1.E.2)
 - 1 Brazilian amendment (C.P.(IT/P) Doc.23)
 - 2 Czechoslovak proposals (see records of Decisions of the 20th and 27th meetings)
 - 1 Yugoslav amendment (C.P.(GEN) Doc.1.U.3)
 - 1 Byelorussian amendment (C.P.(GEN) Doc.1.D.1)
 - 1 South African amendment (C.P.(IT/P) Doc.21 Rev. 1)
 - 1 Yugoslav proposal (C.P.(IT/P) Doc.98)
 - Art. 4 & 5 1 Yugoslav amendment (C.P.(GEN) Doc.1.U.4)
 - Art. 5 1 Australian amendment (C.P.(GEN) Doc.1.B.3)
 - Art. 9 & Annex 2 1 French proposal (see record of Decisions of the 11th meeting, Rev.1, III c)
 - Art. 10a 1 Joint proposal of the Belgium and Netherlands Delegations (C.P.(IT/P) Doc.44)
- Section IV* (Special Clauses and Art. 11.)
- 1 Yugoslav amendment (C.P.(GEN) Doc.1.U.5)
 - Art. 11a } 1 Yugoslav proposal (C.P.(GEN) Doc.1.U.6)
 - 11b }
 - 11c }
 - 11d }
 - Art. 12 1 Greek amendment (C.P.(IT/P) Doc.60)
 - 1 Ukrainian amendment (C.P.(GEN) Doc.1.R.1)
 - Art. 13 1 Australian amendment (C.P.(GEN) Doc.1.B.4)
 - 1 Brazilian amendment (C.P.(GEN) Doc.1.E.3)

- 1 Greek amendment (C.P.(GEN)Doc.1.J.2)
 1 Yugoslav amendment (C.P.(GEN)Doc.1.U.7)
- Art. 13a 1 Yugoslav proposal (C.P.(GEN)Doc.1.U.8)
- Part II*
- Art. 14 1 Australian amendment (C.P.(GEN)Doc.1.B.5)
 1 Greek proposal (C.P.(IT/P)Doc.79)
 1 Yugoslav amendment (C.P.(GEN)Doc.1.U.9)
- Art. 14a 1 Yugoslav amendment (C.P.(GEN)Doc.1.U.9)
 1 Joint draft, Polish-Ukrainian (C.P.(IT/P)Doc.69)
- Section II 1 Yugoslav amendment (C.P.(GEN)Doc.1.U.10)
- Art. 16 1 Australian amendment (C.P.(GEN)Doc.1.B.6)
 1 Byelorussian amendment (C.P.(GEN)Doc.1.D.2)
 1 Brazilian amendment (C.P.(GEN)Doc.1.E.4)
 1 Greek proposal (C.P.(IT/P)Doc.1.J.3)
 1 Yugoslav amendment (C.P.(GEN)Doc.1.U.10)
 1 Yugoslav amendment (C.P.(GEN)Doc.1.U.11)
 1 Yugoslav amendment (C.P.(IT/P)Doc.103)
 1 French proposal (C.P.(IT/P)Doc.105, Rev. 1.)
 1 United States proposal (C.P.(IT/P)Doc.16.)
 1 USSR proposal (C.P.(IT/P)Doc.46.)
 1 Polish resolution (C.P.(IT/P)Doc.106.)
- Art. 16
 Annex 9 Yugoslav proposals (C.P.(GEN)Doc.1.U.27, 1.U.28 and 1.U.29)
- Art. 17 1 South African amendment (C.P.(GEN)Doc.1.S.1)
 1 Australian amendment (C.P.(GEN)Doc.1.B.7)
 1 Chinese amendment (C.P.(GEN)Doc.1.G.1.)
 1 Ethiopian amendment (C.P.(GEN)Doc.1.H.1.)
 1 Greek amendment (C.P.(GEN)Doc.1.J.4.)
 1 Brazilian amendment (C.P.(IT/P)Doc.73)
 1 New Zealand amendment (C.P.(GEN)Doc.1.M.1)
- Art. 18 }
 19 } 1 Chinese amendment (C.P.(GEN)Doc.1.G.2)
 20 }
- Art. 21 1 Yugoslav amendment (C.P.(GEN)Doc.1.U.12)
 1 Polish amendment (C.P.(GEN)Doc.1.0.3)
- Art. 22 1 Greek amendment (C.P.(GEN)Doc.1.J.5)
- Art. 25a 1 Yugoslav amendment (C.P.(GEN)Doc.1.U.13)

- Art. 28 1 Ethiopian amendment (C.P.(GEN)Doc.1.M.2)
 Art. 31 1 Ethiopian amendment (C.P.(GEN)Doc.1.M.3)

Part III

- Art. 38 1 Polish amendment (C.P.(GEN)Doc.1.0.4)
 1 Greek amendment (C.P.(GEN)Doc.1.J.6)
 1 Yugoslav amendment (taken from Albanian proposal, (C.P. (GEN)Doc.7)

New Part X

- 1 Australian amendment (C.P.(GEN)Doc.1.B.13)
 1 New Zealand proposal (C.P.(IT/P)Doc.95)

Part XI

- Art. 75 1 Australian amendment (C.P.(GEN)Doc.1.B.15)
 Art. 76 1 Australian amendment (C.P.(GEN)Doc.1.B.16)
 1 Anglo-French-American proposal (Draft Peace Treaty, page 53)
 1 U.S.S.R. proposal (Draft Peace Treaty, page 54)
 Art. 77 1 Greek amendment (C.P.(GEN)Doc.1.J.19)
 1 Yugoslav amendment (C.P.(IT/P)Doc.97)

New article
 between 77
 & 78

- Art. 78 1 U.S.A. proposal (C.P.(IT/P)Doc.92)
 1 Yugoslav amendment (C.P.(IT/P)Doc.93 and 96)

New Part XII

- 1 Australian amendment (C.P.(IT/P)Doc.88)

The observations of the Italian Delegation (C.P.(IT/P)Doc.1 and 12), oral statements of Italian, Albanian and Egyptian representatives and the memorandum of the Albanian Delegation (C.P.(GEN)Doc.7) were also taken into consideration in so far as they concerned articles within the competence of the Commission and were taken up by one of the Delegations member of this Commission.

The Members of the Council of Foreign Ministers had agreed in advance upon most of the articles submitted for the consideration of the Commission.

However, the Four Powers were not able to reach prior agreement in the case of the Statute of the Free Territory of Trieste, and submitted to the Conference four different texts on that question. On Article 76, also, the Commission had to make a choice between a French-

United Kingdom-United States proposal and a proposal sponsored by the U.S.S.R.

CHAPTER II. DECISIONS OF THE COMMISSION ON THE ARTICLES OF THE DRAFT PEACE TREATY ALLOCATED TO IT

The Commission disposed of the Articles of the Draft Treaty allotted to it in the following manner:

SECTION I. *Articles Referred to Other Commissions or Adopted Without Modification*

(1) Articles 15—32—33—34—35—36—77 and 78 were referred to the Legal and Drafting Commission for consideration and decision.

Article 72 and Annexes 9 and 13 were referred likewise to the Economic Commission.

(2) Articles 6—7—10—14—23—24—25—26—27—29—30—37—63 and 75 were adopted unanimously.

(3) Article 17 was adopted unanimously with 2 abstentions, (Australia and Brazil), the Chinese, South African, Australian, Ethiopian and Greek Delegations having withdrawn their respective amendments, in consideration of the assurances contained in the declaration of the Four Powers (C.P. (IT/P) Doc. 65), which is to be attached to the Treaty in the form of an Annex. Article 22 was adopted by 15 votes to 1 with 4 abstentions, Articles 3 (Frontier between Italy and Yugoslavia), 4 (Frontier between Italy and the Free Territory of Trieste) and 16 paragraph 1 by 12 votes to 5 with 3 abstentions.

The majority and minority reports on Articles 3, 4 and 16 will be found in Chapter III of this report.

SECTION II. *Modifications Proposed by the Commission*

Preamble:

As regards the preamble:

a) Para. 1 was adopted unanimously.

b) Para. 2 was adopted unanimously as amended by the Netherlands Delegation (C.P.(IT/P) 5th meeting) and reads as follows:

“Whereas Italy under the Fascist regime became a party to the Tripartite Pact with Germany and Japan, *undertook* a war of aggression and *thereby provoked a state of war* with all the Allied and Associated Powers and with other United Nations, and bears her share of responsibility for the war; and”

c) Para. 3 as amended by the proposal submitted by the Chinese Delegation in the name of the Belgian, Brazilian, Canadian, Chinese and Netherlands Delegations (C.P.(IT/P) Doc. 14), slightly modified, was unanimously adopted. The amended paragraph reads as follows:

"Whereas, *in consequence of the victories of the Allied forces, and with the assistance of the democratic elements of the Italian people*, the Fascist regime in Italy was overthrown, on July 25, 1943, and Italy, *having surrendered unconditionally, signed terms of Armistice on September 3 and 29 of the same year; and*"

d) Para. 4 as amended in terms of the proposal of the Netherlands (C.P.(IT/P)Doc. 8) (which was modified in the meeting) was adopted unanimously, with one abstention (Yugoslavia). The amended paragraph 4 reads as follows:

"Whereas after the said Armistice the Italian armed forces, *both of the Government and of the Resistance Movement*, took an active part in the war against Germany and Italy declared war on Germany as from October 13, 1943, and thereby became a co-belligerent against Germany, and"

e) Para. 5. Following a discussion on the Australian amendment to para. 5 (C.P.(IT/P)Doc. 15), a motion by the Chairman was adopted by the Commission, Yugoslavia alone voting against it, and para. 5 as amended reads as follows:

"Whereas the Allied and Associated Powers and Italy are respectively desirous of concluding a treaty of peace which, *in conformity with the principles of justice, will settle questions still outstanding as a result of the events hereinbefore recited and will form the basis of friendly relations between them*, thereby enabling the Allied and Associated Powers to support Italy's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations;"

The Preamble as amended was formally adopted as a whole on October 1, 1946.

Art. 1.

Article 1, as amended by the second part of the Yugoslav amendment (C.P. (GEN) Doc. 1.U.2), slightly modified, was adopted unanimously. Article 1 should therefore read:

"The frontiers of Italy shall be those existing on January 1, 1938, subject to the modifications set out in articles 2, 3¹ These frontiers are traced on the maps attached to the present treaty. *In case of a discrepancy between the textual description of the frontiers and the maps, the text shall be deemed to be authentic.*"

The Yugoslav Delegation agreed to withdraw the first part of its amendment on condition that the following text was adopted by the Commission:

"The Commission assumed that adequate and sufficiently detailed maps corresponding to the various territorial clauses will be annexed to the treaty".

¹ Marks of ellipsis throughout the commission reports occur in the source texts.

This text was adopted without discussion.

Art. 2.

As regards Art. 2:

- a) Para. 1 (Little St. Bernard Pass) was unanimously adopted.
- b) Para. 2 (Mont Cenis Plateau) was adopted by 15 votes, 5 Delegations abstaining.
- c) Para. 3 (Mont Thabor-Chaberton) was adopted unanimously, subject to frontier adjustments in the region of Mont Thabor to be examined by the Legal and Drafting Commission, in accordance with the terms of the following statement by the French Delegation:
- “The French Delegation is ready to modify the text of the detailed description of the frontier in the Mont Thabor region, leaving to Italy the dam and the water catchment situated in this region.”
- d) Para. 4 (Upper Tinée, Vésubie and Roya Valleys) was unanimously adopted, subject to the frontier adjustments to be examined by the Legal and Drafting Commission, according to the following text adopted by the Commission:
- “The French Delegation having agreed to leave the village of Olivetta under Italian sovereignty, the Drafting Commission shall make the necessary changes in the relevant annex of the draft peace treaty”.
- e) It was decided that the detailed description of the Franco-Italian frontier (C.P.(IT/P)Doc.20) and the corresponding maps should be annexed to the Draft Peace Treaty and that the Legal and Drafting Commission should mention the annex and the corresponding maps in Article 2.

Art. 5.

Paragraphs 1, 2 and 3 of the U.S. proposal having been withdrawn Article 5 was adopted unanimously with the addition of a new paragraph 5 proposed by the Yugoslav Delegation (C.P.(GEN)Doc.1.U.4) as revised according to the Chairman's suggestion (C.P.(IT/P) 27th meeting). The new paragraph 5 of the article 5 reads as follows:

“For the purpose of determining on the spot the exact frontier laid down in articles 3, 4 and 16, the Commissioners shall be allowed to depart by 0.5 kilometer from the line laid down in the present treaty in order to adjust the boundary to local geographical and economic conditions, provided that no village or town of more than 500 inhabitants, no important railroads or highways, and no major power or water supplies are placed under a sovereignty contrary to the delimitations laid down in the present treaty”.

Art. 8.

Article 8 was unanimously adopted with the following modification, proposed by the Delegation for France: addition of the words “the

necessary arrangements shall be concluded in due time between the two Governments" at the end of sub-para. 2 of article 8.

Art. 9.

As regards Article 9 which was adopted unanimously and the Annex 2 to which it refers, the Commission decided to refer section IV of annex 2 to the Legal and Drafting Commission, who should modify it according to the following statement made by the Delegate for France at the 11th meeting:

"The Delegate for France has stated that he would have no objection to the addition of a phrase in section IV of annex 2 which would give Italy guarantees as to the security conditions applying to the dam of Mont Cenis. This phrase would make clear that it would be the task of the technical supervisory Commission to cooperate with the appropriate French technical authorities to ensure that the safety of the lower valleys is not endangered".

Art. 10a.

As regards article 10a, a joint proposal by the Belgian and Netherlands Delegations for the addition of Article 10a (C.P.(IT/P)Doc.44 Rev.1) was adopted by 13 votes to 6 and one abstention.

The text of article 10a is as follows:

"The Allied and Associated Powers have taken note of the provisions (of which the text is annexed to the present treaty) agreed upon by the Austrian and Italian Governments on September 5, 1946, giving certain guarantees to the German speaking inhabitants of the province of Bolzano and the neighbouring bilingual townships of the province of Trente".

According to the resolution issued by the General Secretariat (C.P. (Sec.) N.S. 131), the two following reports putting the respective point of view of the majority and of the minority are submitted to the Conference.

a) Majority report by Belgian and Netherlands Delegations

"On September 5, 1946, in Paris, the Premier of the Italian Republic and the Foreign Minister of the Austrian Republic agreed on a text regarding the status of the German speaking inhabitants of the Province of Bolzano and the bilingual border communes of the Province of Trente. This agreement, communicated to the Conference in letter of 6 September from the two signatories and circulated to members of the Conference by the Secretariat General (Doc.C.P.(SEC.) N.S. 119) guarantees to German-speaking citizens complete equality of rights with Italian-speaking citizens, to safeguard their ethnical character and cultural and economic development.

With this object in view, the Italian Government promises to grant them autonomous regional legislative and executive power. It undertakes further to review the question of the options for citizenship resulting from the 1939 agreements, to seek agreement on the mutual

recognition of the validity of certain university diplomas, to draw up a convention for free transit between the Northern and Eastern Tyrol and to make special agreements to facilitate traffic across the frontier between the two countries.

The Belgian and Netherlands Delegations believed that this agreement, by obviating certain difficulties in the South Tyrol, makes an important contribution to the development of peaceful and friendly relations between Austria and Italy. They therefore considered it appropriate that the Allied and Associated Powers should take note of the agreement in a special article of the Peace Treaty with Italy and should annex the text of the Austro-Italian agreement to the Treaty. The Belgian and Netherlands Delegations therefore tabled a draft amendment (Doc. 44, Rev. 1) for insertion in Section III of Part I of the Peace Treaty, under the heading AUSTRIA."

b) Minority report by the U.S.S.R. Delegation:

The following is the point of view of the minority :

1. This Agreement has no connection whatsoever with the Peace Treaty with Italy as the task of the Conference is to study the Draft Peace Treaties which are to regulate the relations between the United Nations and the country in question.

The Agreement between Italy and Austria does not fall within these terms of reference as it is a bilateral agreement concluded between States which were in one and the same camp in the war against the United Nations; it should not therefore be included in the documents of this Conference.

2. The Council of Foreign Ministers accepted Article 10 which provides for the conclusion of an agreement between Italy and Austria guaranteeing the free movement of passenger and freight traffic between North and South Tyrol. The Italo-Austrian Agreement of 5th September does not deal with this question and has nothing in common with Article 10.

3. Moreover, it has been stated that the Agreement in question does not supply a satisfactory solution of the problem of the national rights of the German-speaking population of the South Tyrol.

4. No concrete measures are laid down in the Agreement to secure a review of the system of option which was introduced under the Hitler-Mussolini Agreement of 1939 and which has had a very unfavourable effect on the life of the German-speaking population of the South Tyrol.

5. The Agreement of September 5, 1946 is to be put into effect not on a broad democratic basis but mainly with an eye to the interests and views of a narrow circle of persons indicated by the authorities. The question of the frontiers of the autonomous territory remains open, as do the means by which the autonomy desired by the people of South Tyrol will be realized.

6. The terms of the Agreement are too vague and it is not exactly clear to which territory it is applicable.

7. The insertion of the Austro-Italian Agreement in the Peace Treaty with Italy would create the undesirable and even harmful illusion that the Agreement constitutes even in a small degree a solution of the problem of the national rights of the German-speaking population of the South Tyrol, whereas in reality this is not the case."

Heading of Section IV.

The heading of Section IV was modified, with unanimous consent, by the adoption of the proposal contained in the Yugoslav amendment (C.P. (GEN) Doc. 1.U.5). The heading should therefore read:

“Section IV, People’s Federative Republic of Yugoslavia (Special Clauses)

Art. 11.

Article 11 was unanimously adopted following the acceptance of the report from a sub-commission of two (France and Yugoslavia) (C.P. (IT/P) Doc. 62 revised) which revised the proposals in the Yugoslav amendment (C.P. (GEN) Doc. 1.U.5).

Paragraph *b*) of article 11 was therefore replaced by the following text:

“*b*) The area bounded

On the north by parallel 45°17' N.

“ south “ 44°23' N.

“ west by a line connecting the following points:

1) 45°17' N—13°27' E

2) 44°51' N—13°37' E

3) 44°23' N—14°18'30'' E

On the east by the west coast of Istria, the islands and the mainland of Yugoslavia”.

Art. 11a.

As regards Article 11*a*, the proposed Yugoslav amendment to add four new articles (11*a*, 11*b*, 11*c* and 11*d*) (C.P.(GEN)Doc.1.U.6) having been revised by the sub-commission of three (Belgium, France and Yugoslavia) (C.P.(IT/P)Doc.100), the new article 11*a* was adopted by the Commission by 19 votes to 1 together with the first paragraph of Ann. 3, which was adopted unanimously and referred to the Economic Commission for Italy for observations.

Article 11*a* as amended by the Commission reads as follows:

“1. *Italy shall restore to Yugoslavia all objects of artistic, historical, scientific, educational or religious value (including all deeds, manuscripts, documents and bibliographical material) as well as administrative archives (files, registers, plans or documents of any kind) which, as the result of the Italian occupation, were removed between November 4, 1918 and March 2, 1924, from the territories ceded to Yugoslavia under the treaties signed in Rapallo, on November 12 1920, and in Rome on January 27, 1924. Italy shall also restore all objects belonging to those territories and falling into the above categories, removed by the Italian Armistice Mission which operated in Vienna after the First World War.*

2. *Italy shall deliver to Yugoslavia all objects of public legal character coming within the categories in paragraph 1 of the present article removed since November 4, 1918 from the territory which under the*

present treaty is ceded to Yugoslavia, and those connected with the said territory which Italy received from Austria and Hungary under the Peace Treaties signed in St-Germain on September 10, 1919 and in Trianon on June 4, 1920, and under the convention signed between Austria and Italy in Vienna on May 4, 1920.

3. If, in particular cases, Italy is unable to restore or hand over to Yugoslavia the objects coming under paragraph 1 and 2 of the present Article, she undertakes to hand over to Yugoslavia similar objects, in accordance with the provisions of para. 9 of article 65 of the present treaty.

Annex 3. Economic and Financial Provisions relating to ceded territories.

1. The Successor State shall receive, without payment, Italian State and para-statal property within territory ceded to it under the present Treaty, as well as all relevant archives of an administrative character or historical value concerning the territory in question.

The following are considered as [as] State or parastatal property.
 . . . ”

Art. 12.

Article 12 was amended in terms of the proposal put forward by the Greek Delegation (C.P.(IT/P)Doc. 60), which was unanimously adopted as modified by the Commission.

The Ukrainian amendment to the second sentence of para. 1 of Article 12 (C.P.(GEN.)Doc. 1.R.1) was withdrawn.

Article 12, as amended is as follows:

“Italy hereby cedes to Greece in full sovereignty the Dodecanese Islands indicated hereafter, viz. *Astypalooa, Rhodes, Chalk, Scarpanto, Cassos, Piscopi (Tilos), Nisyros, Calymnos, Leros, Patmos, Lipsos, Symi, Cos and Castelloriso as well as the islets depending from all the above islands.* These islands shall be and shall remain demilitarized.

The procedure and the technical conditions governing the transfer of these islands to Greece will be determined by agreement between the Government of the United Kingdom and Greece and arrangement shall be made for the withdrawal of foreign troops not later than 90 days from the date of coming into force of the present Treaty.”

The Commission proposed that the Greek Delegation should prepare a text and map defining the draft maritime frontier of Greece in the region of the Dodecanese Islands and that such text and map should be submitted to the Plenary Conference for approval.

The Commission decided likewise to refer to the Legal and Drafting Commission the consideration of the text and map of the draft maritime frontier of Greece in the region of the Dodecanese Islands to be prepared by the Greek Delegation, such observations as the Legal and Drafting Commission might make thereon to be submitted direct to the Plenary Conference.

Art. 13.

Article 13 as amended by the addition of a new para. 4, proposed by the Australian Delegation (See C.P.(GEN.) Doc.1.B.4), and identical with the U.S. proposal contained in the Draft Peace Treaty with Italy as *U.S. proposal*, was adopted by the Commission by 12 votes to 2 with 6 abstentions. With a slight drafting alteration, it reads as follows:

"The State to which the territory is transferred shall secure to all persons within the territory, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms including freedom of expression, of press and publication, of religious worship, of opinion and public meeting."

According to the resolution issued by the General Secretariat (C.P. (SEC) N.S.131), the two following reports, putting the respecting [*respective*] points of view of the majority and of the minority, are submitted to the Conference.

a. Majority report by the United States Delegation.

In putting forward the majority point of view, the United States and also the Australian Delegation, "drew attention to the fact that the Australian amendment, which is identical with that of the United States, was accepted in the Commission on September 23, by 14 votes to 6, i.e., a two-thirds majority. When the article, as amended was adopted by the Commission, it received 12 votes to 2, with 6 abstentions. Amongst the delegations abstaining were those who had voted against the United States proposal, together with Brazil and Greece, whose amendments to those articles had been rejected by the Commission. The abstention of the Brazilian and Greek Delegations was not because of disagreement with the American proposal, but because the article did not reflect their own amendments.

However, in support of the proposal for a new paragraph to Article 13 (which it must be remembered received an affirmative two-thirds vote of the Commission), the United States delegation states that it is designed to secure for persons in ceded Italian territories equal treatment and the enjoyment of human rights and the fundamental freedoms. The new paragraph 4 to Article 13 is not restricted to any one country but applies to all countries receiving Italian territory. People who live in territory which passes from one sovereignty to another are entitled to the enjoyment of the fundamental freedoms and human rights and it appears obvious that the receiving sovereign State should guarantee these rights and freedoms to the new citizens whom they acquire in the same measures as to their own citizens. All the peace treaties should guarantee, fortify and strengthen the rights of human beings, and thus, while the United States proposal is a simple one, it is fundamental in character. All nations represented at the Paris Conference are signatories of the Charter of the United Nations, which also reflects the vital principles of human rights and freedom. The transfer of sovereignty over territory, material goods, reparations or battleships cannot be compared with the transfer of human beings which may affect their personal rights and privileges and it is in this spirit that the American Delegation urged and obtained the adoption

by the Commission of paragraph 4 to Article 13 of the Italian Peace Treaty.

b. Minority report by the Yugoslav Delegation.

1. "The Yugoslav Delegation considers that for the automatic acquisition of citizenship the earlier date than that foreseen by the project would be more justified. A closer link with the ceded territory is necessary for the automatic acquisition of citizenship. The successor state should take only the local population together with the territory. The Yugoslav amendment (Doc. C.P.(GEN.)Doc. 1.U.7), asking that the date be April 21, 1936 (that of the last Italian census) supposes that the population after a ten years' sojourn might have assimilated with the local population.

2. "The Yugoslav Delegation also wishes, through its amendment (Doc.1.U.8), to exclude from the automatic acquisition of the Yugoslav citizenship war criminals and active and prominent Fascists. Such people are the greatest enemies to the Yugoslav peoples, and it would be unjustified if Yugoslavia had to acknowledge them as her citizens."

3. "The minority took the view that the proposals were discriminatory in their nature, because the proposed obligations are only imposed upon some of the signatories of the present Treaty, while the said obligations are not assumed by the other States signatories to the Treaty (including the States which have proposed them). They are imposed also upon such States as Yugoslavia, where rights of national minorities had been guaranteed, and such guarantees had been embodied in the Constitution. The imposition of the rules proposed implied lack of confidence in certain democratic Allied States and represented a form of interference in their internal affairs. While there was no objection to the spirit, it was for the above reasons inappropriate to insert the proposals in the present Treaty".

Art. 13a.

Article 13a, based on sub-section 1 and 3 of the Yugoslav amendment (C.P.(GEN.)Doc.1.U.8), having been revised by the Legal and Drafting Commission (C.P.(IT/P)Doc.102) and further revised in the Commission, was adopted by 19 votes to 1. The text of 13a is as follows:

"1. Within a period of one year from the coming into force of the present Treaty, Italian citizens over 18 years of age (or married persons whether under or over that age), whose customary language is one of the Yugoslav languages (Serb, Croat and Slovene), and who are *domiciled* on Italian territory may upon filing an appropriate request with the Yugoslav diplomatic or Consular Representatives in Italy, acquire Yugoslav nationality if the Yugoslav authorities accept their request.

2. In such cases, the Yugoslav Government will communicate to the Italian Government through the diplomatic channel lists of the persons who have thus acquired Yugoslav nationality. The persons mentioned in such lists will lose their Italian nationality on the date of such official communication.

3. The Italian Government may require such persons to transfer their residence to Yugoslavia within a period of one year from the date of the official communication.

4. The rules relating to the effect of options on wives and on children set forth in article 13, para. 2, shall apply.

5. All provisions applying to the transfer of properties belonging to persons who opt for Italian nationality under annex 3 para. 6 of the present Treaty, shall equally apply to transfers of properties belonging to persons who opt for Yugoslavia according to this article".

Art. 14a.

Article 14a. The Yugoslav proposal to add a new article 14a (C.P. (GEN.) Doc.1.U.9) was adopted by 13 votes to 6 and 1 abstention. The text of article 14a is as follows:

"Italy agrees not to take any proceedings whatsoever against:

a. Persons who expressed themselves in favour of their locality or any part of Italy being ceded to any Allied or Associated Power, who engaged in activities to this end or took action vis-à-vis international organizations or commissions in favour of a solution of the frontier question detrimental to Italy.

b. Italian nationals or members of the armed forces who deserted from the Italian army or joined Allied military units or resistance movements in the rear or under the occupation."

According to the resolution issued by the General Secretariat (C.P. (Sec) N.S.131) the two following reports putting the respective points of view of the majority and of the minority are submitted to the Conference.

a. Majority report by Yugoslav Delegation

"A situation has arisen as a result of the war and the struggle against fascism, in certain large frontier areas in Italy and above all in the Julian March, which leads the population to expect that the frontier would be modified, and it acted accordingly, thereby formally violating Italian laws. The changes provided for in the present treaty show that the population of these frontier areas was right. However, the proposed frontier lines, whatever they may finally be, will never include all those who came out in favour of the incorporation of the region in a neighbouring country. Justice demands that they be not abandoned to the vengeance of the defeated country. This applies in an even greater measure to those who left the ranks of the Italian army which was fighting against the United Nations, and who went over to the Allied Forces."

b. Minority report by the United States Delegation

"The objection to this new article is that it attempts to define in detail certain of the human rights and fundamental freedoms which are covered by the broad language of draft article 14. Such particularization of the human rights and fundamental principles is undesirable since they cannot all be enumerated in the draft treaty and omissions may lead to confusion with respect to the intent of the

drafters. Consequently it is better not to try to improve on the broad language already contained in draft article 14. Furthermore, the intent of article 14 a is broader than just the Slovene populations mentioned and might be applied to all Allied sympathizers in Italy. Finally the language in para. b of the proposed article is too broad in that it appears to cover all deserters from the Italian army without limitation as to reason for desertion or period of time”.

Articles 18, 19 and 20.

The Chinese amendment to these three articles having been unanimously accepted (C.P.(GEN)Doc.1 G.2) the following texts are recommended to the Plenary Conference :

“Article 18. Italy renounces in favour of China all benefits and privileges resulting from the provisions of the final protocol signed at Peking on September 7, 1901 and all annexes, notes and documents supplementary thereto, and agrees to the *abrogation of the said protocol, annexes, notes and documents in respect of Italy*. Italy likewise renounces any claims thereunder to an indemnity.

Article 19. Italy agrees to the *cancellation of the lease from the Chinese Government under which the Italian Concession at Tientsin was granted*, and to the transfer to the Chinese Government of *any property and archives belonging to the municipality of the said Concession*.

Article 20. Italy renounces in favour of China the rights accorded to Italy in relation to International Settlements at Shanghai and Amoy and agrees to the reversion of the said Settlements, *to the administration and control of the Chinese Government*.

Art. 21.

Article 21, as amended by the Yugoslav proposal contained in C.P. (GEN.)Doc.1.U.12, was adopted by 11 votes to one with 8 abstentions. The amended article 21 should read as follows :

“Italy recognises and undertakes to respect the sovereignty, independence and territorial integrity of the State of Albania.”

According to the resolution issued by the General Secretariat (C.P. (Sec)N.S.131) the two following reports putting the respective points of view of the majority and of the minority are submitted to the Conference.

a. Majority report by the Yugoslav Delegation

“In the view of the Yugoslav Delegation, territorial integrity is but one aspect of the sovereignty and independence of a country. The denial of Albania’s sovereignty and independence by Italy manifested itself in the first place in the seizure of Albanian territory, i.e. in the violation of her territorial integrity. It is therefore justified to ask that Italy should expressly recognise the territorial integrity of Albania.”

b. Minority report by the United States and Greek Delegations

“1. The United States Delegation lays stress on the fact that the addition of the phrase ‘territorial integrity’ to this article is considered unnecessary and contributing to confusion. It does not appear in the Treaty with respect to any other country and can be interpreted as placing the final seal of the Conference’s approval on the present frontiers with Albania. It is well-known that one of the United Nations and member of the Paris Conference has territorial claims against Albania which are not now under consideration by this Conference. The frontiers of Albania are not up for consideration by the Conference and any implication in the Treaty that present Albanian frontiers have been confirmed by the Conference is erroneous, misleading and outside the Conference terms of reference. Consequently the original wording of the draft article is sufficient guarantee with respect to Italy and should be maintained unmodified.”

2. “The Greek Delegation has communicated its reservations concerning Article 21 insofar as this article might be held to apply to the existing territorial boundaries of Albania and with a view to obviating any possible ambiguity, the Greek Delegation states that the Greek Government, while subscribing to the sovereignty and independence of Albania will maintain its reservations until such time as the question of Northern Epirus is settled in a manner consonant with justice and equity. The solution of this problem will help to restore friendly relations between the two neighbouring countries. The Greek Delegation also draws attention to the fact that the Yugoslav amendment (C.P.(GEN.)Doc.1.U.12) was adopted by 10 votes to 9 with 1 abstention, whereas the article as amended was adopted as has already been noted, by 11 votes to 1, with 8 abstentions.”

Arts. 23 and 24.

Articles 23 and 24 were accepted, and sent to the Economic Commission for Italy for their comments. The Yugoslav Delegation having presented as their own amendments the proposal contained in the memorandum submitted by the Albanian Government on the Draft Peace Treaty with Italy (C.P.(GEN)Doc.7), relative to article 23, and for new articles 24a and 24b, it was resolved by the Commission to send these proposed amendments to the Economic Commission for Italy for a decision.

Art. 28.

Article 28 was adopted as amended by the Ethiopian amendment (C.P.(GEN)1.H.2) the vote being unanimous with two abstentions (U.S.A., and Ethiopia). The text of article 28, thus amended, reads as follows:

“Italy formally renounces in favour of Ethiopia all property (apart from normal diplomatic or consular premises) rights, interests and advantages of all kinds acquired at any time in Ethiopia by the Italian State, as well as all para-statal property as defined in paragraph 1 of Annex 3 to the present Treaty”.

"Italy renounces all claims to special interests or influence in Ethiopia".

Art. 31.

Article 31, as amended by the Ethiopian proposals (C.P.(GEN)Doc. 1.H.3), was adopted unanimously with the abstention of the United States. The amended article 31 reads as follows:

"Within 18 months following the entry into force of the present Treaty, Italy will restore all Ethiopian works of art, religious objects, archives and objects of historical value removed from Ethiopia to Italy since October 3, 1935.

The date from which the provisions of the present Treaty shall become applicable as regards all measures and facts of any kind whatsoever entailing the responsibility of Italy or of Italian nationals towards Ethiopia, shall be held to be on October 3, 1935."

Art. 38.

Article 38 was adopted as amended by the substitution in paragraph 1 of the words "take the necessary steps" by the words "take all necessary steps", in the first part of the Polish amendment (C.P.(GEN)Doc. 1.0.4). The vote was unanimous with Greece abstaining. In consequence, para. 1 of Article 38 should read as follows:

"1. Italy shall take all necessary steps to ensure the apprehension and surrender for trial of:

(a) persons accused of having committed, ordered or abetted war crimes and crimes against peace or humanity;

(b) nationals of the Allied and Associated Powers accused of having violated their national law by treason or collaboration with the enemy during the war."

Art. 76.

In the case of *article 76, the Commission*, after consideration, adopted by 14 votes to 6, the text of the draft submitted by the Delegations of France, U.K., and U.S.A. This text having secured the two-thirds majority required by Section VI*b* of the Rules of Procedure of the Conference is submitted to the approval of the Plenary Conference as a recommendation of the Commission.

Art. 77a.

Article 77a, a new article proposed by the United States Delegation (C.P.(IT/P)Doc.92), was adopted at the 37th meeting of the Commission by 11 votes to 8, with 1 abstention. This new article is as follows:

"The provisions of the present Treaty shall not confer any rights or benefits on any State named in the Preamble of the present Treaty as one of the Allied and Associated Powers or on its nationals unless such State becomes a party to the Treaty by deposit of its instrument of ratification."

In conformity with Section VI*b* of the Rules of Procedure two reports setting forth the respective points of view of both the majority and the minority are submitted.

a. Majority report by the United States Delegation.

“In view of the provisions contained in the 1st paragraph of Article 78 for the Treaty coming into force, that is, immediately upon the deposit of ratification by France, U.K., U.S.A. and U.S.S.R., it is considered desirable to clarify the position of the other Allied and Associated Powers with respect to the benefits of the Treaty. There are many provisions in the Treaty conferring benefits, territorial and otherwise, on various Allied and Associated Powers and it should be made clear in the Treaty that ratification of that document and deposit of a country's ratification as provided in the last part of Article 78 is a prerequisite to receiving rights and benefits under the Treaty. Under Article 78, the Treaty does not become binding upon an Allied and Associated Power until that Power's instrument of ratification has been deposited. That Allied and Associated Power does not assume the obligations of the Treaty until its deposit of ratification. It is obviously just that an Allied and Associated Power should not be entitled to benefit under the Treaty until it assumes the corresponding obligations. There is nothing exclusive in this proposal for a new article since its language indicates that it is not directed against any one state; that its provisions apply to all of the Allied and Associated Powers. Since there may be some difference of interpretation of Article 78 concerning the Treaty coming into force with respect to the Allied and Associated Powers other than the Four sponsoring Powers, the proposed new article will obviate any future question on this point.”

b) Minority report by the U.S.S.R. delegation.

“The Delegation of the United States proposed that a new Article should be inserted between Articles 77 and 78 in the Peace Treaty whereby the provisions of the present Treaty should not provide any rights or privileges to any State mentioned in the Preamble, until such time as the Act of ratification has been deposited.

The Soviet Delegation considers that the aforesaid proposal of the American Delegation, which was accepted by the Commission with a quite insignificant majority, viz.: 11 to 8 with one abstention, is completely wrong.

The Soviet Delegation considers that the proposal of the Delegation of the U.S.A. is redundant, because the question at issue has already been decided by the second paragraph of Article 78 of the draft Peace Treaty, which was adopted by the Council of Foreign Ministers and was likewise approved by the Commission.

Insofar as Article 78 has laid down the conditions under which the Peace Treaty with Italy shall enter into force with each of the Allied and Associated Powers, and has thereby laid down the conditions under which the respective Governments will acquire the rights and privileges provided for in this Treaty, there is no necessity to include an additional Article, such as that proposed by the U.S.A.

The Soviet Delegation requests that the Plenary Conference should reject the American proposal, which was accepted by the Political and Territorial Commission for Italy.”

CHAPTER III. FREE TERRITORY OF TRIESTE

As already indicated in para. 3 of Chapter II, majority and minority viewpoints on Articles 3, 4 and 16 (1) were to be included in this section of the report. These viewpoints are submitted in accordance with the Resolution issued by the General Secretariat (C.P.(Sec)N.S.131).

The views of the United States Delegation (as recorded in the minutes of 26th meeting, Annex A (C.P.(IT/P) 19th September 1946), with which the *United Kingdom Delegation* also desires to be associated, are as follows:

“When the Council of Foreign Ministers decided, on July 3, 1946, that Italy should cede all territory East of the French line to Yugoslavia, there was contained in the same agreement a provision for the establishment of a Free Territory of Trieste, constituted within that line, under the provisions of a permanent Statute to be approved by the Security Council of the United Nations. This was one decision and one agreement.

“The U.S. Delegation has accepted the French line as the Eastern frontier of Italy and of the Free Territory as part of the comprehensive agreement which included the setting up of a Free Territory of Trieste. The U.S. Delegation wishes to make it clear to all that its agreement to one part of this decision of the Council of Foreign Ministers was contingent upon agreement upon all parts of it, including a satisfactory Statute for the Free Territory which must provide real guarantees for its integrity, its independence and protection for the rights of its citizens.”

The viewpoint of the Yugoslav Delegation on Articles 3, 4 and 16 (1) is as follows:

“The proposal of the Council of Foreign Ministers, which agreed upon the French Line as the frontier between Yugoslavia and Italy and the Free Territory of Trieste, abandons the principle of the ethnical line, prevents the national liberation and union of a considerable part of the small Slovene people, deprives this people of the whole of their coast and bars them from their sea outlet, deprives the Slovene littoral of all urban centers, in short it sacrifices the vital interests of an Allied Nation.

“No objective reasons or sound principles were adduced in favour of this proposal, nor could be adduced. The theory of the ‘ethnical equilibrium’ cannot be considered as such a reason. According to this theory, which is contrary to the decision of the Council of Foreign Ministers of September 19, 1945, Yugoslavia is deprived of important parts of her compact ethnical territory, as a sort of compensation for the isolated Italian settlements in the towns on the Yugoslav Adriatic Coast.

“This proposal is in contradiction to the war aims of the Allies, with the democratic liberation struggle of the Yugoslav peoples, especially of the Slovene and Croatian inhabitants of the Julian March itself, who had made the greatest sacrifices in this struggle.

“The frontier proposed by the Yugoslav amendment comprises only essential parts of the compact Yugoslav frontier areas, which are vital to Yugoslavia for geographic, communications, economic and strategic reasons. Only this frontier corresponds to the original decision of the Council of Foreign Ministers and the war aims of the Allies.

“Furthermore, the Yugoslav Delegation considers that the only way to solve questions involving the vital interests of an Allied nation is to reach an agreement.

“Therefore, the Yugoslav Delegation proposes to the Plenary Session of the Conference to forward the question of the frontier between Yugoslavia and Italy, as well as the question of the Free City of Trieste, to the Council of Foreign Ministers to be reconsidered, in order to reach an agreement—as it should be among Allies—with Yugoslavia.”

The viewpoint of the Byelorussian Delegation on Articles 3, 4 and 16, para 1, is as follows:

“The Byelorussian Delegation agrees with the statement of the Yugoslav Delegation, on the views of the minority on Articles 3, 4 and 16 (1), regarding the establishment of the boundary between Yugoslavia and Italy, but the Byelorussian Delegation reserves the right to abide by the boundary proposed by the Byelorussian Delegation. (See Byelorussian amendments C.P. (GEN) Doc. 1. D.1 and 1. D.2)

Article 16 (except para. 1)

After a general discussion in the Commission the decisions of the Council of Foreign Ministers contained in Article 16 were submitted on September 10th to a sub-Commission of eight, appointed to examine and report on the Statute of the Free Territory. The report of this sub-Commission (C.P.(IT/P)(S/T)Doc.8) and the annex thereto is by decision of the Commission attached to this report.

In recording its inability, except on certain points, to make recommendations, the sub-Commission in para. 7 refers to the fact that—

“From the beginning of the discussion, it became clear that there existed fundamental differences of interpretation and implementation of these proposals concerning:

- (a) The character of the Free Territory;
- (b) The responsibilities of the Security Council toward the Free Territory and, deriving from these, the position and role of the Governor and the position and role of the legislative and executive authorities of the Free Territory.

"Such differences of conception made the work of the sub-Commission difficult and explain why it has not been able to present, except on certain points, a single draft Statute."

The differing points of view are fully recorded in the sub-Commission's report and the annex.

The timetable of the Conference precluded the Commission from examining in detail the sub-Commission's report following its formal presentation on October 2, 1946. Instead, there was a general discussion of all proposals before the Commission, including the sub-Commission's report, but more particularly centered on the Polish resolution (C.P.(IT/P)Doc.106), the United States partial redraft of Article 16 (C.P.(IT/P)Doc.16), the proposal by the French Delegation (C.P.(IT/P)Doc.105, Rev.1), the Yugoslav amendment (C.P.(IT/P)Doc.103), and the U.S.S.R. proposal (C.P.(IT/P)Doc.46). (See also Chapter IV under Article 16.)

The U.S. redraft of Article 16 was amended by the Commission and adopted by 14 votes to 6 and goes forward as a recommendation to the Plenary Conference.

Para. 4 of this redraft was sent to the Legal and Drafting Commission to be brought into line with the previously adopted French proposal relating to this point. A modified text has been drafted accordingly by the Legal and Drafting Commission.

The first sentence of Art. 16 (*b*) of the *American proposal* was sent to the Economic Commission for decision.

The *United States proposal*, as adopted by the Commission reads as follows:

Article 16 (a)

1. There is hereby constituted the Free Territory of Trieste, which is recognized by the Allied and Associated Powers and by Italy. They agree that the integrity and independence of this Free Territory should be assured by the Security Council of the United Nations.

2. (Description of the frontiers.)

3. Italian sovereignty over the territory lying between the Adriatic Sea and the boundaries defined in Article 4 of the Treaty shall be terminated upon the coming into force of the Treaty.

4. Upon the renunciation of Italian sovereignty, the Free Territory of Trieste shall be governed by the provisions of Annex — (Provisional Government of the Free Territory of Trieste) which shall remain in effect until such time as the Security Council shall direct the coming into force of the permanent Statute, approved by it (recommendations for which are contained in Annex —). Such permanent statute shall be considered as an integral part of the present treaty and the Free Territory shall thenceforth be governed by its provisions.

5. The Free Territory of Trieste shall not be considered as ceded territory within the meaning of Article 13 and Annex 3 of the present Treaty.

The following recommendations from the *proposal of the Soviet Delegation* (C.P.(IT/P) Doc.46) as amended by the Commission also go forward as recommendations to the Plenary Conference:

“The Governor shall be responsible for the observance of the Statute of the Free Territory”.

Adopted unanimously.

“Legislative authority shall be exercised by a popular assembly elected by means of universal, equal, direct and secret suffrage, irrespective of sex, on the basis of proportional representation”.

Adopted by 18 votes to 1, with 1 abstention.

The *proposal by the French Delegation* (C.P.(IT/P) Doc.105, Rev. 1) was adopted as amended by the Commission by 14 votes to 6 and goes to the Conference as a recommendation.

The proposal by the *French Delegation*, as adopted by the Commission, is as follows:

The Commission,

I. Having taken note of the report of the sub-Commission on the Statute of the Free Territory of Trieste, APPROVES those provisions in the draft Statute on which unanimous agreement has been reached by the sub-Commission.

II. APPROVES paragraphs 2, 4 and 6 of the decision of the Council of Foreign Ministers of July 3, 1946, which appears under Article 16 of the Draft Peace Treaty.

III. And in order to facilitate the elaboration by the Council of Foreign Ministers of the Permanent Statute, the Free Port Regime, and the Provisional Regime, the Commission RECOMMENDS that

The principles contained in these paragraphs should be expanded in the Permanent Statute as follows—

(1) The integrity and independence of the Free Territory is assured by the Security Council. This responsibility implies that the Council shall:

- (a) ensure the observance of the Permanent Statute and in particular protect the basic human rights of the inhabitants.
- (b) assure the public order and security in the Free Territory.

(2) The Free Territory shall be demilitarized. No armed forces, except upon direction of the Security Council, shall be allowed in the Free Territory.

(3) In conformity with the principle that the legislative and executive authority of the Free Territory shall be established on democratic lines, the Permanent Statute of the Free Territory shall provide for the creation of a popular Assembly elected on the basis of proportional representation by means of a universal, direct, equal and secret suffrage, and a Council of Government formed by and responsible to the Assembly.

(4) By reason of the responsibilities imposed upon the Security Council in the Free Territory it is inevitable that certain limitations shall be imposed upon the powers of the popular Assembly and the Council of Government. These limitations result from the rights now

conferred upon the Governor, subject to any modification which the Security Council may subsequently determine.

(5) The Governor shall be appointed by the Security Council after consultation with Yugoslavia and Italy. He shall be the representative of the Security Council in the Free Territory, and shall in particular have the duty of supervising the observance of the Statute.

(6) In matters which in his view affect the responsibilities of the Security Council as defined in paragraph (1) above the Governor shall have the right to propose legislation to the popular Assembly and to prevent the entry into force of legislative measures subject to reference to the Security Council if the popular Assembly does not accept his views and recommendations.

(7) In the meetings of the Council of Government, the Governor shall express his views on all matters affecting his responsibilities.

(8) The primary responsibilities of the Governor would be

(a) the maintenance of public order and security.

(b) the conduct of foreign relations in the closest liaison with the elected authorities of the Territory.

(c) the appointment of the judiciary on the advice of the Council of Government and, subject to safeguards to be established by the Constitution, the removal of members of the judiciary for conduct incompatible with their judicial office.

(9) When as a result of exceptional circumstances, the independence and integrity of the Free Territory, public order and security, or the human and civic rights of the inhabitants are endangered, the Governor may take all necessary measures subject to his making an immediate report to the Security Council. Under the same reservation he may proclaim a state of siege.

CITIZENSHIP

(10) (a) Domicile in the Free Territory on June 10th, 1940 as provided in Article 13 of the Peace Treaty with Italy shall be the qualification for original citizenship of the Free Territory.

(b) The conditions for the acquisition of citizenship by persons not qualifying for original citizenship shall be determined by the Assembly of the Free Territory and embodied in the Constitution.

FREE PORT AND ECONOMIC QUESTIONS

(11) (a) A Free Port Regime is desirable irrespective of whether or not it is ultimately decided that the whole Territory shall be a Free Customs Zone.

(b) The establishment of special zones under the exclusive jurisdiction of any country is incompatible with the status of the Free Territory and of the Free Port.

(c) Freedom of transit shall be assured to goods and means of transport between the Free Port and the States which it serves, without any discrimination and without customs or fiscal charges, by the States whose territories are traversed.

(d) Economic union or associations of an exclusive character with any other country are incompatible with the status of the Free Territory.

PROVISIONAL GOVERNMENT

(a) From the date of the entry into force of the Treaty of Peace until the entry into force of the Permanent Statute, the Provisional Government of the Free Territory will be organized by the Security Council which in particular will appoint a Governor and define his powers.

(b) The Security Council shall fix the date or dates for the withdrawal of foreign troops stationed in the Free Territory.

IV. The Commission RECOMMENDS that the Council of Foreign Ministers gives an opportunity to a representative of the People's Federative Republic of Yugoslavia to present his views before final decision is reached.

The Commission likewise RECOMMENDS that a representative of Italy be heard by the Council of Foreign Ministers.

In regard to the decisions of the Council of Foreign Ministers contained in Article 16, it was recognised that paragraphs 3 and 5 were no longer appropriate, and were therefore not put to the Commission. It was agreed that the adoption of paragraph II of the French proposal (C.P.(IT/P) Doc. 105, Rev. 1) by 19 votes to 1, carried with it the adoption of paragraphs 2, 4 and 6 of the decisions of the Council of Foreign Ministers contained in Article 16.

CHAPTER IV. VIEWS OF DELEGATIONS ON AMENDMENTS AND PROPOSALS NOT ADOPTED BY THE COMMISSION

In accordance with the decision of the Commission, delegations were provided with the opportunity to record in this Chapter their viewpoints on certain of their proposals not adopted by the Commission and to which they attached particular importance. The comments contained in this chapter are reproduced in the form in which they were submitted by the delegations concerned.

Art. 3, 4 and 16 §.1—South African Delegation

“The S.A. Delegation proposed an amendment which would have had the effect of internationalizing Western Istria, inclusive of the city of Trieste. The S.A. Delegation based its argument on the fact that about 75% of the population in the Territory proposed to be internationalized was Italian. In these circumstances the S.A. Delegation felt that it would be preferable to internationalize this area, composed as it was of a mixed population which might create international friction.”

The S.A. amendment was rejected by 12 votes to 6 with 2 abstns.

Article 5—Australian Delegation

“In connection with the proposal for the establishment of a Boundary Commission the Australian Delegation put the case for having

the relevant functions, as well as others of a similar kind elsewhere in the Treaty, carried out by a Treaty Executive Council (the principal proposal regarding which having been originally presented as an amendment to Article 75). In support of this proposal it was contended that a T.E.C. would be a consolidation into a consistent and perhaps permanent form of the considerable number of functions and agencies referred to in all the draft treaties dealing with the interpretation and exercise of the treaties and management of disputes either specified or general. It seemed to the Australian delegation that an opportunity would be missed if advantage were not taken to consider whether some continuing means could be found which would help to maintain uniformity and consistency in matters common to a large group of countries."

Article 13

a) Australian Delegation

"The Australian Delegation proposed provision in the Treaty whereby the obligation assumed by Italy in respect of human rights and fundamental freedoms should be established as part of the fundamental law of Italy. It was maintained by the Australian Delegation that such a provision was a logical extension of the obligations already assumed, that the amendment did no more than ensure that the obligations implicit in the United Nations Charter were binding on Italy and that similar provisions were to be found in the fundamental law or constitutional systems of other countries."

b) Greek Delegation

"The Greek Delegation lays particular emphasis on the necessity of inserting in Article 13 a paragraph 4 worded as follows:

"As an exception to the preceding paragraphs Italian nationals who settled on the territory of the Dodecanese after May 5th, 1912, or people who would have acquired the 'great Italian' citizenship after this date, do not acquire Greek nationality."

The Greek Delegation considers it necessary to distinguish between the indigenous population of the Dodecanese and the Italian colonists who settled in this area after May 5, 1912, the date when the Islands were occupied by Italy. It is natural for the indigenous population to share the fate of the territory to which it is attached by its origins; but there is no reason why Italian colonists who, for the most part, were brought to the Islands to denationalise them, should become Greek subjects.

2. Those inhabitants of the Dodecanese who acquired "great Italian" citizenship, thereby showing their willingness to become completely assimilated with the other Italians, should not acquire Greek nationality automatically and by right. In most cases the persons

concerned supported the unprincipled policy of the Italians in the Dodecanese and no longer form part of the national community of the Islands.”

c) Yugoslav Delegation

The Yugoslav Delegation had proposed an Amendment 13a Point 2:

“Yugoslavs of Italian nationality living abroad may, if they have not acquired foreign nationality, obtain within a period of one year from the entry into force of the present Treaty Yugoslav nationality in accordance with Yugoslav regulations.”

This Amendment was rejected with 13 votes against 5 with 2 abstentions.

Motivation

Many Yugoslavs have emigrated from the Julian March in the inter-war period on account of unfavourable political and economic conditions. In view of the fact that they were not domiciled in ceded territory on June 10, 1940, and that they are not at present domiciled in Italy, they remain Italian nationals and Italy can consider them as such under her whole legislation, even if Yugoslavia grants them Yugoslav nationality. It is, on the other hand, a general tendency in international law to avoid cases of double nationality, because of the numerous unfavourable consequences this entails, and there is no reason to provide differently in this Treaty by creating preconditions for double nationality, when this can be avoided by the simple insertion of the clause proposed by the Yugoslav Delegation.

Article 14

(a) Greek Delegation

The Greek Delegation submitted an amendment relating to the rights and interests of the Greek Communities and Establishments in Italy (C.P.(GEN) Doc.1.J.15). After the Legal Commission had expressed an opinion on it, this amendment was rejected by the Political Commission.

The Greek Delegation feels it its duty to stress the need for adopting the amendment in question, in view of the fact that, in its opinion, the rights and interests dealt with therein are not adequately covered by other articles of the Draft Peace Treaty with Italy.

The Greek Government considers that its keen interest in the fate of these establishments in Italy and above all in their inestimable patrimony, constituting one of the most precious chapters of Greek history, is fully justified. On the other hand, it is its duty to ensure their indemnification and to protect them against any ulterior interference by Italy or, finally, against any impairment of this patrimony and its free administration by the legal organs of the said establishments and communities. As the latter, which include members of

the Greek Orthodox Church, usually Greek nationals, are under Italian rule, it is necessary to guarantee their autonomy from the cultural point of view, as well as from the point of view of the administration of their property which should be devoted to purposes in keeping with their statutes, in accordance with the principles underlying Article 14 of the Draft Peace Treaty. This principle of autonomy once established, for the safeguard of their patrimony, it is necessary to apply Article 68 of the Treaty to the whole of this patrimony and not merely to the share held by Greek subjects, as these are not profit-earning companies, where the apportionment of shares would be feasible.

It is likewise necessary to provide for the fate of the patrimony of the communities and establishments in question because of the disappearance of their members due to the Fascist government. The only just solution would be to entrust the administration of the property in question to the Greek Government, so that it can be devoted to the cultural aims defined in their statutes.

(b) Polish and Ukrainian Delegations

In considering Article 14 of the draft Peace Treaty with Italy, the Ukrainian and Polish Delegations proposed the inclusion of a new article in the Peace Treaty, similar to the one which has been accepted in the Treaties with Roumania, Hungary, Bulgaria and Finland.

This article would place an obligation on Italy not to permit the existence or activities of Fascist and other organisations which follow a policy of depriving the people of their democratic rights or which carry on propaganda hostile to any of the United Nations.

It is rather surprising that the representatives of nine States supported a special article in four of the Treaties laying obligations on the Governments of former enemy States not to permit activities of Fascist organisations or propaganda in their territories directed against any of the United Nations, but have nevertheless found it possible to omit an article of this kind in the draft of the Peace Treaty with Italy, which was an active partner with Germany and Japan within the Axis, that is to say with those countries which first established a Fascist regime.

The proposals of the Ukrainian and the Polish Delegations were supported by a large proportion of the members of the Political and Territorial Commission for Italy. This is obvious from the number of votes cast. There were eight votes in favour of the Ukrainian and Polish proposals as against nine, with three abstentions. Therefore it is perfectly clear that the rejection of the proposals of the Ukrainian and the Polish Delegations did not receive the support of a simple majority.

The Ukrainian and the Polish Delegations therefore reserve the right to express their views on this subject at the Plenary Conference and request that the report of the Commission should record the views of the Ukrainian and Polish Delegations.

This proposal was also supported by the U.S.S.R. Delegation.

(c) *Yugoslav Delegation*

The Yugoslav Delegation had proposed that the following be added at the end of Article 14:

“as well as the right of education in the mother tongue.”

This proposal was rejected with 9 votes against 5 and 6 abstentions.

Motivation

The proposal enumerates by way of example all that should be considered as *jouissance des droits de l'homme*. It does so by enumerating the rights which were trampled upon by authoritarian regimes, and which should, above all, be protected.

Experience, including the one acquired under the pre-Fascist Italian Governments, which not only failed to give Slovenes schools in their mother-tongue but closed even those which were already in existence, makes it necessary that the right of minorities, to have schools in their mother-tongue should expressly be provided for in the Peace Treaty with Italy.

Article 16

(a) *U.S.S.R. Delegation*

The U.S.S.R. Delegation, in expansion of decisions taken by the Council of Foreign Ministers on July 3, 1946, considers that the following provisions should be made in the Statute of the Free Territory of Trieste:

- (1) The Free Territory of Trieste shall be neutral and demilitarized.
- (2) All foreign troops which are on the territory of the Free Territory of Trieste must be withdrawn within 30 days of the entry into force of the Peace Treaty with Italy.
- (3) The international regime of the Port of Trieste must guarantee for all international trade the use of the port and transit facilities of Trieste on conditions of parity, free zones being allocated to the neighbouring states of Yugoslavia and Italy.
- (4) In order to provide the most favourable conditions for the economic development of the Free Territory of Trieste, provision shall be made for economic collaboration between the Free Territory and Yugoslavia (customs union, a joint administration of the railways of the Free Territory of Trieste, and so on).
- (5) The government shall be responsible for the safeguarding of the observance of the statute of the Free Territory,
- (6) Legislative power shall be vested in the National Assembly, which shall be elected by universal, equal, direct and secret vote.
- (7) Executive power shall be vested in the Government of the Free

Territory, appointed by the National Assembly to which it shall be responsible. The Government administration shall be responsible for all of the Free Territory; all the organs of the administrative power, including the police, frontier, and coast guards, shall be subordinated to it.

(8) Citizenship of the Free Territory of Trieste shall be granted to former Italian nationals domiciled in the Territory on the 10th June 1940 and who are still resident therein at the time of entry into force of the Peace Treaty with Italy. However, active members of the fascist regime in Italy, active members of the fascist party, war criminals, persons who served in the Italian police, and civil servants who came from Italy after 1922, will not have the right to acquire Trieste citizenship.

(9) An Inter-Allied Commission composed of the representatives of the U.K., U.S.A., U.S.S.R. and France shall be set up which, after the entry into force of the Peace Treaty, will establish a Provisional Government of the Free Territory of Trieste; having consulted the local democratic parties and organisations.

(10) The special duty of the provisional government shall be to arrange for elections for the National Assembly within a period of three months.

The Soviet Delegation draws the attention of the Conference to the fact that the proposals of the U.S.A. and French Delegations, adopted by the Political and Territorial Commission for Italy, do not correspond to the principles of democracy, on which, in accordance with the decision of the Council of Foreign Ministers, the Statute of the Free Territory of Trieste should be based. These proposals should therefore be rejected.

The Soviet Delegation requests that the Plenary Conference should approve the proposals which the Delegation has put forward.

(b) Yugoslav Delegation

The Yugoslav Delegation had proposed an Amendment to Article 16 regarding the Statute of the Free City of Trieste, the Statute of the Free Port of Trieste and the provisions on the transitional Government of the Free City of Trieste.

This Amendment was rejected in the Commission with various majorities against (between 15 and 8) and minorities for (between 6 and 5) and various abstentions (between 6 and 1).

The Yugoslav Argumentation on this question is to be found in the enclosed Report of the Sub-Commission for the Statute of Trieste C.P. /IT/P/ /S/P/ Doc. of 30th IX 1946, and particularly in paragraphs 8, 11, 12, 18, 20, 22, 23, 24, 32, 35, 40, 41, 51 of this Report.

Article 17

(a) Chinese Delegation

The Chinese Delegation in making the proposal that Libya be given its immediate independence or, alternatively, that its territory be ad-

ministered by the United Nations under the Trusteeship system, is animated by the desire to see that the wishes and welfare of the peoples affected are taken into due account and further that the principles embodied in the United Nations Charter relating to non-self-governing territories and to the Trusteeship system be given all possible effect in this instance.

The Chinese Delegation feels that its proposal is in conformity with the Purposes and Principles of the United Nations Charter to which every member of this Conference has subscribed. Further it is of the opinion that the Draft Declaration of the Four Powers, though differing somewhat as regards the time element, does not exclude either of the alternatives contained in the Chinese proposal. The Chinese Delegation, therefore, earnestly hopes that in the final disposal of Italian possessions the Four Powers concerned will consider the granting of immediate independence to Libya or the creation of a Trusteeship under the United Nations for a specified and short period of time to administer the territory of Libya before independence is granted.

(b) *Ethiopian Delegation*

In view of the support given by several Delegations and, in particular, the assurances of the Four Great Powers regarding Ethiopia's claims, the Ethiopian Delegation will not press its amendment.

Article 22

Greek Delegation

A Greek amendment to Article 22 of the Draft Peace Treaty couched in the following terms:

"The Island of Sasseno, which was occupied by Italy until the cessation of hostilities, shall be returned to Greece. The Greek Government agrees to ensure the demilitarization of the island under United Nations supervision."

having been rejected in the 34th meeting of the Political and Territorial Commission for Italy, the Greek Delegation considers it necessary again to draw the attention of the Conference to the following considerations:

(a) During the 18th and 19th centuries, the Island of Sasseno was considered, geographically, as belonging to the Ionian Islands.

(b) A number of Treaties, from the Treaty of Campoformio in 1797 to the Treaty of London of 24th March, 1884, under which Great Britain ceded the Ionian Islands to Greece, established the principle of the political and geographical units of the Island of Sasseno with the Ionian Isles.

(c) In 1914, Greek troops were obliged to evacuate Sasseno after the establishment by the Protocol of Florence of the Greek-Albanian frontier in spite of repeated protests by the Greek government.

(d) In December 1941, Italy, taking advantage of the international situation resulting from the First World War, occupied the Island of

Sasseno, which has since remained under Italian occupation and been converted into a veritable fortress.

(e) Considerations of strategic security require the return of Sasseno to Greece. It should not be forgotten that Italian intervention in Albania really began when Sasseno was occupied by Italian troops. The events of the war are still too recent for it to be necessary to stress Greece's need to secure her defence to the west by recovering Sasseno.

(f) In Greek hands, Sasseno could threaten no one. Greece has no thought of using the island as a military base. She has neither the intention nor the means to do so. She could, however, demilitarize Sasseno and ensure that it remained demilitarized with the help and if need be, the supervision of U.N.O.

Articles 25a and 77

Yugoslav Delegation

The Yugoslav Delegation had proposed that a new Article 25a be added after Article 25.

“In the application of the present Treaty, Albania shall be recognized the rights of an Associated Nation.”

This proposal was rejected in the Commission with 12 votes against 6 and 2 abstentions.

Motivation

From the very moment when Albania was occupied in 1939 by the Italian Army, the people of Albania offered resistance to the Italian invader, and this resistance assumed the form of an armed uprising at the time of the Italian aggression against Greece and Yugoslavia. The Albanian Army of National Liberation liberated the country by its own efforts, and two of its divisions participated in subsequent operations against the German Army. Albania has made a contribution in this war, a contribution out of all proportions to her means. The people of Albania therefore deserve that their country be recognized the rights of Associated Nation in the application of the present Treaty, since she is not already one of the signatories of this Treaty. The Draft Peace Treaty could not altogether overlook the rights of Albania. An entire section V of this Treaty was consecrated to Albania. Albania's independence and her rights are re-established as regards international law. Albania took part in the Reparations Conference in 1945, and she was recognized the same rights as all the other Associated Nations. The Draft Peace Treaty should go a step further and recognize Albania the rights which are recognized to States which have in no way contributed to victory. Any other limitation would be both arbitrary and discriminatory.

The same motivation applies to the Yugoslav Amendment to Article 77, in which it is proposed that Albania be explicitly mentioned in this Article. This Amendment was rejected with 14 votes against 5 and 1 abstention.

*Article 38**Yugoslav Delegation*

The Yugoslav delegation had proposed that the following paragraph be added at the end of this Article:

“Albania shall also benefit from the provisions of this Article.”

This proposal was rejected in the Commission by 12 votes against 8.

Motivation

The Italian invaders and their flunkies committed innumerable war crimes in Albania. Albania should therefore have the right to benefit from the provisions of Article 38, in order to be able to try war criminals. It is particularly important that the corresponding obligations be undertaken by Italy where the majority of the war criminals who have committed offences towards the Albanian people are hiding.

*Article 76**U.S.S.R. Delegation**Statement by the Soviet Delegation in Regard to Article 76*

The Soviet Delegation proposed to the Political and Territorial Commission for Italy the following:

Save where any other procedure is specifically provided under any article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be settled by direct diplomatic negotiations; if the disputes are not settled in this way, they shall be referred to the four Ambassadors acting as provided under Article 75 of the Treaty, except that in this case the Ambassadors will not be restricted by the timelimit provided in that Article.

The Political and Territorial Commission for Italy *rejected* this proposal by the Soviet Delegation.

At the same time, the Commission accepted the proposal of the U.S., U.K. and French Delegations in consequence of which in connection with the interpretation or application of the Treaty, any disputes should be referred for final decision by the International Court by the request of any of the parties of the dispute.

The Soviet Delegation cannot agree to this proposal because it establishes compulsory appeal to the International Court by both parties whereas the statute of the International Court (Article 37) provides for voluntary appeal to that Court. The principle involved cannot be affected by the introduction into the Peace Treaty with Italy of an article providing for a completely contradictory procedure. Insofar as the Soviet Union has approved the statute of the International Court, it cannot agree to provisions which would be contrary to this statute. On the other hand, the proposal made by the U.S.S.R.

Delegation provides for a much simpler and more suitable method of settlement of disputes which may arise in regard to the execution or interpretation of the Articles of the Peace Treaty with Italy. The method proposed by the Soviet Delegation provides that disputes of this kind shall be settled by direct diplomatic negotiations and if they are not capable of settlement by this means, they shall be referred to the four Ambassadors who shall act in accordance with Article 75 of the Draft Peace Treaty with Italy. In this, it has been laid down that the Ambassadors shall be bound by the time limit laid down in Article 75.

The Soviet Delegation requests that the Plenary Conference should accept Article 76 as drafted by the Soviet Delegation.

Article 78

Yugoslav Delegation

The Yugoslav Delegation had proposed that in Article 78 be included a provision to the effect that the present Treaty will come into force only after it has been ratified by the four Great Powers "*and those Allied and Associated Powers, who have a common frontier with Italy, and who were under Italian occupation.*"

This proposal was rejected in the Commission with 13 votes against 5 and 2 abstentions.

Motivation

Every Peace Treaty is above all a Treaty with neighbours. A proper settling of the relations between the defeated countries and their neighbours constitutes the main content of every Peace Treaty—the vital interests of certain countries are involved.

The neighbouring countries were those which suffered most from Italian aggression which led to occupation. It was the neighbouring countries which most contributed to the victory over Italian Fascism. The neighbouring countries are directly exposed to a possible resurgence of Italian imperialism.

The Yugoslav Delegation is of the opinion that the Peace Treaty cannot lay stable foundations of peace, if it does not settle, in a satisfactory manner, the relations between the defeated countries and the neighbouring Allied countries.

The Peace Treaty with Italy must not be a *Diktat* imposed upon these countries, but must constitute an agreement with them.

Article [Part?] X

Australian Delegation

The Australian Delegation proposed that a new Part should be included in the Treaty providing for the establishment of a European Court of Human Rights with jurisdiction to hear and determine all disputes concerning the rights of citizenship and enjoyment of human

rights and fundamental freedoms provided for in the treaty. The Australian case for this proposal rested on the belief that the general declarations contained in the treaty in support of human rights and fundamental freedoms were not sufficient, standing alone, to guarantee the inalienable rights of the individual and that behind them it was essential that some sufficient sanction and means of enforcement should be established. It was proposed that the Court of Human Rights should have the status parallel to that of the International Court of Justice and that the Court would have the additional obligation of making reports to the Economic and Social Council of the United Nations on its working in relation to the rights within its jurisdiction. It was contemplated that the jurisdiction of the proposed tribunal should be voluntarily accepted by States as an essential means of international supervision of the rights of individuals and as necessary method of giving force and effect to obligations accepted in general terms.

New Part XII

Australian Delegation

The Australian Delegation proposed to include in the Treaty at this point a specified means of revision of the Treaty. In support of this proposal it was contended that experience in the past had shown the dangers of rigidity in treaty provisions which would inevitably prove to contain certain mistakes and injustices. The Australian Delegation held that no sufficient means existed in the United Nations Charter whereby the peace settlements could be revised before claim of rectification had reached a point dangerous to international security. It was also pointed out that international agreements of all kinds very commonly contained provision for their agreed revision and that it would be unsafe to assume that the present treaties could be left permanently in the form now given them.

CHAPTER V. RECORD OF SOME OF THE VOTES OF THE COMMISSION

In this chapter are recorded some of the votes of the Commission, which it decided would be included in its report, at its 42nd meeting.

1) *United States proposal on article 16.*

Voted in favour: United States of America, Australia, Belgium, Brazil, Canada, China, Ethiopia, France, United Kingdom, Greece, India, New Zealand, Netherlands, Union of South Africa.

Voted against: Bielorussia, Poland, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia.

2) *French proposal on article 16.*

a) *Vote on section II*—voted in favour: 19; voted against: Yugoslavia.

b) Vote on the proposal as a whole : (same votes as in Para. 1).

3) *U.S.S.R. proposal on article 16.*

a) vote on point 5—Unanimous.

b) vote on point 6—

Voted in favour: United States of America, Australia, Belgium, Bielorussia, Brazil, Canada, China, Ethiopia, France, Greece, New Zealand, Netherlands, Poland, Czechoslovakia, Ukraine, U.S.S.R., Union of South Africa, Yugoslavia.

Voted against: United Kingdom.

Abstained: India.

4) *Proposal by the Belgian and Netherlands Delegations for the insertion of an additional article 10a.*

Voted in favour: United States of America, Australia, Belgium, Brazil, Canada, China, France, United Kingdom, Greece, India, New Zealand, Netherlands, Union of South Africa.

Voted against: Bielorussia, Poland, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia.

Abstained: Ethiopia.

5) *Articles 3, 4 and 16—Para. 1.*

Voted in favour: United States of America, Australia, Canada, China, France, United Kingdom, Greece, India, New Zealand, Netherlands, U.S.S.R., Union of South Africa.

Voted against: Bielorussia, Poland, Czechoslovakia, Ukraine, Yugoslavia.

Abstained: Belgium, Brazil, Ethiopia.

6) *Article 13 as amended.*

Voted in favour: United States of America, Australia, Belgium, Canada, China, Ethiopia, France, United Kingdom, India, New Zealand, Netherlands, Union of South Africa.

Voted against: Poland, Yugoslavia.

Abstained: Bielorussia, Brazil, Greece, Czechoslovakia, Ukraine, U.S.S.R.

7) *Yugoslav proposal for the insertion of an additional article 14a.*

Voted in favour: Belgium, Bielorussia, Brazil, Ethiopia, France, Greece, India, Netherlands, Poland, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia.

Voted against: United States of America, Australia, Canada, China, United Kingdom, Union of South Africa.

Abstained: New Zealand.

8) *Article 21 as amended.*

Voted in favour: Bielorussia, China, Ethiopia, India, New Zealand, Netherlands, Poland, Czechoslovakia, Ukraine, Union of South Africa, Yugoslavia.

Voted against: Greece.

Abstained: United States of America, Australia, Belgium, Brazil, Canada, France, United Kingdom, U.S.S.R.

9) *United States proposal for the insertion of an additional article 77a.*

Voted in favour: United States of America, Australia, Belgium, Brazil, Canada, China, United Kingdom, India, New Zealand, Netherlands, Union of South Africa.

Voted against: Bielorussia, Ethiopia, France, Poland, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia.

Abstained: Greece.

CONCLUSION

Such, Mr. Chairman, is a concise report of the work of our Commission and of the results which it has achieved. On behalf of the Political and Territorial Commission for Italy, I have the honour to lay this report before the Conference for examination and for approval of its conclusions.

If the Conference is willing to adopt our Commission's suggestions, I take this opportunity of proposing that it should:

1) *Adopt the recommendations* which the Commission has approved unanimously, or by a majority of at least two-thirds. These are:

(a) All Articles of the Draft Treaty which have been *adopted without change*. (Art. 6, 7, 10, 14, 17, 22, 23, 24, 25, 26, 27, 29, 30, 37, 63 and 75.)

(b) The text of the Preamble, Articles 1, 5, 9 together with Annexes 1 and 2, the heading of Section IV of Part I, Articles 8, 11, 12, 18, 19, 20, 28, 31, 38 and sub-Section 1 of Annex 3, *the modifications to which were adopted unanimously*.

(c) The text proposed by the U.K., U.S. and French Delegations for Article 76, which was *adopted by a two-thirds majority* of the members of the Commission:

the amended text of Article 2, paragraphs 1, 3 and 4 of which were adopted unanimously, and paragraph 2 by 15 votes, there being 5 abstentions;

the text of Article 11*a*, which was adopted by 19 votes to 1;

the text of Article 13*a*, which was adopted by 19 votes to 1;

as regards Article 16 (except for paragraph 1)

the U.S. proposal was adopted by 14 votes to 6;

the French proposal was adopted by 14 votes to 6;

points 5 and 6 of the U.S.S.R. proposal (C.P.(IT/P) Doc. 46) were adopted.

the first unanimously, the second by 18 votes to 1, there being 1 abstention; paragraphs 2, 4 and 6 of Article 16 of the draft Peace Treaty, which were formally approved in Section II of the French proposals, were adopted by 19 votes to 1.

2) *Examine separately:*

a) Articles 3, 4 and 16—par. 1 (approved by 12 votes to 5 with 3 abstentions);

10a (approved by 13 votes to 6, there being 1 abstention);

13 as amended (approved by 12 votes to 2, there being 6 abstentions);

14a (approved by 13 votes to 6, there being 1 abstention);

21 as amended (approved by 11 votes to 1, there being 8 abstentions).

b) The new Article 77a (approved by 11 votes to 8, there being 1 abstention).

The points of view of the majority and of the minority on these eight Articles have been set forth in the report.

Annex

Report by the Legal and Drafting Commission on Articles 15, 32, 33, 34, 35, 36, 77, 78

PARIS, October 6, 1946.

Rapporteur: M. J.P.A. François, Delegate of the Netherlands

MR. CHAIRMAN: Among the matters referred to the Legal and Drafting Commission by other commissions were Articles 15, 32, 33, 34, 35, 36, 77 and 78 of the Draft Peace Treaty with Italy, submitted on 20th September, 1946, by the Political and Territorial Commission for Italy for consideration by the Legal and Drafting Commission.

The present report is limited to these Articles.

Article 15 was unanimously approved, after the Polish Delegate had withdrawn an amendment, certain Delegations having objected to its wording, and the United Kingdom and U.S.S.R. Delegates having pointed out moreover that the point raised in the amendment had been dealt with in the Article itself. At the request of the Polish Delegation, these statements were recorded in the minutes of the 6th meeting of the Commission, held on 28th September, 1946.

Article 32 was unanimously approved.

Article 33 was approved by 15 votes to 2, with 2 abstentions:

In favour: Byelorussia, Brazil, Canada, China, Czechoslovakia, France, Greece, India, Netherlands, Poland, Ukrainian S.S.R., United Kingdom, United States, U.S.S.R., Yugoslavia.

Against: Australia, Union of South Africa.

Abstained: Belgium, Norway.

Absent: Ethiopia, New Zealand.

The French Delegate pointed out that the provisions of the Article implied the waiving of all rights arising out of the Mandates system, not only on the part of Italy but also on the part of all Italian nationals. The United Kingdom Delegate endorsed this interpretation.

With regard to Article 34, the Netherlands Delegate asked if it should be understood that Italy not only accepted the provisions of the Final Act of 31st August, 1945, but also declared in advance her willingness to accept the new and final Convention to be drawn up by the Conference under Article 11 of the Franco-British Agreement. The French Delegate replied that the Delegations of the United Kingdom and France had agreed to interpret Article 34 of the Treaty with Italy as binding Italy to accept all the provisions of the Final Act of 31st August, 1945, as well as those of the Franco-British Agreement of the same date, more especially the clause providing for the establishment of a final convention. That was implied in the end of Article 34, which states that:

“Italy recognizes . . . all provisions which may be adopted by the Signatory Powers for carrying out these instruments”.

These words should be understood as applying to the final convention, as well as to any provisions adopted by the Signatory Powers under the instruments in question. In the light of these explanations, Article 34 was unanimously adopted.

Article 35 was unanimously adopted.

Article 36 “ “ “

In reply to the Netherlands Delegate, who asked the representatives of the Four Great Powers why no provision had been made in respect of multilateral treaties—a matter which was dealt with in the Treaty of Versailles (Articles 282 to 288), the U.S.S.R. Delegate said it had seemed unnecessary to make any such special provision for multilateral treaties, which had merely been in abeyance during the war and would become operative once more as soon as the peace had been concluded. At the request of the Netherlands Delegate, this explanation was annexed to the Record of Decisions taken at the 6th Meeting.

Article 77 was unanimously approved.

Article 78 “ “ “

The Legal and Drafting Commission therefore unanimously recommends the adoption of Articles 15, 32, 34, 35, 36, 77 and 78 of the Peace Treaty with Italy.

The Commission likewise recommends the adoption of Article 33 of the said Treaty.

[Sub-Annex]

Letter to the Chairman of the Legal and Drafting Commission From the Chairman of the Political and Territorial Commission for Italy

PARIS, September 21, 1946.

DEAR SIR: At its meeting of September 20th, the Political and Territorial Commission for Italy decided to transfer to the Legal and Drafting Commission the following articles of the Draft Peace Treaty with Italy:

- 15—Recognition by Italy of the whole of the Peace Treaties.
- 32—Liquidation of the League of Nations.
- 33—Mandates.
- 34—Statute of Tangier.
- 35—Congo Basin.
- 36—Treaty of Lausanne.
- 77 and 78—Final clauses.

I have the honour to transmit officially to you the above mentioned articles.

Sincerely yours,

LEIF EGELAND

CFM Files

*Report of the Economic Commission for Italy*²

C.P. (Plen) Doc. 26

PARIS, October 7, 1946.

MR. CHAIRMAN: The Economic Commission for Italy, which consists of all the Delegations, members of the Conference, with the exception of the Norwegian Delegation, was asked to consider Articles 64 to 72 and Annexes 3, 6, 7 and 8 of the draft Treaty.³ At the request of the Political and Territorial Commission, it considered Articles 23 and 31, Annex 9 and also the amendments to the said articles and annex. It began its work on August 13, 1946 and finished it on the 6th October; it held 39 meetings.

At its first meeting, the Commission unanimously elected as Chairman Sir Joseph Bhoré (India); as Vice-Chairman, Dr. Ales Bebler (Yugoslavia)—The latter has been at his own request replaced since the 8th Meeting by Dr. Leontic (Yugoslavia) and as Rapporteur M. Hervé Alphand (France).

² A corrigendum to this report states: "The Economic Commission for Italy was informed at the beginning of the last meeting devoted to examining the text of the draft Treaty that the Political and Territorial Commission had referred to it, for decision, an American proposal entitled Annex 13 and contained in Doc. C.P. (IT/P) Doc. 16. The Economic Commission for Italy did not have sufficient time to examine this annex before the end of the meeting." For the text of the proposed Annex 13, see *post*, p. 783.

³ For text of Draft Peace Treaty with Italy, see p. 1.

In conformity with the rules of procedure, the Norwegian delegation and delegations of States invited to the Conference (Albania, Cuba, Egypt, Irak, Mexico), were invited to attend the discussion of Articles on which they had views to express.

The Commission asked the Italian delegation to submit written observations on the Articles referred to it and these have been considered by the Commission in the course of its discussions.

The Commission also invited the Italian Delegation to submit, orally, its views on reparation and on Articles 65 to 69.

PARIS, October 3, 1946.

REPARATIONS—ARTICLE 64

The Commission had on the one hand to examine the section of this article dealing with reparation due by Italy to the U.S.S.R. which had been agreed upon in the Council of Foreign Ministers and, on the other hand, the reparation claims submitted by other Powers, together with the means of meeting them and the extent to which they could be satisfied.

I.

As regards reparation in favor of the U.S.S.R., the Commission had before it five proposals for amendments.

a) Amendments C.P.(GEN)Doc.1.B.9 and 1.B.10 submitted by the Australian Delegation proposed that the total amount of reparation due to the U.S.S.R. and other Allied Powers should be determined within a period of six months from the date of the coming into force of the Treaty, by a Reparation and Restitution Commission and, on the other hand, that currency payments calculated on the basis of a percentage of the value of Italy's exports be substituted for deliveries of Italian war industrial equipment and current industrial production. These two amendments were rejected by a $\frac{2}{3}$ majority (15 votes to 2, with 3 abstentions).

b) An amendment to paragraph 5 of the draft Treaty submitted by the Australian Delegation (C.P.(IT/EC)Doc.13) advocated the principle included in previous amendments of a body which should coordinate and ensure the execution of the treaty, a Reparation and Restitution Commission, to determine in conjunction with the Soviet Government, the quantities and categories of goods to be handed over by the Italian Government. This proposal was rejected by 13 votes (Belgium, Byelorussia, China, Czechoslovakia, France, India, Netherlands, Poland, Ukraine, United Kingdom, U.S.A., U.S.S.R., Yugoslavia,) to 7 (Australia, Brazil, Canada, Ethiopia, Greece, New Zealand, the Union of South Africa).

The views of the Australian Delegation on these two points are given in Annex 1,⁴ those of the U.S.A. Delegation in Annex 2.⁵

c) An amendment submitted by the Brazilian Delegation (CP (GEN)Doc.1.E.9) which by adding the words, "if necessary" before the words "shall furnish", would restrict the scope of Paragraph 4, under which the U.S.S.R. would provide the raw materials and goods needed for the deliveries of reparation to the Soviet Union from Italian current industrial production. This amendment was rejected by a 2/3rds majority (15 votes to 4 with 1 abstention).

The views of the U.S.A. Delegation are given in Annex 3.⁵

[*d*] An amendment by the Soviet Delegation (C.P.(IT/EC)Doc. 16) providing that payment for such raw materials and goods should be calculated on the basis of the U.S. dollar at the gold parity on July 1st, 1946 was unanimously adopted.

The Commission then unanimously adopted Part A as completed.

II.

As regards reparations for United Nations other than the Soviet Union, the Commission decided, at its meeting on 29th August, to set up a Sub-Commission composed of representatives of all the countries directly interested in this question, which should examine the demands of countries which had submitted claims in connection with Part B of Article 64, to draw up a table arranging these claims under various headings and say how far these claims seemed to have been calculated on a uniform basis.

This Sub-Commission, after electing M. Rueff (France) as its Chairman, proceeded to draw up a report which was submitted to the Commission by the Chairman. On October 4th, the U.S., French, U.K. and U.S.S.R. Delegations submitted a joint proposal, (Document C.P. (IT/EC) R. 34⁶) except for certain points concerning Part B of Article 64 and suggesting the addition of two supplementary parts, and the insertion of an additional paragraph in Article 70.

Document R.34 laid down the principles according to which reparations claims were to be met, but did not fix the amount of these reparations.

After the Yugoslav Delegation which reserved the question of the amounts had withdrawn its proposal contained in Document [C.P. (GEN)Doc.] 1U17, Document R.34 was adopted as a sole basis of discussion.

After the discussion of paragraph 1 of Part B concerning the amount of reparations to be paid by Italy to Albania, Ethiopia, Greece

⁴ *Post*, p. 384.

⁵ *Post*, p. 385.

⁶ *Post*, p. 792.

and Yugoslavia had been left over by the Commission for consideration after the paragraphs relating to the principles to be applied, the Commission proceeded to consider paragraph 2 defining the sources of reparations.

Sub-paragraph (a) providing as the first source a share of Italian war-industry equipment was adopted unanimously.

Sub-paragraph (b) providing as the second source the current industrial production of Italy was likewise adopted unanimously with the addition of the words "including products of mining industries" as proposed by the United States Delegation.

Sub-paragraph (c) providing as the third source all other categories of payments in capital or in services was adopted unanimously with the following addition at the end proposed by the French Delegation, "but excluding Italian assets subject, by virtue of Article 69, to the jurisdiction of the Powers enumerated in Paragraph I of Part B of this Article; payments effected under this paragraph may include seeds".

Sub-paragraph (d) (proceed [*proposed*] by the U.S. and U.K. Representatives and opposed by the French and U.S.S.R. Representatives) providing as the fourth source State and parastatal property in the territories ceded was rejected by 13 votes (Belgium, Byelorussia, China, Czechoslovakia, Ethiopia, France, Greece, India, Netherlands, Poland, Ukraine, U.S.S.R., Yugoslavia,) to 7 (Australia, Brazil, Canada, New Zealand, Union of South Africa, United Kingdom, United States).

On the proposal of the South African Delegation, the two sub-paragraphs of Paragraph 3 were discussed separately.

The first sub-paragraph relating to methods of delivery and to bilateral agreements to be concluded with Italy for this purpose, was adopted by 18 votes (Australia, Belgium, Byelorussia, Brazil, Canada, China, Czechoslovakia, France, India, Netherlands, New Zealand, Poland, Ukraine, Union of South Africa, United Kingdom, United States, U.S.S.R., Yugoslavia) to 2 (Ethiopia, Greece), after a Greek amendment proposing the insertion of the word "serious" between the words "avoid" and "interference" had been rejected by 15 votes (Belgium, Byelorussia, Brazil, Canada, China, Czechoslovakia, France, Netherlands, New Zealand, Poland, Ukraine, Union of South Africa, United Kingdom, United States, U.S.S.R.) to 5 (Australia, Ethiopia, Greece, India and Yugoslavia).

The second sub-paragraph, relating to the communication of the said bilateral agreements to the four Ambassadors in Rome,⁷ was the

⁷ Namely, the Ambassadors of the United States, United Kingdom, the Soviet Union, and France. This provision, referring to agreements between Italy and the Soviet Union, is found in the draft treaty, Article 64, section A, paragraph 3, p. 25.

subject of an amendment by the Australian Delegation proposing the creation of an Italian Reparations Commission of co-ordination and control [which] would apply only to Reparations levied under Part B, (IT/EC) Doc. 94,⁸ as regards which it was decided to vote each paragraph separately.

The first paragraph of the Australian amendment setting forth the principle of the creation of such a Commission was adopted by 12 votes (Australia, Belgium, Brazil, Canada, Ethiopia, Greece, India, Netherlands, New Zealand, Union of South Africa, United Kingdom, United States) to 8 (Byelorussia, China, Czechoslovakia, France, Poland, Ukraine, U.S.S.R., Yugoslavia).

The second paragraph of the Australian amendment dealing with the composition of the Commission was discussed sub-paragraph by sub-paragraph.

The wording of sub-paragraph (*a*), giving a list of members, was first altered to make explicit mention of the U.S.S.R. and then adopted by 12 votes (Australia, Belgium, Brazil, Canada, Ethiopia, Greece, India, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.) to 7 (Byelorussia, China, Czechoslovakia, Poland, Ukrainian S.S.R., U.S.S.R., Yugoslavia,) with 1 abstention (France).

The South African Delegation proposed an amendment to sub-paragraphs (*a*), appointing the U.S. Representative as Chairman, (*b*) authorising the Commission to establish its own rules of procedure and (*d*) giving it a free hand in recruiting personnel. The amendment, to delete sub-paragraphs (*b*) and (*d*) and to add the words "and its organisation" at the end of sub-paragraph (*c*), was adopted by 7 votes (Belgium, Ethiopia, India, Netherlands, New Zealand, Union of South Africa, U.K.) to 3 (Australia, Brazil, Canada) with 5 abstentions (China, France, Greece, Poland, U.S.A.). Five Delegations (Byelorussia, Czechoslovakia, Ukrainian S.S.R., U.S.S.R., Poland) did not take part in the voting.

The new sub-paragraph (*b*) (the former sub-paragraph (*c*)) as amended above, was adopted by 12 votes (Australia, Belgium, Brazil, Canada, Ethiopia, Greece, India, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.) to 4 (Byelorussia, Czechoslovakia, Ukrainian S.S.R., Yugoslavia) with 3 abstentions (China, France, Poland). The U.S.S.R. did not take part in the vote.

The former sub-paragraph (*e*), relettered (*c*), requiring the Italian Government to defray the expenses of the Commission, was adopted by 12 votes (Australia, Belgium, Brazil, Canada, Ethiopia, Greece, India, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.) to 4 (Byelorussia, Czechoslovakia, Ukrainian S.S.R., Yugo-

⁸ *Post*, p. 794.

slavia) with 3 abstentions (China, France, Poland). The U.S.S.R. did not take part in the vote.

The former sub-paragraph (*f*), relettered (*d*), granting diplomatic privileges to members of the Commission, was adopted by 11 votes (Australia, Belgium, Brazil, Canada, Ethiopia, Greece, India, Netherlands, New Zealand, Union of South Africa, U.S.A.) to 4 (Byelorussia, Czechoslovakia, Ukrainian S.S.R., Yugoslavia) with 4 abstentions (China, France, Poland, U.K.). The U.S.S.R. did not take part in the vote.

The third paragraph of the Australian amendment, dealing with the powers of the Commission, was also put to the vote sub-paragraph by sub-paragraph.

Sub-paragraph (*a*), giving the Commission power to co-ordinate and control deliveries of factory and tool equipment and deliveries from current production, was adopted by 12 votes (Australia, Belgium, Brazil, Canada, Ethiopia, Greece, India, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.) to 4 (Byelorussia, Czechoslovakia, Ukrainian S.S.R., Yugoslavia) with 3 abstentions (China, France, Poland). The U.S.S.R. did not take part in the vote.

Sub-paragraph (*b*), giving the Commission the power to examine the bilateral reparation treaties concluded with Italy, was adopted by 12 votes (Australia, Belgium, Brazil, Canada, Ethiopia, Greece, India, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.) to 4 votes (Byelorussia, Czechoslovakia, Ukrainian S.S.R., Yugoslavia) with 3 abstentions (China, France, Poland). The U.S.S.R. did not take part in the vote.

The U.S. Delegation proposed an amendment to sub-paragraph (*c*) which provides that beneficiary States should submit periodical reports to the Commission, and also lays down a system of sanctions to be applied if the Italian Government should not fulfil its obligations. This amendment to delete the clauses relating to sanctions was adopted by 6 votes (Belgium, Brazil, China, India, Union of South Africa, U.S.A.) to 4 (Australia, Canada, Ethiopia, New Zealand) with 6 abstentions (Czechoslovakia, France, Greece, Netherlands, Poland, U.K.). Byelorussia, Ukrainian S.S.R., U.S.S.R. and Yugoslavia did not take part in the vote.

The first sentence of sub-paragraph (*c*) was then adopted by 11 votes (Australia, Belgium, Brazil, Canada, Ethiopia, India, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.) with 4 abstentions (China, France, Greece, Poland). Byelorussia, Czechoslovakia, Ukrainian S.S.R., U.S.S.R. and Yugoslavia did not take part in the vote.

Sub-paragraph (*d*), providing that the Commission shall be accredited to the Italian Government to represent beneficiary States was

adopted by 12 votes (Australia, Belgium, Brazil, Canada, China, Greece, India, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.) to 4 (Byelorussia, Czechoslovakia, Ukrainian S.S.R., Yugoslavia) with 3 abstentions (France, Poland, Ethiopia). The U.S.S.R. did not take part in the vote.

Sub-paragraph (*e*) providing for the publication of an annual report by the Commission, was adopted by 12 votes (Australia, Belgium, Brazil, Canada, Ethiopia, Greece, India, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.) to 4 (Byelorussia, Czechoslovakia, Ukrainian S.S.R., Yugoslavia) with 3 abstentions (China, France, Poland). The U.S.S.R. did not take part in the vote.

The views of the U.S.S.R. Delegation are given in Annex 4.⁹

The Australian amendment is intended to replace the second sub-paragraph of paragraph 3 of part B; this sub-paragraph should therefore be deleted from the text proposed in Doc. R.34.

Paragraph 4 of part B, which concerns supplying Italy with the raw materials needed for the production of goods to be delivered as reparations, was unanimously adopted.

Paragraph 5, establishing the gold dollar as a calculation basis, was unanimously adopted.

Paragraph 6, empowering the Ambassadors of the Four Powers in Rome to determine the value of the Italian assets to be transferred, was likewise adopted unanimously, after an Australian amendment to the effect that the Italian Reparations Commission be entrusted with this task had been rejected by 11 votes (Byelorussia, Canada, China, Czechoslovakia, France, Poland, Ukrainian S.S.R., United Kingdom, United States, U.S.S.R., Yugoslavia) to 8 (Australia, Belgium, Brazil, Ethiopia, India, Netherlands, New Zealand, Union of South Africa), with 1 abstention (Greece).

On the proposal of the French Delegation, a paragraph 7, reading as follows, was unanimously adopted: "Claims of the Powers mentioned in Part B, paragraph 1, of this Article, in excess of the reparation allocated under the same paragraph, shall be satisfied out of the Italian assets assigned to their respective jurisdiction under Article 69 of the present Treaty".

To allay the Greek Delegation's anxieties, the single paragraph which constitutes Part C, by which special provision is made for the deliveries authorised under Parts A and B, was the subject of an amendment submitted by the French Delegation and modified at the request of the U.S.S.R. Delegation proposing to qualify deliveries from current industrial production, capital and services, by the words "as provided in Part A, sub-paragraph 2(*e*), and in Part B, paragraph 2, sub-paragraph (*b*) and (*c*).

⁹ *Post*, p. 386.

This amendment was adopted by 14 votes (Byelorussia, China, Czechoslovakia, Ethiopia, France, Greece, India, Netherlands, New Zealand, Poland, Ukrainian S.S.R., United States, U.S.S.R., Yugoslavia) to 6 (Australia, Belgium, Brazil, Canada, Union of South Africa, United Kingdom), the U.K. Delegation reserving the right to insert a minority statement in the present report.

The views of the British Delegation are given in Annex 4 bis.¹⁰

Document R. 34, Part D, deals with reparations due to Powers other than those listed in Parts A and B. The first two paragraphs of Part D, providing the possibility for the States in question to obtain satisfaction of their claims in the manner laid down in Article 69, as well as by the dissolution for their own benefit of the holdings of Italian natural and juridical persons domiciled in Italy, of water, gas, electricity and transport services in the ceded territories, were unanimously adopted.

The views of the French Delegation are given in Annex 5,¹¹ those of the U.S.S.R. Delegation in Annex 6.¹²

The third paragraph of Part D, submitted by the U.S.S.R. Delegation relating to the possibility for certain countries to liquidate loans contracted during the war, was the object of statements by the U.K., U.S.A. and French Delegations to the effect that the said debtor States could discharge pre-war debts by means of methods based upon the provisions of Article 6, paragraph 1, of the Treaty. After a statement by the Polish Delegation that it concluded that these opinions were in favour of the satisfaction of its claims, the U.S.S.R. Delegation withdrew its proposal concerning the third paragraph of Part D.

The views of the Polish Delegation are given in Annex 5 bis.¹³

In the course of the discussion of paragraph 1 of Part B (which had been postponed until after consideration of document R. 34) the following proposals were made in million dollars:

In the case of Albania :	0	(U.K.)
	0	(U.S.A.)
	25	(U.S.S.R.)
	5	(France)
In the case of Ethiopia :	25	(U.K.)
	25	(U.S.A.)
	35	(Australia)
In the case of Greece :	100	(U.K.)
	100	(U.S.A.)
In the case of Yugoslavia :	100	(U.K.)
	80	(U.S.A.)
	400	(Yugoslavia)

¹⁰ *Post*, p. 386.

¹¹ *Post*, p. 387.

¹² *Post*, p. 388.

¹³ *Post*, p. 387.

A proposal by the Polish Delegation to refer the whole question to the Plenary Conference with a recommendation that it should be submitted to the Council of Foreign Ministers was rejected by 13 votes (Australia, Belgium, Brazil, Canada, Ethiopia, France, Greece, India, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.) to 7 (Byelorussia, China, Czechoslovakia, Poland, Ukrainian S.S.R., U.S.S.R., Yugoslavia). The Commission then began discussion of the question whether Albania should in principle be admitted as a beneficiary under the present paragraph.

10 delegations (Byelorussia, China, Czechoslovakia, France, Ethiopia, India, Poland, Ukrainian S.S.R., U.S.S.R., Yugoslavia) were in favour and 10 against (Australia, Belgium, Brazil, Canada, Greece, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.). The Chairman concluded that there was not a majority in favour of the allocation of a share to Albania.

In the case of Ethiopia, a proposal made by the Australian Delegation and seconded by the Indian Delegation to allocate 35 million dollars to Ethiopia was rejected by 10 votes (Byelorussia, Brazil, Canada, China, France, New Zealand, Union of South Africa, U.K., U.S.A., U.S.S.R.) to 10 (Australia, Belgium, Czechoslovakia, Greece, India, Netherlands, Poland, Ukrainian S.S.R., Yugoslavia, Ethiopia).

The Commission then unanimously adopted a figure of 25 million.

The Yugoslav claim for 400 million was rejected by 12 votes (Australia, Belgium, Brazil, Canada, China, France, India, Netherlands, New Zealand, Union of South Africa, U.K., U.S.A.) to 8 (Byelorussia, Czechoslovakia, Ethiopia, Greece, Poland, Ukrainian S.S.R., U.S.S.R., Yugoslavia).

On the proposal of the French Delegation, the Commission then took a vote on the proposal regarding the attributions to Greece and Yugoslavia. As the British proposal for parity was adopted by 15 votes (Australia, Belgium, Byelorussia, Brazil, Canada, China, Ethiopia, France, Greece, India, Netherlands, New Zealand, Ukraine, Union of South Africa, United Kingdom) to 1 (U.S.S.R.) with 4 abstentions (Czechoslovakia, Poland, United States, Yugoslavia), the Commission did not vote on the United States proposal of 10 to Greece against 8 to Yugoslavia, or on the Soviet proposal of 1 to Greece against 2 to Yugoslavia (The Soviet Delegation reserving the right to maintain its points of view on this subject).

Passing to the determination by vote of the total amount of reparations under Part B, the Commission rejected by 11 votes (Australia, Belgium, Brazil, Canada, France, India, Netherlands, New Zealand, Union of South Africa, United Kingdom, United States) to 8 (Byelorussia, China, Czechoslovakia, Greece, Poland,

Ukraine, U.S.S.R., Yugoslavia) with 1 abstention (Ethiopia) a Greek proposal to leave the fixing of this total to the Council of Foreign Ministers; and adopted by 11 votes (Australia, Belgium, Brazil, Canada, China, France, Netherlands, New Zealand, Union of South Africa, United Kingdom, United States) to 4 (Byelorussia, Greece, Ukraine, Yugoslavia) with 5 abstentions (Czechoslovakia, Ethiopia, India, Poland, U.S.S.R.) the British proposal of 225 millions.

The Greek and Yugoslav Delegations reserved the right to submit a minority report in this connection.

Finally, the Commission adopted unanimously a French proposal to submit to the Plenary Conference the text of the paragraph without a figure being stated, as the present report contains all the necessary information on this point.

The views of the U.S.A. Delegation on Parts B, C and D of Article 64 are given in Annex 7 [8].¹⁴

III.

The Commission therefore submits as recommendation to the plenary conference the text of the part of Article 64 approved by the Council of Foreign Ministers, amended:

1. By the adjunction to para. 2*c* of the words: "Including the yield of industries of extraction".

2. By the adjunction of a new para. 6.

"Payments under this article shall be calculated on the basis of the U.S. dollar (gold parity as at July 1st, 1946, i.e. 35 dollars per ounce of gold)."

It also submits as recommendations the following provisions, adopted unanimously or by a two-thirds majority, as regards parts B, C and D of Article 64:

B. REPARATIONS FOR ALBANIA, ETHIOPIA, GREECE AND YUGOSLAVIA

1. Italy shall pay reparation to the following countries:

Albania in the amount of \$
Ethiopia in the amount of \$
Greece in the amount of \$
Yugoslavia in the amount of \$

These payments shall be made during a period of 7 years from the date of the coming into force of this Treaty. Deliveries from current industrial production shall not be made during the first two years.

2. Reparation shall be made from the following sources.

(a) A share of the Italian factory and tool equipment designed for the manufacture of war implements which is not required by the permitted military establishments and is not readily susceptible of con-

¹⁴ *Post*, p. 390.

version to civilian purposes and which is removed from Italy pursuant to Article 58 of this Treaty.

(b) Italian current industrial production, including the products of mining industries.

(c) All other categories of capital goods or services, including either or both the passenger vessels *Saturnia* and *Vulcania* if, after their value has been determined by the method indicated in paragraph 6 below, they are claimed within 90 days by one of the countries indicated in paragraph 1, part B of this Article, but exclusive of Italian assets subject under Article 69 to the jurisdiction of the powers mentioned in para. 1, Part B of this Article —. Payments effected under this paragraph may include seeds.

3. The quantities and types of goods and services to be delivered shall be the subject of agreement between the Italian Government and the beneficiary governments, and shall be selected and deliveries scheduled in such a way as to avoid interference with the economic reconstruction of Italy and the imposition of additional liabilities on other Allied and Associated Powers.

4. The governments beneficiary of reparation from current industrial production shall furnish to Italy on commercial terms the materials which are normally imported into Italy and which are needed for the production of these goods. Payments for these materials shall be made by deducting the value of the materials furnished from the value of the goods delivered.

5. The basis for calculating the settlement provided in this Article will be the United States dollar at its gold parity on the 1st July, 1946, i.e. 35 dollars for an ounce of gold.

6. The Four Ambassadors shall determine the value of the Italian assets to be transferred to the countries referred to in paragraph 1, Part B of this Article.

7. Claims of the Powers mentioned in Paragraph 1 of Part B of this Article in excess of the reparations allocated under the same paragraph, shall be satisfied out of the Italian assets subject to their respective jurisdiction under Article 69 of this Treaty.

C. SPECIAL PROVISION FOR EARLIER DELIVERIES

With respect to deliveries of current industrial production, capital-goods and services such as those provided in Part B, paragraph 2, nothing in either Part A or Part B of the present Article shall be deemed to prevent deliveries during the first two years, if such deliveries are made in accordance with agreements between the Italian Government and a beneficiary government.

D. REPARATIONS FOR OTHER POWERS

1. Claims of the other Allied and Associated Powers shall be satisfied out of the Italian assets subject to their respective jurisdiction, under Article 69 of this Treaty.

2. Claims of countries receiving ceded territories in application of the present Treaty which are not mentioned in part B of the present article, shall also be satisfied out of the ownership interests of Italian nationals, including both natural and juridical persons, resident in Italy, in companies of ceded territories engaged in the following services: water, gas, electricity and transport.

The Italian interests thus transferred shall remain subject to all charges and liens held by natural or juridical persons not of Italian nationality.

The Commission finally submits to the Conference various proposals in relation to Article 64, which have not obtained a two-thirds majority or been rejected by a two-thirds majority:

I. Amendment to Part A, para. 3, submitted by the Australian Delegation and rejected by 13 votes to 7:

Replace the words: "The Italian Government and the U.S.S.R. Government . . .[""]

By: "The Italian Government and the U.S.S.R. Government and the Reparations and Restitution Commission set up under Section C of this Article; the choice . . ."

Delete the last sentence of para. 3.

II. Addition to part B, para. 2 of a sub-paragraph *d*, submitted by the U.S.A. and U.K. Delegations and rejected by 13 votes to 7:

"Property rights held by the Italian State, or by Italian parastatal organizations, in commercial enterprises operating in the ceded territories."

III(a) Addition to Part B, para. 3, submitted by the Australian Delegation, the principle of which was accepted by 12 votes to 8:

"1. An Italian Reparation Commission shall be set up to co-ordinate and supervise the execution of the provisions of Part B of this Article." (Obtained 12 votes to 8).

"2. (a). The Italian Reparation Commission shall consist of one representative of each country entitled to reparations by virtue of part B of the present Article, and of one representative of the United States of America, France, the United Kingdom and the U.S.S.R., respectively." (Obtained 12 votes to 7).

"(b). The Commission shall determine its own rules of procedure and decide upon its own organisation." (Obtained 12 votes to 4).

"(c). The administrative expenses of the Commission shall be met by the Italian Government." (Obtained 12 votes to 4).

"(d). The members and staff of the Commission shall enjoy such diplomatic privileges as may be necessary for the performance of their duties." (Obtained 11 votes to 4).

"3. (a). The Commission shall co-ordinate and supervise the execution of the provisions of Part B of the present Article with regard to reparations levied from current production and industrial equipment." (Obtained 12 votes to 4).

"(b). Each of the Governments entitled to reparations under Part B, before concluding the agreement with the Italian Government provided for in Part B, shall submit the proposed agreement to the Commission for approval. The Commission shall examine all such agreements in the light of the present Article, bearing in mind, more particularly, the need to avoid disputes and duplicate allocations in apportioning Italian production and resources to the various countries entitled to reparations under Paragraph [*Part*] B." (Obtained 12 votes to 4).

"(c). Each of the Governments entitled to reparations under Part B shall submit to the Commission periodical reports on deliveries effected in accordance with the agreements approved by the Commission." (Obtained 11 votes to 4).

"(d). At the request and on behalf of any of the Governments entitled to reparations, the Commission may enter into negotiations with the Italian Government, or assume the executive role which may be entrusted to it by the Government concerned, in order to implement the provisions of Part B of the present Article or of any agreements concluded thereunder." (Obtained 12 votes to 4).

"(e). The Commission shall draw up an annual agreement [*report?*] to be circulated to each of the Allied and Associated Powers signing the present Treaty." (Obtained 12 votes to 4).

III(b). The eight Delegations voting against the inclusion of the above text, proposed that a second sub-paragraph be added to para. 3:

"Agreements concluded under this paragraph shall be communicated to the Ambassadors at Rome of the United States, France, the United Kingdom, and the U.S.S.R."

ARTICLE 65—RESTITUTION

The Council of Foreign Ministers agreed on a text for this article by which Italy was required to return in good order all identifiable property removed from United Nations territory and found to be in Italy.

1. The Commission had before it six amendments and one amendment to an amendment:

a) The Yugoslav Delegation proposed (C.P. (Gen) Doc. 1.U. 18):

1) To add to para. 1 of the Draft Treaty text, which requires Italy to return property removed, the phrase "within a period of 6 months after the filing of the claim for restitution".

On the suggestion of the U.K. Delegation the Commission unanimously decided to insert the words "in the shortest possible time" after the words "will return" in para. 1 and the Yugoslav Delegation withdrew its proposal.

2) To amend para. 2, which limits restitution to identifiable property, to include the replacement of property which cannot be returned by property of equivalent value.

The Yugoslav delegation withdrew this proposal.

3) In para. 3 to require the Italian Government to bear the cost of refloating and repairing vessels belonging to the Allied and Associated Powers sunk in Italian waters.

The Yugoslav delegation withdrew this proposal.

4) To make clear in para. 4 that the Italian Government would meet "the maintenance costs of Restitution Delegations of the Allied and Associated Powers in Italy."

The Yugoslav Delegation was satisfied by the interpretation of the Draft Treaty given by the Delegations of the 4 Powers represented in the Council of Foreign Ministers and withdrew its proposal.

According to this interpretation, para. 4 as at present worded implies that Italy will defray all expenses incurred there in tracing property liable to restitution. It therefore covers the expenses of any group of experts sent to Italy by nations entitled to restitution.

5) In paragraph 7, to modify the respective obligations of the Allied and Associated Powers and of Italy, regarding proof of ownership and proof that property was legitimately acquired. Explanations of

this point made in the course of discussion satisfied the Yugoslav Delegation, which withdrew its proposal.

6) To add two new paragraphs concerning the replacement of vessels belonging to the Allied Powers, which were seized by Italy and cannot be returned and also the replacement of rolling stock removed from Yugoslavia in 1941 and not restored within three months of the coming into force of the Treaty.

The Commission examined the memorandum (C.P. (IT/EC) Doc. 57) submitted at its request by the Italian Delegation on the total tonnage of vessels covered by the amendment.

The addition of the two new paragraphs proposed by the Yugoslav Delegation was rejected by 12 votes to 4 with 2 abstentions, as departing from the principle requiring the return of the actual property lost. No roll-call was taken.

The views of the U.S.A. Delegation on these two points are given in Annex 9.¹⁵

b) The Greek Delegation (C.P. (Gen.) Doc.1.J.11) had proposed the addition of a new paragraph declaring null and void any instrument or contract drawn up during the war, between Greek and Italian nationals, purporting to transfer Greek property. The Commission having expressed the view that the United Nations Declaration of January 5, 1943,¹⁶ made adequate provision for the annulment of fraudulent contracts concluded during the occupation, the Greek Delegation withdrew its amendment in the light of this interpretation.

c) An amendment by the Greek Delegation (C.P. (Gen.) Doc.1.J.-12) proposed the insertion of an additional Article 65 bis to provide that the proceeds of the administration of Greek property by Italian natural or juridical persons, and debts collected by such persons in occupied Greek territory, should be refunded in dollars.

The Greek Delegation withdrew this amendment in view of the interpretation as given in (b) above.

d) An amendment by the Greek Delegation (C.P. (Gen) Doc.1.J.-10) superseded by amendment (C.P. (IT/EC) Doc.42), proposed the insertion in the Treaty of a new para. 2 bis providing for the replacement of objects of archaeological, historical or artistic value which had been damaged or not returned.

The Byelorussian Delegation proposed an amendment to this amendment to the effect that this provision should also apply to Albania. This amendment and the sub-amendment were withdrawn as the Greek and Byelorussian Delegations subsequently gave their support to the U.S. amendment (C.P. (IT/EC) Doc.47) that objects of the categories described in the Greek amendment should be replaced

¹⁵ *Post*, p. 392.

¹⁶ For documentation regarding the Inter-Allied Declaration Against Acts of Dispossession Committed in Territories Under Enemy Occupation or Control, see *Foreign Relations*, 1943, vol. I, pp. 439 ff; for text of the Declaration, see *ibid.*, p. 443.

if they belonged to the cultural heritage of the United Nation from which they were removed.

The U.S. amendment was adopted unanimously, subject to the insertion as suggested by the Czechoslovak representative of the words "or Italian nationals" after "Italian forces or authorities".

e) An Australian amendment (C.P. (IT/EC) Doc.50) proposed that objects of literary, artistic, historical or religious value unlawfully removed from Italy during the war or since the Armistice should be returned to Italy.

This amendment was withdrawn, the Australian Delegation considering itself satisfied with the statements made in this condition by the U.S.A., France and U.K. According to these statements the Powers will chiefly base themselves on the provision contained in the last sentence of Article 67 of the draft Treaty, to take all such measures as they may deem equitable for the restitution to Italy of Italian property removed to Germany (statement by the three Powers annexed).¹⁷

2. The Commission unanimously adopted and submits as a recommendation to the Plenary Conference the text of the draft Treaty with the following modifications:

1) In para. 1 insert the words "in the shortest possible time" after the words "will return".

2) The United States amendment (C.P. (IT/EC) Doc.47) as modified by the Czechoslovak Delegation, provides a new para. 9 reading as follows:

"If in particular cases, it is impossible for Italy to make restitution of objects of artistic, historic or archaeological value belonging to the cultural heritage of the United Nation from which such objects were removed by force or duress by Italian forces, authorities or nationals, Italy undertakes to transfer to the United Nation concerned objects of the same kind and of substantially equivalent value to the objects removed, in so far as such objects are obtainable in Italy."

The Commission noted the following statement:

"Para. 4 of the draft Article as at present worded implies that Italy will defray all expenses incurred in tracing in Italy property liable to restitution.["]

Views of the Ethiopian Delegation concerning Paragraph 3 of Article 65 are given in Annex 10.¹⁸

RENUNCIATION OF CLAIMS BY ITALY—ARTICLE 66

The Council of Foreign Ministers had agreed on a text for this Article whereby Italy waived, on behalf of the Italian Government and Italian nationals, all claims against the Allied and Associated Powers or any United Nation which severed diplomatic relations with Italy

¹⁷ Statement not printed.

¹⁸ *Post*, p. 392.

and took action in co-operation with the Allied and Associated Powers, for damages arising directly out of the war or out of actions taken because of the existence of a state of war after September 1st 1939.

However, the Delegations of U.S.A., and U.S.S.R. had reserved the right to propose changes with regard to the treatment in the Peace Treaty of submarine cables owned at the beginning of the war by the Italian Government or Italian nationals.

Paragraph 6 of the draft Treaty simply lays down that the provisions of this Article shall not affect the rights of ownership of the Italian Government or Italian nationals in such submarine cables.

1. The Commission considered three proposed amendments:

a) The Yugoslav Delegation (C.P. (Gen.) Doc.1.U.19) proposed the addition to paragraph 4 of the text of the Draft treaty, of the words "or Associated" after the word "Allied" whenever the latter was used, in order to extend the responsibility assumed by the Italian Government as regards the military currency issued in Italy also to the currency issued by the Yugoslav occupation forces east of the Morgan Line.

The Yugoslav Delegation agreed to this proposal being discussed later in connection with Annex 3 (Economic and Financial Provisions relating to Ceded Territories).¹⁹

b) The Yugoslav Delegation also submitted an amendment concerning the disposal of Italian submarine cables.

This question having been discussed and settled in connection with Article 69 and Annex 3, the Commission unanimously decided to include in paragraph 6 of Article 66 a statement to the effect that the provisions of this paragraph are without prejudice to the application of Article 69 and Annex 3.

c) An amendment submitted by the Greek Delegation (C.P.Gen. Doc.1.J.13) proposed the addition of a paragraph by which Italy should undertake to restore in gold to the Greek Government the amount of 783,080 dollars advanced by Greece during the occupation as a war indemnity to Italian nationals.

This proposal was rejected by sixteen votes to one (without roll-call).

2. Consequently, the Commission unanimously proposed to the Plenary Conference the text of the Draft Treaty, with the addition at the end of paragraph 6 of the following sentence:

"This provision is without prejudice to the application of Article 69 and of Annex 3."

ARTICLE 67

The Council of Foreign Ministers had reached agreement on the text of this article whereby Italy renounces all claims against Germany, including debts, with the exception of those arising out of con-

¹⁹ For text of Annex 3 of Draft Peace Treaty with Italy, see p. 40.

tracts and other obligations entered into, and rights acquired, before September 3, 1939.

1. The Commission had before it two proposed amendments.

(a) The Yugoslav Delegation (C.P.(Gen)Doc.1.U.20, replaced by C.P.(IT/EC)Doc.64) proposed that Italy should recognize that the Allied and Associated Powers, being entitled to German reparation in the Western Zone, are likewise entitled to all German assets in Italy, and should agree to take all necessary measures to facilitate the transfer of such assets.

This proposal was rejected by 11 votes (Australia, Belgium, Brazil, Canada, China, India, the Netherlands, New Zealand, the Union of South Africa, the United Kingdom, the United States) to 7 (Byelorussia, Czechoslovakia, Greece, Poland, Ukraine, the U.S.S.R., Yugoslavia), and 2 abstentions (Ethiopia, France).

(b) The United States Delegation (C.P.(IT/EC)Doc.69) proposed that Italy should agree to take all necessary measures for facilitating such transfers of these assets as might be determined by those of the Powers occupying Germany which were empowered to dispose of German assets in Italy.

This amendment was adopted by 13 votes (Australia, Belgium, Brazil, Canada, China, France, Greece, India, the Netherlands, New Zealand, the Union of South Africa, the United Kingdom, the United States) to 2 (Byelorussia, Ukraine), with 5 abstentions (Czechoslovakia, Ethiopia, Poland, the U.S.S.R., Yugoslavia).

2. Consequently

(a) Apart from one abstention, the Commission unanimously adopted the text agreed upon by the Council of Foreign Ministers for submission to the Plenary Conference as a recommendation.

(b) The Delegations of Australia, Belgium, Brazil, Canada, China, France, Greece, India, the Netherlands, New Zealand, the Union of South Africa, the United Kingdom, and the United States were in favour of the following addition to the text drafted by the Council of Foreign Ministers:

“Italy agrees to take all necessary measures for facilitating such transfers of German assets in Italy as may be determined by those of the Powers occupying Germany which are empowered to dispose of German assets in Italy.”

(c) The Commission took note of the following statement of the Yugoslav Delegation:

“The Yugoslav proposal has been rejected, but the Delegation of Yugoslavia has been instructed to express on behalf of its Government, the hope that the rights defined in the Potsdam Agreement of the States who were victims of Nazi aggression will be safeguarded. The Yugoslav Government likewise hopes that the three Powers whose

task it is to watch over the interests of these victims will do their duty—that is to say, will take the necessary steps to ensure that German assets in Italy are placed at the disposal of the States entitled to German reparation from the Western Zones.”

The views of the U.S.A. Delegation on this Article are given in Annex 11.²⁰

UNITED NATIONS' PROPERTY IN ITALY—ARTICLE 68

The Council of Foreign Ministers had agreed upon the text of this article with the exception of Paragraph 4 concerning the compensation due by the Italian Government when as a result of the war property belonging to a United Nations national could not be returned or had sustained damage.

The United States Delegation had submitted a proposal for total compensation, which had been approved, subject to the wording, by the French and United Kingdom Delegations. The U.S.S.R. Delegation considered that compensation should be partial, up to one-third of the damage and paid in Italian lire.

1. The Commission considered 9 amendments or proposals.

(1) It decided by 15 votes to 1 to refer to the Political and Territorial Commission for Italy an Amendment submitted by the Greek Delegation (C.P.(Gen)Doc.1.J.15) concerning the special case of property of the Greek Orthodox Communities in Italy, to be considered by the Commission in connection with Article 14 of the draft Treaty.

(2) A proposal of the Delegation of Ethiopia (C.P.(Gen)Doc.-1.H.4), designed to give more legal force to the text of paragraph 1 of the article and stipulating that the restitution of property should take place within 18 months, was rejected by 10 votes to 3 with 7 abstentions.

(3) The Yugoslav Delegation (C.P.(Gen)Doc.1.U.21) proposed:

As regards paragraph 1 to state for each Allied or Associated Power the date of its entry into the war against Italy.

This amendment was withdrawn.

As regards Paragraph 4 to make rate of compensation for the damage sustained proportionate to the amount of the average reparation allowed according to Article 64B, to the Allied and Associated Powers benefiting by the provisions of this Article.

The Commission, by a $\frac{2}{3}$ majority, (14 votes to 4 with 2 abstentions) rejected the principle proposed by the Yugoslav Delegation in the second part of its amendments.

Finally the Yugoslav Delegation requested the omission of paragraph 6 of the text of the draft Treaty, which exempts Allied property from any exceptional taxes levied on their capital by the Italian authorities since September 8th, 1943 or which might have been levied before the coming into force of the Treaty of Peace.

²⁰ *Post*, p. 393.

This amendment was withdrawn.

(4) 9 Delegations (Australia, Belgium, Canada, Ethiopia, United Kingdom, Greece, New Zealand, Netherlands, Union of South Africa) expressed themselves in favour of the principle of total compensation contained in the amendment submitted by the U.K. Delegation (C.P.(IT/EC)Doc.60).

9 Delegations (U.S.A., Byelorussia, Brazil, China, Poland, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) voted against this principle.

The French and Indian Delegations abstained.

The views of the United Kingdom Delegation are given in annex 12.²¹

(5) The proposal of the United States Delegation, seconded by the U.S.S.R. Delegation, to fix a 25% rate of compensation was rejected by 12 votes (Australia, Belgium, Brazil, Canada, Ethiopia, France, United Kingdom, Greece, India, New Zealand, Netherlands and the Union of South Africa), to 5 (United States, Byelorussia, China, Ukraine, U.S.S.R.) with three abstentions (Poland, Czechoslovakia, Yugoslavia).

The views of the United States and U.S.S.R. Delegations are given in annex 13 and 14.²²

(6) Proposal of the French Delegation to fix at 75% the rate of compensation was adopted by 13 votes (Australia, Belgium, Brazil, Canada, Ethiopia, France, United Kingdom, Greece, India, New Zealand, Netherlands, Czechoslovakia, the Union of South Africa) to 5 (Byelorussia, China, Ukraine, U.S.S.R., Yugoslavia) with two abstentions (U.S.A., Poland).

The views of the French Delegation are given in annex 15.²³

(7) The Commission then considered amendment C.P.(IT/EC)-Doc.65 submitted by the French Delegation. This amendment introduced the text submitted by the United States Delegation in document (C.P. (IT/EC)Doc.59) including the rate of 75% in sub-paragraph (a). Further, it includes a sub-paragraph (e) providing for the total compensation of damage sustained owing to special measures taken during the war by the Italian Government.

Sub-paragraph (a) establishing the principle and quota of the compensation was adopted by 11 votes (Belgium, Canada, Ethiopia, France, United Kingdom, Greece, India, New Zealand, Netherlands, Czechoslovakia, Union of South Africa) to 4 (Byelorussia, Ukraine, U.S.S.R., Yugoslavia) with 5 abstentions (U.S.A., Australia, Brazil, China, Poland).

Sub-paragraph (b) extending compensation to shares held by United Nations nationals in companies or associations which are not nationals

²¹ *Post*, p. 393.

²² *Post*, pp. 394 and 397, respectively.

²³ *Post*, p. 397.

of the United Nations, was adopted by 12 votes (U.S.A., Australia, Belgium, Canada, Ethiopia, France, United Kingdom, Greece, India, New Zealand, Netherlands, the Union of South Africa) to 6 (Byelorussia, Brazil, China, Ukraine, U.S.S.R., Yugoslavia) with two abstentions (Poland, Czechoslovakia).

Sub-paragraph (*c*), establishing the freedom to utilise in Italy the compensation paid under the preceding sub-paragraphs, was adopted by 13 votes (Australia, Belgium, Brazil, Canada, Ethiopia, France, United Kingdom, Greece, India, New Zealand, Netherlands, Union of South Africa, Czechoslovakia) to 5 (Byelorussia, China, Ukraine, U.S.S.R., Yugoslavia) with 2 abstentions (U.S.A., Poland).

The French Delegation withdrew sub-paragraph (*d*).

Sub-paragraph (*e*), which now becomes sub-paragraph (*d*), was adopted by 14 votes (Australia, Belgium, Brazil, Canada, China, Ethiopia, France, United Kingdom, Greece, India, New Zealand, Netherlands, Czechoslovakia, Union of South Africa) to 5 (U.S.A., Byelorussia, Ukraine, U.S.S.R., Yugoslavia) with one abstention (Poland).

Document C.P. (IT/EC) Doc. 65 as a whole, with the exception of the original sub-paragraph (*d*), withdrawn by the French Delegation, was adopted by 14 votes (U.S.A., Australia, Brazil, Belgium, Canada, Ethiopia, France, United Kingdom, Greece, India, New Zealand, Netherlands, Czechoslovakia, Union of South Africa) to 6 (Byelorussia, China, Poland, Ukraine, U.S.S.R., Yugoslavia).

(8) The Greek Delegation withdrew its amendment (C.P. (Gen) Doc.1.J.14) concerning compensation by Italy of losses sustained by Greece between the dates of September 1, 1939, and the entry of that country into the war. The Greek Delegation stated that its Government will put forward its claims on the Italian Government by the methods usually adopted for the settlement of international disputes, in accordance with the provisions of Article 70²⁴ of the Treaty.

(9) The Commission rejected by a two-thirds majority, i.e. 17 votes to 2 with one abstention, the Australian amendment C.P. (Gen) Doc. 1.B.12 concerning the definition of the term "United Nations national" given in paragraph 8, sub-paragraph (*a*), of the Draft Treaty of Peace. According to this definition, the provisions of Article 68 can only apply to physical or juridical persons of the nationality of one of the United Nations at the date of the Armistice. The Australian amendment asked for this condition to be deleted.

2. Therefore,

²⁴ *Ante*, p. 32.

(A) The Commission unanimously voted for submission to the Plenary Conference as its recommendation the text of the Draft Treaty for paragraphs 1, 2, 3, 5, 6, 7 and 8.

As regards paragraph 1, the Commission requested the Legal and Drafting Commission to suppress such discrepancies as might arise in respect of the three official texts.

(B) The Australian, Belgian, Brazilian, Canadian, Ethiopian, French, United Kingdom, Greek, Indian, New Zealand, Netherlands, Czechoslovakian, and South African Delegations, expressed themselves in favour of the adoption of document C.P. (IT/EC) Doc. 65 as the text for paragraph 4, including in sub-paragraph (a) the 75 per centage and deleting the original sub-paragraph (d).

This new paragraph 4 is thus worded as follows:

“(a) The Italian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Italian Government compensation in lire to the extent of 75% of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favourable treatment with respect to compensation than that accorded Italian nationals.

(b) United Nations nationals who have ownership interests, held directly or indirectly, in corporations or associations which are not United Nations nationals within the meaning of paragraph 8(a) of this Article, but which have suffered a loss by reason of injury or damage to property, shall receive compensation in accordance with sub-paragraph (a) above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.

(c) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Italy but shall be subject to the foreign exchange control regulations which may be in force in Italy from time to time.

(d) The Italian Government shall grant United Nations nationals an indemnity in lire sufficient to compensate, at the date of payment, the losses and damage due to the special measures applied to their property during the war, and which were not applicable to Italian property.”

(C) The Commission took note of the following statements:

Statement of the Yugoslav Delegation with regard to the paragraph (b) of Doc. C.P. (IT/EC) Doc. 65:

The Yugoslav Delegation feels obliged to state that this provision should be deleted on grounds of international morality.

The Yugoslav Delegation considers that the insertion of such a provision in the Peace Treaty would be inconceivable. As a matter of fact, this provision grants special protection and privileges to United Nations nationals who during the war made upon their country by Fascism, took part in the operations of companies or associations which were solely and openly in the services of Fascism. Far from considering their participation as that of an enemy, the Fascist Government regarded it up to the end of the war as an integral part of its own national effort.

The Yugoslav Delegation considers that Delegations which in this matter refuse to admit the criterion of international ethics will have to defend themselves now and in the future against such criticism as may be directed against their action.

In the opinion of the Yugoslav Delegation, the United Nations nationals covered by this provision should be treated on the same footing as Italian nationals with whom they have collaborated during the war and whose advantages they have shared. (C.P.(IT/EC) 26th Meeting, Annex A).

Statement of the United Kingdom Delegation :

Insofar as the United Kingdom Delegation took part in the voting on any of the proposals for the principle of partial compensation, this was without prejudice to the United Kingdom's own principle of full compensation, to which she still adheres, and to which she attaches the greatest importance.

(C.P.(IT/EC) 23rd and 24th meetings' annex)

ARTICLE 69

The Council of Foreign Ministers had agreed on the text of this Article relating to Italian property in the territory of the Allied and Associated Powers, with the exception of the sub-paragraphs (e) and (f) of para. 5; the latter, dealing with the property of Italian nationals in ceded territories and in the Free Territory of Trieste, were proposed by the United States Delegation.

1) *Ten proposed amendments were laid before the Commission.*

A) An amendment proposed by the Ukrainian S.S.R. (IT/EC) Doc.70

1) to add two new sub-paragraphs to para. 1.

The first sub-paragraph (1a) provided that Italian property abroad should not be retained by any Allied or Associated Power whose territory had not been occupied, except in so far as the retention of such property would not hinder the economic reconstruction of Italy or endanger her balance of payments.

The second sub-paragraph (1b) entrusted the Four Ambassadors at Rome with the task of determining the total claims of each of the Allied and Associated Powers concerned and of fixing the amount of Italian property to be retained by each.

2) to add to Article 69 as a whole, a paragraph 6 enabling Italy to avoid the liquidation of property mentioned above by making payment in settlement of the claims of the Allied or Associated Power concerned in the currency of that Power, or by any other means mutually agreed.

The amendment proposed by the Delegations of the Ukraine was rejected by 14 votes (U.S.A., Australia, Belgium, Brazil, Canada, China, Ethiopia, France, India, New Zealand, Netherlands, U.K., U.S.S.R., Union of South Africa) to 5 (Byelorussia, Czechoslovakia, Poland, Ukrainian S.S.R., Yugoslavia), with one abstention (Greece).

The views of the Ukrainian Delegation are given in Annex 16.²⁵

The views of the American Delegation are given in Annex 17.²⁶

B) An amendment proposed by Yugoslavia took up the first part of the proposal included in the Albanian Memorandum (C.P.Gen. Doc.7) which aimed at modifying Article 69 para. 1. by taking into account the date of Italy's entry into the war as well as the date of the coming into force of the Treaty in deciding which Italian property should be seized. Yugoslavia's proposed amendment added the words "and Albania" after the words "Allied and Associated Powers" in the Albanian proposal.

This proposal was rejected by 14 votes (U.S.A., Australia, Belgium, Brazil, Canada, China, France, Greece, India, Netherlands, New Zealand, U.K., U.S.S.R., Union of South Africa) to 2 (Ukrainian S.S.R. and Yugoslavia) with 4 abstentions (Byelorussia, Czechoslovakia, Ethiopia, Poland).

C) An amendment proposed by the Yugoslav Delegation (IT/EC Doc. 62) leaving to the domestic legislation of each Allied or Associated Power the task of deciding the Italian origin of property, rights and interests which belonged at any date subsequent to June 10th, 1940, to Italy or to Italian nationals. This amendment replaced the proposal contained in Yugoslav amendment U22, which was similar in purpose to the aforesaid Albanian proposal (cf. B above). The Yugoslav Delegation withdrew its first amendment (U22).

The new Yugoslav proposal was submitted in two alternative forms and the Commission had to choose between modification of para. 1 or of para. 2 of Art. 69.

The first alternative, para. A of the Yugoslav proposal referring to Para. 1. of Art. 69, was rejected by 14 votes (U.S.A., Australia, Belgium, Brazil, Canada, China, Ethiopia, France, India, Netherlands, New Zealand, U.K., U.S.S.R., Union of South Africa) to 6 (Byelorussia, Czechoslovakia, Greece, Poland, Ukrainian S.S.R., Yugoslavia).

²⁵ *Post*, p. 397.

²⁶ *Post*, p. 399.

7 votes (Byelorussia, Czechoslovakia, Greece, India, Poland, Ukraine, Yugoslavia) were cast in favour of the second alternative and 13 against.

D) An amendment proposed by Yugoslavia, providing for the waiving by Italy, in favour of the Allied or Associated Power concerned of property rights belonging to the Italian Government or to Italian nationals:

a) throughout the length of submarine cables linking points in the territory of the Power concerned;

b) up to half the length of submarine cables linking a point in the territory of the Power concerned with a point in Italian territory.

The original version of the amendment was withdrawn by the Yugoslav delegation which accepted the proposed new wording. According to the new text, the provisions of the first part of the Yugoslav amendment would apply only to cables linking points in Yugoslav territory.

As regards the submarine cables referred to in the second part of the Yugoslav amendment, the provisions of Art. 69, according to the new draft of the amendment, would no longer apply to terminal facilities or to lengths of cables lying in territorial waters.

This proposal was adopted unanimously.

E) An amendment proposed by the Australian Delegation to exclude literary and artistic property rights from the seizure and liquidation action provided under Article 69, para. 1.

The Australian proposal to that effect was:

a) to delete the words "literary and artistic" in the second and seventh lines of para. 4;

b) to insert a new sub-para. 5(*e*) after sub-para. 5(*d*) as follows "Literary and artistic property rights".

This amendment was adopted by 14 votes (Australia, Belgium, Brazil, Byelorussia, Canada, China, Czechoslovakia, India, Netherlands, New Zealand, Poland, Ukrainian S.S.R., Union of South Africa, Yugoslavia) to 6 [*5?*] (Ethiopia, France, Greece, United Kingdom, U.S.S.R.). The views of the American delegation are given in Annex 18.²⁷

F) A sub-amendment to the Australian amendment, proposed by the Ukrainian Delegation to the effect that industrial property rights should benefit under this amendment.

This sub-amendment was rejected by 14 votes (Australian, Belgium, Canada, China, Ethiopia, France, Greece, India, Netherlands, New Zealand, Union of South Africa, United Kingdom, United States, USSR) to 4 (Byelorussia, Poland, Ukrainian S.S.R., Yugoslavia), with 2 abstentions (Brazil, Czechoslovakia).

²⁷ *Post*, p. 399.

G) An amendment by the Ethiopian Delegation, proposing to modify para. 5, which lists the Italian property not subject to the seizure and liquidation action to be taken under para. 1.

1) Following the explanations given by the Delegates of the United States, France, and the United Kingdom with regard to the scope of sub-paragraphs *a*) and *c*), the Ethiopian Delegation withdrew the part of its amendment whereby sub-paragraphs *a*) and *c*) would not apply to Ethiopia.

2) Following the explanations given by the Delegate of France, the Ethiopian Delegation likewise withdrew the other part of its amendment to the effect that the words "other than property acquired or constituted under the military occupation" be added to sub-para. (*b*) concerning "property belonging to religious bodies or charitable institutions".

The explanation referred to in paragraphs 1 and 2 are given in Annex 19.²⁸

The French Delegation's proposal was adopted unanimously.

H) An amendment by the Yugoslav Delegation reverting to the text of a proposal contained in the Albanian memorandum (C.P. Gen.Doc.7) which likewise suggested a modification in sub-paragraph *b*) para. 5, whereby this provision would not apply to property belonging to religious bodies or charitable institutions which had engaged in political activities in occupied territory on the enemy's behalf. This proposal was also withdrawn after the French Delegate had submitted a verbal proposal to add the word "exclusively" i.e. ". . . used exclusively for religious or charitable purposes."

The French proposal was unanimously adopted.

I & J) With regard to sub-paragraphs *e*) and *f*) of para. 5 as submitted by the United States Delegation to the Council of Foreign Ministers, the Commission had before it:

A proposal by the U.S.S.R. to delete sub-para. *e*);

A Yugoslav proposal reproducing the U.S.S.R. proposal and suggesting an addition at the end of para. 5, as follows:

"the fate of property belonging to Italian nationals in ceded territories shall be determined by Annex 3".

These two proposals were not discussed, as the Commission decided to postpone consideration of sub-paragraphs *e*) and *f*) until Annex 5 of the Draft Treaty came up for discussion.

2. Consequently:

A) The Commission adopted by a two-thirds majority (17 votes to 3, Byelorussia, the Ukraine and Yugoslavia, voting against) and de-

²⁸ *Post*, p. 400.

cided to submit as a recommendation to the Plenary Conference the text of the Draft Treaty as regards para. 1.

B) The Commission unanimously adopted and decided to submit as a recommendation to the Plenary Conference the text of the Draft Treaty as regards paragraphs 2 and 3.

C) The Commission unanimously adopted and decided to submit as a recommendation to the Plenary Conference the text of the Draft Treaty as regards paragraph 4, with the modifications resulting from the adoption of the Australian proposal to delete the words "literary and artistic" in lines 2 and 7.

The new draft of paragraph 4 therefore reads as follows:

4. "No obligation is created by this Article on any Allied or Associated Power to return industrial property to the Italian Government or Italian nationals, or to include such property in determining the amounts which may be retained under paragraph 1 of this Article. The Government of each of the Allied and Associated Powers shall have the right to impose such limitations, conditions and restrictions on rights or interests with respect to industrial property acquired prior to the coming into force of the present Treaty in the territory of that Allied or Associated Power by the Government or nationals of Italy, as may be deemed by the Government of the Allied or Associated Power to be necessary in the national interest."

A new paragraph 4A is made up of the Yugoslav amendment (C.P.(IT)/Doc.72) which was voted unanimously in the redraft proposed by the U.K. Delegation.

4A. a) "Italian submarine cables linking points in Yugoslavia shall be deemed to be Italian property in Yugoslavia, despite the fact that lengths of these cables may lie outside the territorial waters of Yugoslavia.

b) "Italian cables linking a point in the territory of an Allied or Associated Power with a point in Italian territory shall be deemed to be Italian property within the meaning of this Article, so far as concerns the terminal facilities and the lengths of cables lying in territorial waters."

D) The Commission unanimously voted and decided to submit as a recommendation to the Plenary Conference the text of the Draft Treaty agreed upon by the Council of Foreign Ministers as regards paragraph 5, a) b) c) and d), as modified by the insertion in sub-para. b) of the word "exclusively" before the words "for religious or charitable purposes", and the addition of the new sub-para e) proposed by the Australian Delegation.

The new text of paragraph 5 sub-para b) is therefore as follows:

5 b) "Property belonging to religious bodies or private charitable institutions and used *exclusively* for religious or charitable purposes."

The new sub-para. 5 e) is as follows: "5 e) Literary and artistic property rights."

E) The Commission took no decision as regards the former sub-paragraphs *e*) and *f*) of paragraph 5.

SECTION III—DEBTS—ARTICLE 70

The Council of Foreign Ministers had agreed on a text for this article which deals with pecuniary debts contracted prior to the existence of a state of war and due whether by the Government or nationals of one of the Allied and Associated Powers, to the Government or nationals of Italy.

1. The Commission had before it an amendment by the Yugoslav Delegation (Doc. 1.U.23), for the addition to Article 70 of a 3rd paragraph with the object of freeing the Allied or Associated Powers whose territory was occupied by Italy and their nationals from the obligation to repay any debt to Italy or its nationals.

This amendment was withdrawn following a personal statement of opinion by the U.K. Delegate that the provisions of Article 69 would apply to debts due to Italian nationals which had fallen due.

2. On the proposal of the U.S., French, U.K. and U.S.S.R. Delegations, the Commission also unanimously adopted an additional paragraph worded:

“The Allied and Associated Powers declare that the rights attributed to them under Articles 64 and 69 of this Treaty cover all their claims and those of their nationals for loss and damage due to acts of war, including measures due to the occupation of their territory, attributable to Italy and having occurred outside Italian territory, with the exception of claims based on Articles 65 and 68.”

The views of the Greek Delegation are contained in an Annex.

3. The Commission therefore adopted unanimously, and submitted as a recommendation to the Plenary Conference, the text agreed upon by the Council of Foreign Ministers, thus completed.

PART VIII—GENERAL ECONOMIC RELATIONS—ARTICLE 71

The Council of Foreign Ministers had agreed on the introductory paragraph, sub-paragraphs *a* and *b*, and the first clause of sub-paragraph *c*, of the Article relating to certain aspects of Italy's general economic relations during the transition period following the coming into force of the Peace Treaty, and also on paragraph 2 providing for the exceptions customarily included in commercial treaties concluded by Italy before the war.

A. As regards the end of sub-paragraph *c*, of paragraph 1, the Council of Foreign Ministers submitted to the Conference:

1) A proposal by the U.S.S.R. Delegation for the insertion in sub-paragraph *c* of a phrase excluding from the sphere in which national and most-favoured-nation treatment should be granted to United Nations Nationals certain branches, where, in accordance with the

internal legislation of the country, private enterprise does not take place.

The Commission rejected this proposal by 12 votes (Australia, Belgium, Brazil, Canada, France, Greece, India, Netherlands, New Zealand, Union of South Africa, United Kingdom, United States) to 6 (Byelorussia, Czechoslovakia, Poland, Ukraine, U.S.S.R., Yugoslavia) with 2 abstentions (China, Ethiopia).

2) A proposal by the United Kingdom, United States and French Delegations to substitute for the Soviet proposal a second clause interpreting sub-paragraph *c* of paragraph 1.

The Commission accepted this proposal by 12 votes (Australia, Belgium, Brazil, Canada, France, Greece, India, Netherlands, New Zealand, Union of South Africa, United Kingdom, United States) to 6 (Byelorussia, Czechoslovakia, Poland, Ukraine, U.S.S.R., Yugoslavia) with 2 abstentions (China, Ethiopia).

3) A further addition proposed by the United States Delegation and supported by the United Kingdom Delegation, stipulating in a third clause of sub-paragraph *c* that this paragraph would not apply to civil aviation, but that no discriminatory measures would be taken against any United Nation with regard to the operation of civil aircraft in international traffic.

The U.S.S.R. Delegation saw no reason for the insertion of these texts in the treaty.

This proposal was adopted by 14 votes (Australia, Belgium, Brazil, Canada, China, Ethiopia, France, Greece, India, Netherlands, New Zealand, Union of South Africa, United Kingdom, United States) to 5 (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) with 1 abstention (Poland).

The views of the U.S. Delegation are given in annex 20, those of the U.S.S.R. in annex 21.²⁹

B. The Commission had also to consider:

1) a draft amendment submitted by the Netherlands Delegation (C.P.(IT/EC)Doc.73). This was a proposal to insert in the new paragraph, proposed by the United States Delegation, a phrase about granting to the United Nations the right to fly over Italian territory without landing or to land for non-commercial purposes.

This amendment obtained 12 votes in favour (Australia, Belgium, Brazil, Canada, China, Ethiopia, France, Greece, Netherlands, Union of South Africa, United Kingdom, United States) while 5 votes were cast against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia). There were 3 abstentions (India, New Zealand, Poland).

The views of the U.S. Delegation are given in Annex 22.³⁰

²⁹ *Post*, pp. 401 and 402, respectively.

³⁰ *Post*, p. 402.

2) a draft amendment (C.P.(Gen)Doc.1.F.1) submitted by the Canadian Delegation, proposing to change in the second line of the first paragraph the time limit of 18 months to 3 years.

This draft amendment obtained a majority of 12 votes (Australia, Belgium, Brazil, Canada, China, Ethiopia, Greece, India, Netherlands, New Zealand, Poland, Union of South Africa), to 8 (Byelorussia, Czechoslovakia, France, Ukraine, United Kingdom, United States, U.S.S.R., Yugoslavia).

A. The Commission adopted unanimously, as a recommendation to the Plenary Conference, the text agreed upon by the Council of Foreign Ministers, leaving, however, a blank space for the insertion of the time-limit.

B. As regards the time-limit to be inserted, the Commission submits the two following proposals :

1) Three years (draft amendment submitted by the Canadian Delegation, which obtained 12 votes in favour to 8 against).

2) Eighteen months (proposed by the Council of Foreign Ministers).

C. As regards sub-paragraph *c* of paragraph 1, the Commission proposes to the Conference the insertion in the text agreed upon by the Council of Foreign Ministers of :

1) either the text proposed by the United Kingdom, United States and French Delegations, which obtained 12 votes to 6 against with 2 abstentions.

This text is as follows :

“This paragraph shall not be deemed to confer on the United Nations, or their nationals, rights to engage in any branch of commerce, industry, shipping or other form of business activity which under Italian law is a monopoly of the Italian State. Nevertheless, the most-favoured-nation principle shall be observed in any such cases in which foreign participation is allowed.”

2) or the text proposed by the U.S.S.R. Delegation which obtained 6 votes in favour to 12 against.

This text is as follows :

“ . . . excluding certain branches where, in accordance with the internal legislation of the country, private enterprise does not take place.”

D. The Commission adopted by a two-thirds majority (14 votes to 5 with one abstention) the following text of the draft further addition to sub-paragraph *c*, proposed by the United States Delegation.

“It is further understood that this paragraph shall not apply to civil aviation but that Italy will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic and will afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Italian territory.”

This text is submitted for the approval of the Plenary Conference as a recommendation of the Commission under the terms of Section VI *b* of the Rules of Procedure of the Conference.

As the draft amendment C.P.(IT/EC) Doc.73 submitted by the Netherlands Delegation secured 12 votes in favour to 3 against, the Commission proposes that the Conference should :

1) either delete in the preceding clause the word "and" after "international traffic" replacing it by a comma, and insert a sub-paragraph proposed by the United States Delegation and adopted by the Commission, reading :

"and with regard to the operation of civil aircraft in international traffic, will grant, on a reciprocal and non-discriminatory basis to all United Nations, the right to fly over Italian territory without landing or to land for non-commercial purposes."

2) or retain without deletion or addition the text proposed by the United States Delegation as an addition to sub-paragraph *c*.

E. Finally, the Commission took note of the following statement by the Polish Delegate regarding the effect of Article 71, paragraph 1, on the special bilateral agreements which Italy could conclude in the matter of currency control and fixing of trade quotas.

In reply to M. Lychowski's questions regarding (1) the effect of Article 71, paragraphs 1 *a* and 1 *b*, on Italy's ability to conclude bilateral trade agreements, (2) the determination of whether a given transaction involved arbitrary discrimination, and (3) the enforcement of the prohibition of arbitrary discrimination, Mr. Thorp spoke as follows :

The conditions under which international trade is now carried on are abnormal, largely because of special current problems. The usual ways of conducting trade have therefore been modified at many points, particularly by the use of bilateral barter agreements. The special necessities of the present state of affairs have been widely recognized. For example, the International Monetary Fund Agreement provides for an interim period during which special exchange controls will be permitted. The proposals for the Expansion of World Trade and Employment put forward by the U.S. Government also recognize the necessity of an interim period during which special arrangements will have to be allowed. In both these cases, however, it is clearly and emphatically indicated that any special controls and arrangements must not be contrary to the underlying principle of non-discrimination among countries in international trade.

Everyone hopes that the conditions of world trade will so improve that the need for special arrangements will disappear, for they cannot help but diminish the total volume of trade. In the short run, it is entirely possible to conduct trade under such arrangements without arbitrary discrimination. The key word is "arbitrary". It is necessary to consider the specific character of each special arrangement to determine whether or not it involves arbitrary discrimination.

PART IX—SETTLEMENT OF DISPUTES—ARTICLE 72

Two texts concerning the appointment of a Commission for the settlement of disputes which may arise in connection with certain Articles of the Treaty were submitted to the Commission by the Council of Ministers.

The proposal of the United Kingdom Delegation was the following:

“Any disputes which may arise in connection with Articles 65 and 68 and Annexes 6, 7 and 8 of the present Treaty shall be referred to a Conciliation Commission composed of an equal number of representatives of the United Nations Government concerned and of the Italian Government. If agreement has not been reached within three months of the dispute having been referred to the Conciliation Commission, either Government may require the addition of a third member to the Commission and failing agreement between the two Governments on the selection of this member, the President of the International Court of Justice shall be requested to make the appointment. The decisions of the Commission, as so constituted, shall be taken by the same procedure as is provided for decisions of the International Court itself in Articles 48 and 55-57 of the Statute of the Court and shall be final and binding on all parties.”

The proposal of the U.S.S.R. Delegation was the following:

“Any disputes which may arise in giving effect to the present Articles 65 and 68 of the present Treaty shall be referred to a Conciliation Commission consisting of Representatives of the Government of the United Nations concerned and the Government of Italy, appointed on an equal footing. If within three months after the dispute has been referred to the Conciliation Commission no agreement has been reached, either Government may ask for the addition to the Commission of a third member selected by mutual agreement of the two Governments from Nationals of the third countries. Should the two Governments fail to agree on the selection of a third member of the Commission, the Governments shall apply to the Ambassadors in Rome of the U.S.S.R., U.K., U.S.A. and France, who will appoint the third member of the Commission.”

The United States Delegation said it was ready to accept either the U.K. or the U.S.S.R. proposal provided the following sentence was added at the end of the latter:

“Should the Ambassadors fail to agree, within a period of one month, on the appointment of the third member, the Secretary-General of the United Nations will be requested by either party to make the appointment.”

The French Delegation took the same view as the United States Delegation with the proviso that the Article should also apply to Annexes 6, 7 & 8.

1. In the course of the Conference, the United States Delegation submitted a new proposal (CP(IT/EC)Doc.74) This proposal was, with

certain modifications as to its scope, based on a text submitted in the observations of the Italian Government on the draft Peace Treaty (Doc. 36 bis. G) suggesting the setting up of a Mixed Arbitral Tribunal.

The Ukrainian and Yugoslav Delegations submitted two draft amendments.

The object of the Ukrainian amendment was to extend the competence of the Mixed Arbitral Tribunal, proposed by the U.S. Delegation to Article 69.

The Ukrainian amendment was rejected by 13 votes; United States, Australia, Belgium, Brazil, Canada, Ethiopia, France, Great Britain, Greece, India, New Zealand, Netherlands and Union of South Africa, to 6: Byelorussia, China, Ukraine, U.S.S.R., Yugoslavia, Poland. Czechoslovakia abstained.

The Yugoslav Delegation's amendment took up additions originally suggested by France and the United States to the U.K. and Soviet proposals. The views of the U.S. delegation are set forth in an annex.³¹

2. The Commission adopted the new U.S. proposal by a $\frac{2}{3}$ majority of 14 votes to 6.

The following countries voted in favour: United States, Australia, Belgium, Brazil, Canada, China, Ethiopia, France, Greece, India, New Zealand, Netherlands, Union of South Africa and United Kingdom.

The following voted against: Byelorussia, Poland, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia.

The other proposals which were also put to the vote fared as follows: the U.K. proposal was supported by 4 countries: (United States, France, United Kingdom and Ethiopia) and opposed by 13 (Australia, Belgium, Brazil, Byelorussia, China, Czechoslovakia, India, Netherlands, New Zealand, Poland, Ukraine, U.S.S.R. and Yugoslavia). Canada, Greece and the Union of South Africa abstained.

The Soviet proposal received 6 votes (Australia, Byelorussia, Poland, Ukraine, U.S.S.R., Yugoslavia) and was opposed by 13 (United States, Belgium, Brazil, Canada, China, Czechoslovakia, France, Greece, India, Netherlands, New Zealand, Union of South Africa and United Kingdom); Ethiopia abstained.

The Yugoslav amendment was rejected by 6 votes (Australia, Byelorussia, China, Poland, Ukraine and U.S.S.R.) to 6 (United States, Belgium, Brazil, France, New Zealand and Yugoslavia) while 8 countries (Canada, Czechoslovakia, Ethiopia, Greece, India, Netherlands, Union of South Africa and the United Kingdom) abstained.

Lastly the Commission unanimously agreed to replace the words "High Contracting Parties" by "Contracting Parties" in the United States proposal.

³¹ Annex 23, p. 403.

Consequently, as the Commission by a $\frac{2}{3}$ rds majority adopted the United States proposal, merely substituting the words "Contracting Parties" for the words "High Contracting Parties" the text thus amended is submitted for the approval of the Plenary Conference as a recommendation by the Commission.

"(a) Whenever the execution of the provisions of the present treaty so requires, a Mixed Arbitral Tribunal for the settlement of disputes arising under Articles 65 or 68 or Annexes 6, 7 or 8 shall be established at the request of any of the Allied and Associated Powers or Italy. Each of these Tribunals shall be composed of three members. Within two months after the date of such request, each of the Governments concerned shall designate one member. The President shall be selected, from among the nationals of a third power, by agreement between the two governments concerned. In the absence of such agreement, either government may request the President of the International Court of Justice to designate the third member of the Mixed Arbitral Tribunal.

In the event of the death or resignation of a member of the Tribunal, or his inability for any reason to perform his functions, the same procedure shall be followed for his replacement as was followed in making the initial appointment.

The decision of the majority of the members shall be the decision of the Tribunal.

(b) When any Mixed Arbitral Tribunal is established under paragraph (a), it shall have jurisdiction over all disputes which may thereafter arise between the Allied or Associated Power concerned and Italy in the application or interpretation of Articles 65 and 68 and Annexes 6, 7 and 8 of the present treaty, and shall perform the functions attributed to it by those provisions.

(c) Each Mixed Arbitral Tribunal shall determine its own procedure, adopting rules conforming to justice and equity. It shall have the power to determine the amounts to be paid by the losing party as costs and expenses of proceedings.

(d) Each government shall pay the salary of the member of the Mixed Arbitral Tribunal whom it appoints and of any agent whom it may designate to represent it before the Tribunal. The salary of the President shall be fixed by special agreement between the governments concerned and this salary, together with the common expenses of each Tribunal, shall be paid in equal shares by the two governments.

(e) The High Contracting Parties undertake that their courts and authorities shall furnish directly to the Mixed Arbitral Tribunals all assistance which may be within their power, especially with respect to the forwarding of notifications and the collection of evidence.

(f) The High Contracting Parties agree to consider the decisions of the Mixed Arbitral Tribunal as definitive and to render them binding upon their nationals.

(g) The seat of the Mixed Arbitral Tribunal shall be chosen by agreement between the two governments concerned. In the absence of such agreement the seat shall be chosen by the President of the Mixed Arbitral Tribunal."

ARTICLE 73—SCOPE OF CERTAIN ARTICLES OF THE TREATY

The Council of Foreign Ministers had agreed on a text for this article, which defines the scope of Articles 65, 68, 71 and of Annex 8 of the Treaty.

1. The Commission had two amendments to consider. One of them had been submitted by the Belgian Delegation, endorsing a proposal by the Norwegian Delegation (C.P.(IT/EC)Doc.45), withdrawn by the latter in the course of the meeting, for the substitution of the words "whose diplomatic relations with Italy have been broken off" for "which have broken diplomatic relations with Italy".

This amendment was rejected by eleven votes to seven, with two abstentions.

The following States voted against: U.S.A., Byelorussia, Brazil, China, France, United Kingdom, Poland, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia.

The following States voted for the amendment: Australia, Belgium, Canada, Greece, India, New Zealand, Netherlands.

Ethiopia and South Africa abstained.

The other amendment, which was submitted during the meeting by the U.S.S.R. Delegation and was supported by the U.S. Delegation, proposed to add the following words to the text of Article 73: "or with whom Italy has severed diplomatic relations" and the words "These Articles and Annexes shall also apply to Albania and Norway".

The U.S.S.R. amendment was adopted by 16 votes to 2 with 2 abstentions.

The following States voted for the amendment: U.S.A., Belgium, Byelorussia, Brazil, China, Ethiopia, France, Netherlands, United Kingdom, India, New Zealand, Poland, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia.

The following States voted against: Australia, Greece.

Canada and South Africa abstained.

2. The Commission therefore adopted unanimously, for recommendation to the Plenary Conference, the text approved by the Council of Foreign Ministers, subject to the addition of the words "or with whom Italy has severed diplomatic relations. These Articles and Annexes shall also apply to Albania and Norway."

ARTICLE 74

The Council of Ministers reached agreement on a text for this Article to the effect that the provisions of Annexes 3, 6, 7 and 8 shall, as in the case of the other Annexes, have force and effect as integral parts of the present Treaty.

1. Two proposals for amendments were submitted to the Commission:

(a) An amendment by the Greek Delegation (C.P.(IT/EC)Doc.68) replacing Document C.P.Gen.Doc.1J17 re-affirming the obligation on Italy to refund to Greece the amounts of the advances which the Bank of Greece had been obliged to make to the Italian Authorities over the above occupation charges, the conditions of such refund to be settled directly between the two countries.

The Greek Delegation has withdrawn its amendment stating that the time-limit given to the Commission for completing its work would not allow of the distribution to Members of the Commission of additional information regarding the facts on which this amendment was based; the Greek Delegation would refrain from putting the amendment to the vote. The Greek Delegation considers that in this connection the Italian Government still has an obligation to discharge to the Greek Government, settlement of which the latter will endeavour to secure through other channels.

(b) A second amendment by the Greek Delegation (C.P.(Gen.)-Doc.I.J.18) the wording of which was amended during the meeting by the Delegation. The purpose of the amendment was to secure the withdrawal of Italy from the International Financial Commission in Greece. The views of the Greek Delegation are given in annex 24.³²

The Delegations of the U.S.S.R., China, Ukraine, Yugoslavia, Czechoslovakia, Poland and Byelorussia, made the following statement:

The above-mentioned delegations consider that Greece has the right to liquidate the interests of Italy in the International Financial Commission in Greece under other articles of the present treaty. The inclusion of this amendment into the Peace Treaty would mean an indirect approval of the 1897 Agreement, which can have no relation to the present Peace Treaty.

The Commission adopted this proposal by 13 votes (U.S.A., Australia, Belgium, Brazil, Canada, Ethiopia, France, U.K., Greece, India, New Zealand, Netherlands, Union of South Africa) against 7 (Byelorussia, China, Poland, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

2. The Commission unanimously adopts and submits as a recommendation to the Plenary Conference the text agreed by the Council of Foreign Ministers.

In addition, 13 Delegations are in favour of adding the following sentence:

“Italy shall withdraw from membership of the International Financial Commission in Greece.”

which should form an Article 74—bis.

³² *Post*, p. 403.

ANNEX 6—SPECIAL PROVISIONS RELATING TO CERTAIN
KINDS OF PROPERTY

A Sub-Commission was appointed on the 21 September 1946 to consider this Annex, together with Annex 7 and 8. The conclusions of the Sub-Commission have been submitted in the Report under C.P.(IT/EC)Doc.89.

SECTION A. INDUSTRIAL, LITERARY AND ARTISTIC PROPERTY

The Council of Foreign Ministers had agreed upon the text of Section A except in regard to Paragraphs 4 and 7. Section A provides that the Allied and Associated Powers and their nationals shall be granted a time-limit corresponding to the duration of the war plus an additional period in which they may carry out in Italy certain acts connected with industrial, literary or artistic property.

Paragraph 4 extended the benefits of this annex to Italy and Italian nationals. The U.S. Delegation to the Council of Foreign Ministers upheld the necessity for an additional clause stipulating that nothing in these provisions should operate so as to give Italy or any of its nationals rights exceeding those accorded by the Allied or Associated Powers to any other of the United Nations.

The U.S.S.R. considered such an additional provision unnecessary.

Paragraph 7, the text of which as proposed by the U.S. Delegation was not agreed to by the 4, stipulated that Italy should extend the benefits of these provisions subject to reciprocal treatment to any United Nation other than the Allied and Associated Powers. The U.S.S.R. Delegation saw no reason for the inclusion of this paragraph.

I. The U.S. Delegation submitted to the Commission a revised text for the additional clause in Paragraph 4 (C.P.(IT/EC)Doc.75) wherein it was stipulated that Italy should not be required to accord to any of the Allied or Associated Powers or its nationals more favourable treatment than Italian nationals receive in the territory of such a power.

With regard to Paragraph 7 the U.S. amendment proposed that the benefits contained in Section A should be extended only to United Nations, other than the Allied or Associated Powers, who had broken diplomatic relations with Italy during the war.

This proposal was adopted unanimously.

II. The Commission adopted unanimously, and submitted as a recommendation to the Plenary Conference, paragraphs 1, 2, 3, 5, 6 and 8 of the text approved by the Council of Foreign Ministers, and paragraphs 4 and 7 as follows:

4. The foregoing provision concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Italy and its nationals. But nothing in these provisions shall entitle Italy or its

nationals to more favourable treatment in the territory of any of the Allied and Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Italy be required thereby to accord to any of the Allied or Associated Powers or its nationals more favourable treatment than Italy or its nationals receive in the territory of such Power in regard to the matters dealt with in the foregoing provisions.

7. Italy shall extend the benefits of Section A of this Annex to United Nations, other than Allied or Associated Powers, whose diplomatic relations with Italy have been broken off during the war and which undertake to extend to Italy the benefits accorded to Italy under Section A of this Annex.

SECTION B. INSURANCE

The Council of Foreign Ministers had not reached agreement on this section. It had noted a proposal by the U.K. Delegation whereby United Nations insurers should be granted full facilities by the Italian Government to recover their former portfolios of business in Italy. This proposal was also intended to provide cover for possible depreciation of these insurers' guarantee deposits and reserves.

The U.S.S.R. Delegation considered the inclusion of such provisions unnecessary.

The U.S. Delegation had made reservations in respect of the draft as a whole.

I. The Commission had to consider an amendment proposed by the U.K. Delegation (CP(IT/EC)Doc. 76) replacing initial U.K. proposal. This proposal was adopted by a two-thirds majority (14 votes to 6)—for: U.S.A., Australia, Belgium, Brazil, Canada, China, Ethiopia, France, U.K., Greece, India, New Zealand, Netherlands, Union of South Africa. Against: Byelorussia, Poland, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia.

II. The Commission adopted the following U.K. proposal by a two-thirds majority and submitted it to the Plenary Conference:

1. The Italian Government shall grant every facility to insurers who are nationals of the United Nations to resume possession of their former portfolios in Italy.

2. Should an insurer, being a national of any of the United Nations, wish to resume his professional activities in Italy, and should the value of guarantee deposits or reserves required for the operation of insurance concerns in Italy be found to have decreased as a result of the loss or depreciation of the securities which constituted such deposits or reserves, the Italian Government undertakes to accept such securities as still remain (for a period of three years) as fulfilling the legal requirements in respect of deposits and reserves.

ANNEX 7—CONTRACTS, PRESCRIPTIONS, NEGOTIABLE INSTRUMENTS

The Council of Foreign Ministers have not reached agreement on this annex, which was made up of a United Kingdom proposal concerning:

- a) The validity of various classes of contracts concluded with enemy nationals.
- b) The suspension due to the war of periods of prescription.
- c) Negotiable instruments, and miscellaneous provisions annexed.

The United States Delegation had stated that, in view of the constitutional position of the Federal Government, the United States Delegation would be unable to accept any obligations in these matters.

The U.S.S.R. Delegation saw no reason for the insertion of this annex.

The French Delegation had supported the United Kingdom proposal with regard to Prescriptions and Negotiable Instruments.

I. CONTRACTS

The Commission had to consider the United Kingdom proposal and a French proposed amendment (C.P.(IT/EC)Doc.81), proposing the insertion in the fourth line of the British text of the words "and subject to the repayment of amounts paid as advances or payments on account, and in respect of which no counterpart exists".

The United Kingdom Delegation had agreed to this addition by the French Delegation.

The United Kingdom proposal as amended by the French proposal was supported by seven delegations (Australia, Belgium, France, Greece, Netherlands, Union of South Africa, United Kingdom). Eight delegations voted against it (Byelorussia, China, India, Poland, Ukraine, U.S.S.R., United States, Yugoslavia). Five delegations abstained (Brazil, Canada, Czechoslovakia, Ethiopia, New Zealand).

The views of the British Delegation are given in annex 25.³³

II. PERIODS OF PRESCRIPTION

The Commission had to consider three proposals.

(1) United Kingdom Delegation pointed out that the provisions of paragraph 5 of Part I establishing a date from which the contracting parties are considered to be enemies, applies likewise to Parts II and III.

This proposal was supported by eight delegations (Australia, Belgium, France, Greece, India, Netherlands, Union of South Africa, United Kingdom).

Six delegations abstained (Brazil, Canada, Czechoslovakia, Ethiopia, New Zealand, Poland).

The views of the U.K. and U.S. Delegations are given in the annexes 26 and 27.³⁴

(2) The Soviet Delegation proposed (C.P.(IT/EC)Doc.85) that the prescription should be regarded as being suspended during the war-

³³ *Post*, p. 404.

³⁴ *Post*, pp. 404 and 405, respectively.

and should begin to run again three months after the signature of the Peace Treaty.

The Soviet Delegation had accepted:

(a) A Yugoslav amendment proposing the insertion in the first line after the words "right of action" of the words "or of the right of accomplishing an act or formality of preservation".

(b) A French amendment proposing the insertion after the words "with reference to" of the words "persons or".

The Soviet proposal was supported by eight delegations (Belgium, Byelorussia, Czechoslovakia, France, Poland, Ukraine, U.S.S.R., Yugoslavia).

Seven delegations voted against (Australia, China, India, Netherlands, Union of South Africa, United Kingdom, United States).

Five delegations abstained (Brazil, Canada, Ethiopia, Greece, New Zealand).

The views of the U.S. Delegation are given in annex 28.³⁵

(3) The United States Delegation proposed (C.P.(IT/EC) Doc.78) the insertion of a clause in virtue of which, having regard to the legislative system of the United States of America, the provisions of the various parts of Annex 7 should not be applicable as between that Power and Italy. The American proposal secured eleven votes (Australia, Belgium, Brazil, Canada, China, Ethiopia, France, Greece, Union of South Africa, United Kingdom, United States).

There were four against (Byelorussia, Ukraine, U.S.S.R., Yugoslavia), with five abstentions (Czechoslovakia, India, Netherlands, New Zealand, Poland).

The views of the U.S. Delegation are given in annex 30.³⁶

III. NEGOTIABLE INSTRUMENTS

The Commission had before it only the U.K. proposal which is shown in the Draft Treaty.

There were 8 votes in favour of this proposal (Australia, Belgium, France, Greece, India, Netherlands, Union of South Africa, United Kingdom).

Six voted against (Byelorussia, China, Poland, Ukraine, United States, U.S.S.R.).

There were six abstentions (Brazil, Canada, Czechoslovakia, Ethiopia, New Zealand, Yugoslavia).

The views of the U.K. Delegation are given in annex 31.³⁷

IV. MISCELLANEOUS

The views of the U.S. Delegation are given in annex 32.³⁸

³⁵ *Post*, p. 405.

³⁶ *Post*, p. 406.

³⁷ *Post*, p. 406.

³⁸ *Post*, p. 407.

The Commission had before it only the U.K. proposal which is shown in the Draft Treaty.

Eight Delegations voted in favour of this proposal (Australia, [Belgium] France, Greece, India, Netherlands, Union of South Africa, United Kingdom).

Four Delegations abstained (Brazil, Canada, Ethiopia, New Zealand).

Eight Delegations voted against (U.S.A., Byelorussia, China, Poland, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia).

The Commission took note of a reservation made by the Canadian Delegation concerning Annex 7 as a whole. In accordance with this reservation, the Canadian Delegation abstains from participating in the vote on the annex. The Canadian Delegation will have more to say on this question later in Plenary Session, after a more detailed study of the manner in which Annex 7 will apply to Federal States.

Therefore the Commission submits for the consideration of the Plenary Conference:

(1) The text of the British proposal on Contracts, against which less than two-thirds of the members of the Commission voted.

(2) The U.K. and Soviet texts concerning periods of prescription, which each obtained eight votes, and also the reservation of the U.S. Delegation considering this annex, which was supported by eleven Delegations.

(3) The U.K. proposal concerning negotiable instruments and the clauses relating to Stock Exchange contracts and to the sale of collateral which were supported by eight delegations.

I—ANNEX 8—PRIZE COURTS AND JUDGMENTS

Part A—Prize Courts—The matter referred to the Commission was the proposal of the Council of Foreign Ministers. This proposal was adopted unanimously by the Commission.

Part B—Judgments

1. The Commission had to deal with 3 proposals, which are reproduced in the text of the Draft Treaty.

- (1) U.S. proposal supported by the U.S.S.R.
- (2) French proposal.
- (3) U.K. proposal.

All these three proposals (see Draft Treaty, page 86)³⁹ provide for the measures to be taken for the revision of judgments rendered during the war in cases in which the nationals of the United Nations had been unable to defend their cause satisfactorily.

These proposals differed from each other on several points: principally as regards the competent jurisdiction for the revision of such judgments and as regards the obligation to be undertaken by the

³⁹ *Ante*, pp. 58–59.

Italian Government to guarantee the compensation to be granted to United Nations nationals proved to have sustained injury.

The proposal submitted by the United States Delegations and seconded by the U.S.S.R. received 13 votes in favour (United States, Byelorussia, Brazil, Canada, China, Czechoslovakia, India, Netherlands, New Zealand, Poland, Ukraine, U.S.S.R., Yugoslavia); against 5 (Australia, France, Greece, U.K., Union of South Africa) with 2 abstentions (Belgium, Ethiopia).

The proposal of the French Delegation obtained 8 votes (Australia, Belgium, Brazil, Canada, Ethiopia, France, Greece, Union of South Africa); against 9 (U.S.A., Byelorussia, China, Czechoslovakia, Netherlands, Poland, Ukraine, U.S.S.R., Yugoslavia); with 3 abstentions (India, New Zealand, U.K.).

The views of several delegations are given in the Annexes 34 to 39.⁴⁰

The proposal of the U.K. Delegation obtained 4 votes (Australia, Greece, United Kingdom, Union of South Africa); against 11 (U.S.A., Byelorussia, Brazil, Canada, China, Czechoslovakia, Netherlands, Poland, Ukraine, U.S.S.R., Yugoslavia); with 5 abstentions (Belgium, Ethiopia, France, India, New Zealand).

The views of the delegations are given in Annexes 40 and 41.⁴¹

2. A draft Yugoslav amendment was also referred to the Commission (C.P.(Gen.)Doc.U26) which aims at adding to part B of Annex 8 a new part C dealing with questions of judicial procedure in ceded territories.

The Yugoslav Delegation withdrew this proposal in view of the fact that the Sub-Committee set up for the consideration of the Annexes, had expressed an unfavourable opinion, but on the other hand it stated that:

1. subsequent to the incorporation of the ceded territory, all procedure should be regulated by Yugoslav legislation on public order;
2. that Yugoslavia should be asked to return the files dealing with the questions at issue, in virtue of the provision concerning archives in ceded territories;
3. as regards the question of the revision of judgments and awards rendered subsequent to 10 June 1940, the United Nations nationals concerned, including nationals of recent date, should be authorised to apply for revision before Yugoslav courts, in accordance with the principles adopted by the Commission for Section B.

Part A—The Commission unanimously adopted, and submits as a recommendation to the Plenary Conference, the text of Part A, Annex B, concerning Prize Courts, as it figures in the draft Treaty.

⁴⁰ *Post*, pp. 408–410.

⁴¹ *Post*, pp. 410–411.

Part B—The Commission submits to the Conference for examination:

(1) The proposal submitted by the United States Delegation, and seconded by the U.S.S.R. Delegation: this proposal obtained 13 votes (U.S.A., Byelorussia, Brazil, Canada, China, Czechoslovakia, India, Netherlands, New Zealand, Poland, Ukraine, U.S.S.R. and Yugoslavia).

(2) The proposal in the Draft Treaty submitted by the French Delegation, which obtained 8 votes (Australia, Belgium, Brazil, Canada, Ethiopia, France, Greece, Union of South Africa).

(3) The proposal in the Draft Treaty submitted by the U.K. Delegation received 4 votes (Australia, Greece, U.K., Union of South Africa).

ARTICLES TRANSMITTED BY THE POLITICAL AND TERRITORIAL COMMISSION FOR ITALY

The Commission also considered several articles and annexes which had been submitted for decision or comment by the Political and Territorial Commission for Italy.

Articles 8 and 9 and Annex 2

1. The Commission agreed unanimously that it had no comments to make regarding the adoption by the Political and Territorial Commission for Italy of Articles 8 and 9, and of Annex 2 of the Draft Treaty, dealing with the possibility of establishing railway connection between Briançon and Modane via Bardonnèche, and the utilisation of the hydroelectric resources in territory ceded to France.

Article 11

2. The Commission agreed unanimously that it had no comments to make regarding the adoption by the Political and Territorial Commission of Articles 11*a* and 13*a*, proposed by the Yugoslav Delegation (C.P.(IT/P) Docs. 100 and 102), which deal with the restitution of certain objects removed from the territories incorporated by Italy in 1920 and 1924.

It was decided, however, to draw the attention of the Political and Territorial Commission to various inaccurate references and drafting errors in these texts which, in the opinion of the Economic Commission, would justify their being referred to the Legal and Drafting Commission for revision.

Article 23

3. The Commission unanimously adopted, subject to the deletion of the words "or international" in the last line of the first paragraph, and the word "all" in the last line of the second paragraph, an Albanian proposal, seconded by the Yugoslav Delegation (C.P.(Gen.) Doc. 7),

which aims at specifying the terms of Italy's renunciation to rights, concessions, interests and advantages acquired in Albania.

The Commission therefore adopted unanimously, and submits as a recommendation to the Plenary Conference, the text of Article 23, to read as follows:

"Italy renounces in favour of Albania, all property (apart from normal diplomatic and consular premises), rights, concessions, interests and advantages of all kinds acquired before or after 1939, by the Italian State or its parastatal institutions in Albania, or belonging to them. Italy also renounces all claims to special interests or special influence in Albania which she acquired as the result of the aggression of April 7, 1939, or which may have been granted to her under earlier bilateral instruments.

Other Italian property and other economic relations between Albania and Italy will come under the economic clauses of this Treaty applicable to the Allied or Associated Powers."

With regard to international agreements, the Commission agreed to ask the Political and Territorial Commission for Italy to study the decisions taken in Paris on November 11, 1921, by the Ambassadors' Conference, in connection with Italy's rights in Albania.

Article 24

4. The Commission considered an Albanian proposal, seconded by the Yugoslav Delegation, proposing the insertion of an additional Article 24 *a*, which would dispense Albania and its nationals from repaying Italy or Italian nationals any debts contracted before or after April 7, 1939.

This proposal was withdrawn by the Yugoslav Delegation.

5. The Commission considered an Albanian proposal, seconded by the Yugoslav Delegation, for the inclusion of an additional Article 24 *b*, providing for the restitution of gold reserves of the National Bank of Albania located in Italy.

A proposal by the U.S.S.R. Delegation that this question should be referred to the Plenary Conference, with a recommendation for its consideration by the Council of Foreign Ministers, was supported by 7 Delegations: (Byelorussia, Czechoslovakia, Ethiopia, Poland, Ukraine, U.S.S.R. and Yugoslavia).

Nine Delegations voted against the proposal: (Australia, Belgium, Brazil, Canada, Greece, Netherlands, New Zealand, United Kingdom, Union of South Africa).

Four Delegations abstained: (U.S.A., China, France and India).

The views of the United States Delegation on the Ethiopian amendment are given in Annex 40 [41].⁴²

⁴² *Post*, p. 411.

The Commission then voted on the substance of the Albanian proposal.

Twelve Delegations voted against: (U.S.A., Australia, Belgium, Brazil, Canada, China, Greece, India, Netherlands, New Zealand, United Kingdom, Union of South Africa).

Seven Delegations voted for the proposal: (Byelorussia, Czechoslovakia, Ethiopia, Poland, Ukraine, U.S.S.R. and Yugoslavia).

The French Delegation abstained.

The Commission therefore decided, by 12 votes to 7, with 1 abstention, to reject the Albanian proposal.

Articles 28, 29 and 30

6. The Commission agreed unanimously that it had no comment to make regarding the adoption by the Political and Territorial Commission for Italy of Articles 28, 29 and 30, which deal with the status of Italian persons and property in Ethiopia.

Article 31

7. The Commission considered the Ethiopian amendment to Article 31 (C.P.(Gen.)Doc. 1.H.5) concerning the restitution of works of art and objects of religious or historical value removed from Ethiopia to Italy since October 3, 1945. The Commission considered this amendment in three parts:

(a) The additions proposed by the Ethiopian Delegation to the single paragraph in the draft Treaty were rejected by 12 votes to 3.

The following voted against: U.S.A., Byelorussia, Brazil, Canada, China, Czechoslovakia, France, Netherlands, U.K., Union of South Africa, U.S.S.R., Yugoslavia.

The following voted for: Ethiopia, Greece, New Zealand.

The following abstained: Australia, Belgium, India, Poland, Ukraine.

(b) The first sentence of Part 4 of the Ethiopian proposal concerning the restitution of Ethiopian gold and silver by Italy was adopted by 9 votes: Australia, Belgium, Brazil, Canada, Ethiopia, Greece, India, New Zealand, Yugoslavia.

Seven Delegations voted against: U.S.A., Byelorussia, Czechoslovakia, France, Netherlands, United Kingdom, U.S.S.R.

Four abstentions: China, Poland, Ukraine, Union of South Africa.

(c) That part of the Ethiopian amendment regarding the annulment of measures taken by Italy, outside Ethiopia, against the rights and interests of the Ethiopian Government and its nationals, and the repayment of balances and credits to the Bank of Ethiopia, was rejected by 12 votes to 6; the following voted against: U.S.A., Byelorussia, Brazil, Canada, China, France, [Netherlands?] New Zealand, Ukraine, United Kingdom, Union of South Africa, U.S.S.R.

The following voted for: Australia, Czechoslovakia, Ethiopia, Greece, India, Yugoslavia.

There were two abstentions: Belgium, Poland.

The Commission therefore submits to the Plenary Conference the following addition to Article 31, which was supported by 12 Delegations:

“Italy undertakes to restore within a period of eighteen months from the date of entry into force of the present Treaty all gold and silver, including coin, looted by Italian troops or officials in Ethiopia or wrongfully removed, or to transfer to Ethiopia an amount of gold, or silver, as the case may be, equal in weight and fineness to that looted or wrongfully removed.”

The views of the Ethiopian Delegation on this Article are given in the Annex 10.⁴³

CONCLUSION

This document, Mr. Chairman, arranged according to the numerical order of the Articles, constitutes a brief summary record of the work of the Economic Commission for Italy and the results attained by that Commission.

If the Plenary Conference agrees with the Commission's suggestion, I venture to propose:

1) The adoption of the recommendations which the Commission adopted unanimously or by a two-thirds majority of its members, namely:

a) the paragraphs or articles of the draft Treaty which have been approved unanimously without alteration, namely:

Article 64	Part A—Paragraphs	1, 2 <i>a</i> , and 2 <i>b</i> , 3, 4 and 5
“ 65	“	2, 3, 4, 5, 6, 7 and 8
“ 66	“	1, 2, 3, 4 and 5
“ 68	“	1, 2, 3, 5, 6, 7 and 8
“ 69	“	2, 3, 5 <i>a</i> , 5 <i>c</i> , 5 <i>d</i>
“ 70	“	1 and 2
“ 71	“	1 <i>a</i> , 1 <i>b</i> with the exception of the words specifying the time limit
“ 74	In full	
in Annex 6A	Paragraphs 1, 2, 3, 5, 6 and 8	
“ “ 8A	In full	

⁴³ *Post*, p. 392.

b) the alterations or additions to the draft Treaty adopted unanimously :

Annex 23	In full
Article 64 Part A	Paragraphs 2 <i>c</i> and 6
“ 64 Part B—	“ 1 (without indicating the amount) 2, 4, 5, 6 and 7
“ 64 Part D	“ 1
“ 65	“ 1 and 9
“ 66	“ 6
“ 69	“ 4, 4 <i>a</i> , 5 <i>b</i> , 5 <i>e</i>
“ 70	“ 3
“ 73	In full
in Annex 6A	Paragraphs 4 and 7

c). The articles or paragraphs of the Draft Treaty which have been approved by a 2/3 majority, i.e.

—The whole of Article 67 approved by 19 votes to 1 abstention.

—Article 69, paragraph 1 approved by 17 votes to 3.

—Article 71, the addition proposed to paragraph 1 (c) by the American Delegation approved by 14 votes to 5, with 1 abstention.

d). Alterations or additions to the Draft Treaty which have obtained a 2/3 majority in the Commission.

—Article 64, paragraph 3 of Part B, approved by 18 votes to 2. Part C, adopted by 14 votes to 6.

—The whole of Article 72 (American proposal—Doc. 74), adopted by 14 votes to 6.

—Annex 6B (U.K. proposal Doc. 76) approved by 14 votes to 6.

2) To Give a Ruling on :

a). The following Articles or paragraphs :

—Article 67, addition approved by 13 votes to 2, with 5 abstentions (C.P. (IT/EC) Doc. 69).

—Article 68, paragraph 4 approved by 13 votes to 5 with 2 abstentions.

—Article 71, paragraph 1 (c), as completed by the U.S.—U.K.—French proposal, approved by 12 votes to 6, with 2 abstentions.

—Article 71, Netherlands proposal on paragraph 1 (c) approved by 12 votes to 5, with 3 abstentions.

—U.S. proposal on Annex 7, approved by 11 votes to 4, with 5 abstentions.

—Annex 8B (U.S. proposal) adopted by 13 votes to 5, with 2 abstentions.

b). The following articles or paragraphs :

—Article 31, addition approved by 9 votes to 7, with 4 abstentions.

—Article 64, the addition to paragraph 3 proposed by the Australian Delegation adopted by 12 votes to 8.

—Insertion in § 1 Part B, of the total amount of 225 millions adopted by 11 votes to 4.

—Article 71, time limit to be added in paragraph 1, proposal approved by 12 votes to 8.

—Article 74, addition approved by 13 votes to 7.

—Annex 7 (II) either:

—A Soviet proposal approved by 8 votes to 7 with 5 abstentions, *or*

—A U.K. proposal approved by 8 votes to 6 with 6 abstentions.

—Annex 7 III, as a whole approved by 8 votes to 6 with 6 abstentions.

The text of proposals which obtained a minority of the votes but which were defeated by less than a $\frac{2}{3}$ majority is contained in the special conclusions concerning each particular article. The Commission did not take a decision on the original subparagraph (*a*) and subparagraph (*f*) of paragraph 5 of Article 69.

The Commission further decided to recommend the Plenary Conference to refer the following questions to the Council of Foreign Ministers for decision:

—Annex 3, and the Greek and Yugoslav amendments concerning this Annex.

—Annex 9, and the first sentence of the draft Article 16B contained in the U.S. Delegations proposal (C.P.(IT/P)Doc.16, page 4).

The Rapporteur
HERVÉ ALPHAND

Annex 1

Statement by the Australian Delegation on Article 64, Part B

I (a) Amendments C.P.(Gen)Doc.1.B.9 and 1.B.10

The technical problems involved in fixing reparations, particularly in view of Italy's limited capacity to pay and the competing claims lodged by several countries, require more time than can be given them in the course of this Conference. The proposed payments in current production will involve external interference in Italy's economic life and create co-ordination problems as between the several claimants for reparations.

I (b) Amendment (C.P.(IT/EC)Doc.13)

A series of bi-lateral agreements between claimant countries and Italy is likely to give rise to overlapping and conflict, and the Four Ambassadors in Rome cannot be regarded as satisfactory machinery for achieving coordination of these agreements.

Annex 2

Statement by the United States Delegation on Article 64 (Reparations)—Australian Amendments
C.P. (Gen) Doc.1.B.9 & 1.B.10
C.P. (IT/EC) Doc. 13

These amendments were defeated by non-unanimous votes. The U.S. opposed all of them.

The U.S. Delegation believes that there should be the promptest possible determination of the financial obligations of defeated countries. It does not, therefore, favour any proposal which would delay the definitive determination of these financial obligations. Therefore, it does not consider desirable the establishment of a Reparation and Restitution Commission for the purpose of fixing the total Italian reparation obligation. Furthermore, the U.S. Delegation does not favour payment of reparation in foreign exchange since reparation payments so made could well be financed out of extensions of credit in strong currencies from other countries.

As regards that part of the Australian proposal which has to do with the functions of the proposed commission with respect to restitution, procedures for the restitution by Italy of identifiable property removed from the territory of any of the United Nations are provided for in Article 65, paragraphs 6 and 7, and in Article 72. As regards restitution to Italy of identifiable literary or artistic property removed by force or duress, procedures towards this end are now being developed in ACC, Germany.

Annex 3

Statement by the United States Delegation on Article 64 (Reparations)—Brazilian Amendment
(C.P.(Gen)Doc.1.E.9)

The Brazilian amendment proposed that the raw materials to be processed by Italy for reparation deliveries to the U.S.S.R. be furnished by Italy to the U.S.S.R. not absolutely but "if necessary".

The U.S. Delegation opposed this amendment. The intention of the agreed C.F.M. proposals was that reparation from Italy to the U.S.S.R. should be provided in substantial part through Italian processing services; that is, in the form of "value added by manufacture." Therefore, the raw materials to be processed by Italy should be provided on commercial terms by the U.S.S.R. without interference with the commercial ability of Italy to obtain raw materials (a) for domestic consumption and (b) for the export of manufactured products other than on reparation account. This article does not pre-

vent the U.S.S.R. from arranging for the raw materials from other countries. The responsibility of the U.S.S.R. is to relieve Italy of this cost.

Annex 4

*Statement by the Delegation of the Soviet Union in Regard to
Article 64, Section B*

The proposal made by the Australian Delegation to set up a Reparation Commission is an amendment of an article which has been agreed between the Delegations of the Four Powers—U.S.S.R., U.S.A., U.K. and France—in respect of the text of paragraph 3 of Section “B” of Article 64 (P.C.(IT/EC)P—Doc 34). If this amendment were to be adopted it would mean the alteration of a text which has been agreed upon. In voting for this amendment suggested by the Australian Delegation, the U.S.A. and U.K. Delegations have gone contrary to an agreement arrived at between the Four Powers—U.S.S.R., U.S.A., U.K., and France.

Those who voted on individual paragraphs of the Australian amendment did not achieve a two-thirds majority on any single one of them. In regard to certain portions of the Australian proposals, only a very small number of the members taking part in the Commission gave their votes: for instance, when paragraph “C” was put to the vote it was approved by only 6 members of the Commission.

The Australian proposal to set up a Reparations Commission is wrong because it involves a number of difficulties in respect of the practical execution of the obligations that Italy has undertaken to carry out with regard to reparations.

Annex 4 bis

Article 64, Part C—Report by the U.K. Delegation

The U.K. Delegation consider that Part C should not be included in the Treaty. It appears to them substantially to modify paragraph one of Article 64 Part A in the form in which it was presented to the Conference by the Council of Foreign Ministers. The U.K. Delegation believe that this paragraph will [*which*], in its unamended form, provided that deliveries from current industrial production should not be made during the first two years, was founded in wisdom. They consider that the original wording should be retained in Part A; and included in other relevant parts of the Article. Moreover they understand that the leader of the Italian Delegation, when he addressed

the Economic Commission at their 14th meeting on September 11th asked that Italy should be granted a moratorium of five years before reparation payments commence. This suggests that the Italian Government do not consider that they would be in a position to make deliveries at any date earlier than that prescribed in the original draft of Article 64A.

Annex 5

*Declaration of the French Representative Concerning Article 64,
Part D*

France has not explicitly claimed the benefits of the clause which constitutes sub-paragraph *a*) of paragraph 2 of Part B of the present Article for she has not made any explicit claim for reparations. It is noted, however, that Article 58 provides that the Governments of the U.S.S.R., U.S.A., U.K. and France shall be entitled to dispose of all war material of Italian origin, in excess of that authorised for the armed forces, as specified in Sections 3, 4 and 5.

Under these conditions, France reserves the right to claim to a very small share of such material as particularly interests her, in application of Article 58. To make her position perfectly clear, France does not wish to reserve her right to make such a claim without informing the Commission.

Annex 5 bis

Statement by the Delegation of Poland on Article 64 D

The Polish Delegation has heard with particular interest the views of the representatives of the U.K., U.S. and French Delegations as to the scope of para. 1 of Part D of Article 64 of the draft Treaty of Peace with Italy, more especially as to the possibility offered by its provisions of meeting reparation claims from the balance of pre-war debts due to Italy or her nationals by the Allied and Associated Powers and their nationals.

On the basis of these expressions of view, the Polish Delegation states that it will propose to its Government and to Polish nationals that they should take appropriate steps as to the balances of pre-war Polish debts to Italy. The reparation claims put by the Delegation before this Commission will thus be satisfied. Consequently, if the proposal of the U.S.S.R. Delegation which appears as para. D3 of Article 64 is intended to refer to Polish interests alone, the Polish Delegation while thanking the U.S.S.R. Delegation for having sponsored this

paragraph, would be prepared to forego the advantages conferred by its provisions, since its interests are adequately safeguarded by the statements of the U.S., U.K. and French Delegations.

I would at the same time ask you, Mr. Chairman, to be so good as to include the statements of the 3 Powers I have just mentioned, together with this statement, in the Record of Decisions of this Meeting.

Annex 6

Statement by the Delegation of the Soviet Union on Article 64, Section D

The Soviet Delegation has noted the statements by the U.K., U.S.A., and French Delegations to the effect that Articles 69 and 70 provide for the satisfaction of the Polish Reparation claims, and therefore there is no necessity to include special provisions to deal with claims against Italy which might be presented by States whose territory was occupied and who took an active part in the war against Italy (Paragraph 3 Section D, Article 64. (IT/EC)R—Doc.34).

The Soviet Delegation states that the Polish Delegation is satisfied by the statements of the Delegations of the U.K., U.S.A. and France. Having in mind the aforesaid statements and in consideration of the fact that the interpretation of the provisions of the Treaty rests with the four Governments, U.S.S.R., U.S.A., U.K. and France, and that there are no differences of opinion between these Governments in regard to the application of the provisions of Articles 69 and 70 in so far as the reparation claims of Poland are concerned, the Soviet Delegation agrees to withdraw its amendment.

Annex 7

Minority Report on Article 64,b.1

The proposal to refer the question of fixing the total amount of reparations due by Italy to Greece and Yugoslavia to the Four Great Powers for decision, who will have time to examine its implications, put to the vote at the request of the Greek Delegation, seconded by the Soviet and Yugoslav Delegations, was not intended to postpone reaching final decisions, or to obtain a mere increase in the reparations proposed: its object was to enable the Conference, which has not sufficient time to examine the question in all its implications, to avoid sanctioning an iniquitous decision, the moral and material consequences of which would be incalculable.

Due regard for the suffering of the heroic peoples whose resistance provoked barbarous reprisals is a touchstone for U.N.O., especially in

the case of small countries whose resources are wholly inadequate to defray the enormous cost of reconstruction, which remains an insoluble problem. This is all the more true when it can be proved irrefutably that the aggressor State, if we are to believe the statements of its present leaders, has preserved its industrial structure intact, and requires only to be freed from its liability to pay reparations in order to attain in very few years greater prosperity than before the war.

The Commission, too pressed for time to terminate, to be able to realise the full significance of such statements, has already listened to quotations from the statements made by Signor Binandi [*E'inaudi*], the eminent Governor of the Bank of Italy, to a shareholders' meeting in Rome on March 29, 1946, which are particularly impressive at the present time.

"If we act in this way" he said, "there is no doubt that we shall not have need to ask for foreign loans, they will be offered freely. There can be no doubt that in a very few years Italy will emerge more beautiful and more prosperous than before. Our national renaissance depends not on others but on ourselves."

And the prominent Economist, M. Corbino, Italian Minister of Finance [*the Treasury*], has stated in his speech published in January, 1946, that Italy was one of the few countries already on a good way to recovery.

Then the Minister of Reconstruction [*Industry and Commerce*], M. Gronchi, said on November 3, 1945 that Italy was the only state of continental repute which was still in possession of full productive capacity.

Lastly, the Prime Minister, M. de Gasperi, has just stated in Rome that the Italian industry has recovered 80% of its pre-war capacity.

It is true that Italy lacks certain raw material, but, as stated above by Mr. Einaudi, the credits needed for buying such material will soon be freely offered to her.

Now everyone agrees that Italian recovery should be promoted, but up to a certain extent and not by condemning to a long drawn out agony hundreds of thousands of Yugoslav and Greek peasants who have been homeless for almost five years. It is not thus that it will be possible to place Europe on a sound basis nor to establish for U.N.O. these unassailable principles of justice towards the weakest and staunchest defenders of the Allied cause on which it should be based.

Meanwhile it has been stated in the Commission that, according to the official memorandum of Bruno Rossi Ragazzi, published by the *Instituto Poligrafico dello Stato* [*sic*] in 1946, Italian national income amounted in 1938 to 116 milliards of "lire", that is 5,700,000 pre-war dollars (20 1938 "lire" were worth one dollar).

Consequently the reparations of 100 million dollars (present value), that is 50 million 1938 dollars approximately, only represents the ridiculous figure of 1% of Italy's income for the year of 1938, which, according to M. Einaudi's forecast, will soon be exceeded. Whereas the damage sustained by Yugoslavia and Greece amounts to 100% of their national income for several years. The extent of this damage and its colossal disproportion with, first the problematic reconstruction potential of these two countries, and secondly the inadequacy of the amount of reparations fixed, to be paid, moreover, in seven years, is not merely iniquitous, and a breach of the fundamental principles of U.N.O., but also raises the practical problem of the non-recovery of the Balkans.

But the Commission which, for the last few days has only been preoccupied by the question of finishing its work at whatever cost, refused in any way to consider these striking proofs of the iniquity of the decision imposed upon it and voted blindly. Notwithstanding this, the Greek proposal was only rejected by 11 of the 20 delegations voting.

It may perhaps be useful to note that Roumania, Finland, and Hungary, whose per capita income has always been smaller than that of Italy, have been called upon to pay aggregate reparations, equivalent to those suggested for Italy.

It should also be noted that in the course of the discussions, before the Greek proposal was brought up, the French Delegate, M. Jacques Rueff, was the first to suggest that, in order to allow sufficient time for the thorough examination of the data, the total of the Italian reparations should be fixed by the four Foreign Ministers.

For the reasons stated above, we again request the Plenary Conference to refer to the Council of the Four the question of the total reparations which Italy should undertake to pay to Greece and Yugoslavia.

Annex 8

Statement by the United States Delegation on Article 64, Sections B, C and D

The United States Delegation supports the provisions for reparation as written into the draft treaty by the Economic Commission for Italy, with certain minor exceptions. The various issues with which the Commission had to deal, are discussed below:

Specific reparations allocations (Paragraph 1, Section B). The Commission divided equally on the proposition as to whether or not Albania should be included among the recipients of reparation listed in the

Section. Proposals were made of reparation of 5 million (by France) and 25 million (by USSR). The U.S. Delegation opposed the inclusion of such reparation on the grounds that Albania's claims would be met more adequately by the application of Italian assets in its jurisdiction, than would be the case of the three other major claimants, even allowing for reparation from all sources.

As to the relative treatment of Greece and Yugoslavia, the U.S. Delegation, after examining their claims in detail and considering such factors as length of occupation and character of territory occupied, concluded that their reparation should be on an equal basis. However, the U.S. Delegation believes that allowance should be made for the much greater extent of state and parastatal property in territories to be ceded to Yugoslavia, and therefore recommended a ratio of 100 to 80 as between Greece and Yugoslavia. However, bearing in mind the variety of imponderables in all reparations calculations, the U.S. Delegation is not inclined to protest the ratio finally adopted of 100 to 100.

Total amount of reparations. The U.S. Delegation believes that Italy's capacity to pay reparations is decidedly limited. Her commodity trade balance has always been adverse, and the balancing invisible items such as tourist expenditure, shipping and immigrants remittances, have been greatly curtailed. Therefore her economy will need to reorient itself for increased commercial commodity export, or depend upon a continued supply of foreign credits. Under these circumstances, the U.S. Delegation believes that the total reparation of 325 millions, bears a close relation to capacity to pay. It of course is far below the valid claims for damages, but the process of reparation cannot represent adequate compensation to any appreciable extent. The figure established will be a substantial burden for the Italian economy to bear.

Organization of Reparations Commission. The U.S. Delegation strongly endorses the idea underlying the Australian amendment. Where reparation is to be given to several countries, it seems essential that some body be established to assure that the process will be orderly and the available resources be fairly distributed. The inclusion of the claimant countries as members of the agency will contribute to its effectiveness.

The U.S. Delegation opposed the suggestion to give the Commission authority to assess penalties, in view of the fact that no similar policing device was established at other points in the treaty. The treaty was written on the assumption that its provisions would be carried out in good faith.

Earlier deliveries. Both Part A and Part B provide for a moratorium of two years. These provisions were essentially for the purpose

of giving the Italian economy time to reorganize itself and for the Italian Government to put its budget in order. However, there may be situations in which the Italian economy can benefit by getting to work on reparations account at an earlier date, for example, in the case of substantial unemployment where workers would have to be supported by the State in any event. Part C is a permissive clause only, leaving the determination with respect to earlier deliveries clearly in the control of the Italian government.

Annex 9

*Statement by the United States Delegation on Article 65
(Restitution)—Yugoslav Amendment
(CP(Gen) Doc. 1.U.18 para. 6)*

These amendments which called for the replacement of ships and rolling stock were rejected by non-unanimous votes. The U.S. Delegation voted for rejection. The Draft Treaty does not provide for the replacement of any other categories of property in the event they cannot be restored (except for a very limited category of objects of cultural value). To require replacement of ships and rolling stocks would create a special preferential position for claims in connection with certain types of property and certain countries. The claim in question should constitute a part of the total reparation claim of the country suffering the loss.

Annex 10

Statement by the Ethiopian Delegation on Article 31

The following amendment submitted by the Ethiopian Delegation and in regard to which the Economic Commission for Italy expressed a favourable opinion by a vote of 9 votes to 7 with 4 abstentions, is presented for transmission to the General Assembly for its consideration.

“Italy undertakes to restore within a period of eighteen months from the date of entry into force of the present Treaty all gold and silver including coin, looted by Italian troops or officials in Ethiopia or wrongfully removed, or to transfer to Ethiopia an amount of gold or silver as the case may be, equal in weight and fineness to that looted or wrongfully removed.”

The reason for this amendment is a simple one. During the Italian occupation the Italian military seized throughout Ethiopia large stocks of silver currency, the Maria Theresa thaler. Ethiopia merely

seeks the return of these sums wrongfully seized. Article 65 sub-paragraph 8 would have afforded adequate protection except for the fact it covers gold only, not silver. The Ethiopian Delegation, on the other hand, did not wish to undo the work already accomplished in regard to Article 65 sub-paragraph 8 by proposing an amendment in regard thereto, all the more so as the amendment is designed to cover a situation peculiar to Ethiopia. For these reasons the Ethiopian Delegation has proposed the insertion of an additional paragraph to Article 31, which itself concerns solely Ethiopia.

Annex 11

*Statement by the United States Delegation on Article 67
(Claims Against Germany)—Yugoslav Amendment*
C.P.(Gen)Doc.1.U.20
C.P.(IT/EC)Doc.60

The Yugoslav amendment (1.U.20) would have obligated Italy to recognize the full rights of the Inter-Allied Reparation Agency over German property in Italy.

The U.S. Delegation opposed this amendment because the Paris Agreement on Reparations does not give the Inter-Allied Reparations Agency any authority over German assets in Italy. The substitute amendment (CP(IT/EC)Doc.64)—proposed by the Yugoslav Delegation which would require [*entitle?*] Italy and Associated Powers under this treaty to German assets in Italy—is likewise without foundation in the relevant agreements regarding German external assets.

The U.S. Delegation voted for the rejection of the Yugoslav amendment and proposed an alternative amendment (C.P.(IT/EC)Doc.69) providing that Italy would facilitate such transfers as might be determined by the powers occupying Germany responsible for the disposition of German assets. This alternative proposal was carried by non-unanimous vote. The U.S. Delegation supports it as being, in the light of other international undertakings, the only permissible provision with respect to German assets in Italy.

Annex 12

*Statement by the United Kingdom Delegation on Article 68,
Paragraph 4*

The United Kingdom Delegation consider that, in justice, full compensation should be paid to United Nations persons who have suffered

loss or damage to their property in Italy; otherwise they support the text proposed by the French Delegation.

In the view of the British Delegation, there is no doubt that the enemy Government is under a moral obligation to make good all the losses and damage caused by the war. Neither the United Nations nor the property owner was responsible for the war, and it is difficult to see why either should be required to make good its effects. In the United Kingdom the property of foreigners has been covered by various war-damage schemes in force equally with that of British subjects. These schemes have been very expensive to the British tax-payer.

The United Kingdom Delegation share the views expressed by the French and United States Delegations that the burden imposed by reparation is of a different character from that imposed by the provision of compensation. Unfortunately it is not practicable to exact reparation in full across the exchanges for all the losses caused in modern war, but so far as compensation is in question, the Italian Government has produced no evidence of the impossibility of meeting losses in Italy in full. The charge would be a budgetary one and the restored property would be a contribution to the rehabilitation of the Italian economy.

In the course of the War the United Kingdom has assumed huge internal financial burdens and has undergone an unprecedented process of external disinvestment and a further reduction of its national wealth.

The United Kingdom Delegation maintain their position that compensation should be paid in full.

Annex 13

Statement by the United States Delegation on Article 68 (United Nations Property)—Paragraph 4⁴⁴

The position of the U.S. Delegation, in connection with texts submitted to the conference on this subject, was that in logic and equity, full compensation should be paid to United Nations nationals whose property, whether held directly or through a corporate intermediary, has suffered damage on the territory of Italy. It has been unable to accept the view that any analogy determinative of policy can be drawn between reparation and compensation; and has accordingly

⁴⁴ With the additions indicated in the following footnotes, this statement is the same, *mutatis mutandis*, as the statements by the United States Delegation on Article 24, Paragraph 4 of the Draft Rumanian Treaty (Annex 1, p. 458), Article 22, Paragraph 4 of the Draft Bulgarian Treaty (Annex 9, p. 507), Article 23, Paragraph 4 of the Draft Hungarian Treaty (Annex 5, p. 557), and Article 24, Paragraph 4 of the Draft Finnish Treaty (Annex 2, p. 584).

opposed the Yugoslav amendment (1.U.21) which would relate the amount of compensation to be paid to the amount of reparation to be paid.

The damage which Italy by her military effort has inflicted on the territory of the United Nations can be compensated only through the transfer of assets from Italy to various United Nations. Obviously it cannot be compensated in full. Italy does not have sufficient transferable assets for this. Therefore the reparation problem is to determine the total amount of assets which Italy can transfer without destroying her own economic existence and to make an equitable allocation of this total among the reparation claimants.

However, the damage inflicted within Italy upon the property of United Nations nationals has to be repaired in any case if Italy is to restore her economy; and its prompt rehabilitation is in Italy's interest. Furthermore, payment of compensation as proposed by the U.S. does not involve the transfer of assets abroad. What is required is the payment of sums in Italian currency which can be used for repairing the damage and rehabilitating the property.

Because of these substantive differences between compensation and reparation, the U.S. Delegation felt that compensation should be paid in full, and submitted to the conference a draft embodying this concept. Nevertheless, recognizing the magnitude of the total economic burden imposed upon Italy by various provisions of the Treaty of Peace, and recognizing the dislocations to which the Italian economy has been and will be subjected, the U.S. Delegation decided to accept partial compensation and to oppose full compensation.

The U.S. Delegation proposed that compensation be paid at the rate of 25%. However, it is prepared to take into account the views of other governments which may feel that their interests are affected to a greater degree.⁴⁵

In addition to the question of rate of compensation there are other matters in paragraph 4 of Article 68 which were the subject of non-unanimous votes.⁴⁶

Sub-paragraph (b) protects the beneficial interests of ultimate United Nations owners of damaged property stipulating that such

⁴⁵ In the U.S. Delegation statement on Article 23, Paragraph 4 of the Draft Treaty for Hungary, this paragraph read as follows:

"The U.S. Delegation felt that the total burden imposed upon Hungary by the Treaty was so great that it was unable to abstain on the issue of 75% compensation and was compelled to vote against it."

⁴⁶ In the U.S. Delegation statement on the equivalent provisions of the Draft Treaties for Rumania, Bulgaria, and Finland, this paragraph was followed by a new paragraph reading as follows:

"The U.S. Delegation opposes the amendment to subparagraph (d) of the U.S. draft, submitted by the Soviet Delegation, dealing with compensation to United Nations nationals who hold interests in property through corporations. It feels that such interests should be dealt with as provided in subparagraph (b) of the U.S. draft."

owners shall receive compensation (at the agreed rate) proportionate to their ownership interest in the damaged property, whether that interest be held directly or indirectly, and even though the immediate corporate owner may not be a United Nations national within the meaning of Article 24, paragraph 8(a). Since the bulk of modern business enterprise is organized in the corporate form and since in the majority of cases foreign investments are made through corporations or associations organized under the laws of the country in which the physical property is located, the U.S. Delegation believes it is imperative to "pierce the corporate veil" and to ensure that compensation for loss or damage shall accrue to those ultimate United Nations owners upon whom the burden of loss or damage if uncompensated would ultimately devolve.

The U.S. Delegation opposes the contention that United Nations nationals who hold interests in property through the corporate form should be deprived of the benefits of these provisions because of the use of corporate property by enemy states, at a time when they were not under the control of the owners.

Sub-paragraph (c) stipulates that compensation shall be paid free of all levies, taxes and charges, and shall be freely usable in Italy; but shall be subject to foreign exchange controls in force. The U.S. Delegation supports these provisions as being necessary for a precise clarification of the nature of Italy's obligations and of the rights of compensation-recipients.⁴⁷

Sub-paragraph (d)⁴⁸ provides full compensation in the case of property which had been subject to special measures as enemy property. The U.S. Delegation opposes this provision, believing that the principle of partial compensation should apply in all cases where compensation claims arise and that no special distinctions should be made among various classes of property.

⁴⁷ In the U.S. Delegation statement on equivalent provisions in the Draft Treaties for Rumania, Bulgaria, Hungary, and Finland, this paragraph was followed by a new paragraph reading, *mutatis mutandis*, as follows:

"Subparagraph (d) stipulates that Rumania shall accord fair and equitable treatment to United Nations nationals with respect to the allocation of materials and of foreign exchange. The purpose of this provision is to insure that United Nations national receiving compensation in lei will in fact be able to use the compensation proceeds for rehabilitation of their properties to the extent that the availability to Rumania of materials and foreign exchange permits and that in the allocation of materials and foreign exchange there shall be no discrimination against United Nations nationals as compared with Rumanian nationals. The U.S. Delegation strongly supports this provision believing that an explicit obligation to afford fair and equitable treatment to United Nations nationals is necessary to insure that such nationals are able to reconstruct their properties to the extent that the situation of the Rumanian economy permits."

⁴⁸ In the U.S. Delegation statements on the equivalent provisions in the Draft Treaties for Rumania, Bulgaria, Hungary, and Finland, the reference here was to sub-paragraph (e).

Annex 14

Statement by the Delegation of the Soviet Union on Article 68, Paragraph 4

The Soviet Delegation considers that the claim for full compensation for loss to the property of the United Nations in Italy is not correct. Italy was the first of the powers of the Axis to break her relations with Germany, to go over to the side of the United Nations, and thereby incurred serious losses in her own territory in the course of the conduct of a common war against Germany side by side with the Allied States. When the extent of compensation in respect of losses caused to the United Nations property in Italy is under consideration this fact should be considered.

It is for this reason that the Soviet Delegation considers it necessary that only partial compensation should be provided for, not exceeding one-third of the amount of the said losses.

Annex 15

Statement by the French Delegation on Article 68, Paragraph 4

The French Delegation was in favour of full compensation for damage suffered by United Nations property in Italy. It did not think that this would impose an excessive burden on Italy.

1. In fact, this was only a charge on the budget and not on the balance of payments.

2. Moreover, the repair of factories and immovable property in Italy constitutes an advantage for Italian national economy.

However, after taking into consideration all the obligations imposed by the Treaty on Italy, the French Delegation has proposed a formula by which:

1. For damage caused to United Nations property as a result of special measures taken in respect of it by the Italian Government, full compensation would be paid;

2. For damage caused to this property as a result of the war, 75% compensation would be paid.

In consequence, the French Delegation has been unable to support or oppose the principles of full compensation, since its own proposal is based on both these principles.

Annex 16

Statement by the Delegation of the Ukrainian S.S.R. on Article 69

(Italian Assets on Allied and Associated Powers Territory—Ukrainian Amendment C.P.(IT/EC)Doc.70).

The intention of the Ukrainian Delegation was to comprise the claims of the Allied and Associated Powers, in respect of Italian assets on their territory to reasonable limits thus enabling Italy to retain these assets, by satisfying the claims of the Allied and Associated Powers by other appropriate means.

The Ukrainian Delegation is of the opinion that the liquidation of Italian foreign assets would, undoubtedly, interfere with Italy's economic reconstruction. It is recognised that the revenue derived by Italy from her assets abroad formed an important item of her balance of payments, and that consequently the liquidation of these assets would cause a serious breakdown in the foreign economic relations of Italy with foreign Powers, and would have a most unfavorable effect on Italian economy.

The Ukrainian Delegation considered, and continues to consider, that none of the Allied and Associated Powers concerned should be given the right to determine for itself, the amount of its claim against Italian assets, or make its own estimate of the value of Italian assets on her territory—the Four Ambassadors in Rome should objectively examine and fix the amount of the claims of each of the Powers concerned, and this procedure should be recorded in the Peace Treaty.

The Ukrainian Delegation is of the opinion that the Council of Foreign Ministers should take these views, which met with sympathy and support from a number of Delegations in the Commission, into account and at the final discussion of the Draft Peace Treaty with Italy, should add the following points to Article 69:

1. The retention of Italian assets abroad by the Allied or Associated Powers concerned, in so far as this country was not occupied, shall be effected in such a way as not to interfere with the economic reconstruction of Italy and not to affect her balance of payments to any appreciable extent.

2. The Four Ambassadors (U.S.S.R., U.S.A., Great Britain and France) in Rome shall examine and fix the amount of the claims of each of the Allied and Associated Powers, which can be met in accordance with the provisions of the present Article and determine the total amount of Italian assets which shall be retained by the said Powers.

3. Nothing in the present Article shall prevent Italy from satisfying the claims of the Allied and Associated Powers concerned by means of payment of the amount of the claim in the currency of that Power or, by mutual agreement, by some other method in order to avoid the liquidation of Italian assets in the said country.

Annex 17

Statement by the United States Delegation on Article 69 (Italian Assets in Territory of Allied and Associated Powers)—Ukrainian Amendment

(C.P.(IT/EC)Doc.70)

This amendment provided that Italian assets in the territory of Allied and Associated Powers should be liquidated in such a manner as not to burden Italian reconstruction or balance of payments and that this liquidation should be supervised by the Four Ambassadors in Rome. The amendment further provided that Italy should not be prevented from satisfying claims of Allied and Associated Powers by methods other than liquidation of Italian assets abroad, if this could be accomplished by mutual agreement.

The U.S. Delegation opposed the Ukrainian amendment on the grounds that it placed a new undesirable limitation upon the right of the Allied and Associated Powers to satisfy their claims against Italy, and it assigned to the Four Ambassadors in Rome a judicial function with respect to fixing the amount of claims of each of the Allied and Associated Powers against Italy. Such a function is not appropriate for such an agency. Furthermore, there is nothing in the Treaty to prevent some other disposition of the problem to be arranged between Italy and an Allied and Associated Power.

Annex 18

Statement by the United States Delegation on Article 69 (Italian Assets in Territory of Allied and Associated Powers)—Australian Amendment

(C.P.(IT/EC)Doc.72)

The Delegation of Australia proposed an amendment providing that literary and artistic property should be excepted from the right of seizure by Allied and Associated Powers granted under Article 69. The Delegation of the Ukraine proposed to amend this Australian amendment so as to except also industrial property.

The United States Delegation opposed the Australian Amendment both with and without the Ukrainian subamendment.

The United States Delegation is not opposed to the substance of the Australian amendment but was compelled to oppose the text on the ground that it did not contain necessary safeguards for war-time action by Allied Governments particularly in connection with the granting of licenses.

It opposed the Ukrainian subamendment because various countries including the United States have during the war taken action with respect to Italian patents for the purpose of putting them to use in the Allied war effort. This action has taken the form in many cases of throwing patents open to general use. Since the value of a patent is destroyed when the monopoly it confers is terminated it would be impossible to return Italian patents with respect to which such action had been taken.

Annex 19

Declaration by the Representatives of the Four Powers Concerning the Ethiopian Amendment to Sub-Paragraph a. of Paragraph 5 of Article 69

MR. THORP: I think the clear statement of facts by the representative of Ethiopia (regarding Italian diplomatic and consular promises in Ethiopia) indicates that the entire Article 69 is not applicable in this case. Therefore no exception needs to be made to the exception provided in para. 5 (a). This exception relates to Italian property used for diplomatic and consular purposes. It is clear Italy had not much property in Ethiopia—it was lent to Italy by Ethiopia. It therefore would not be affected by Art. 69, and would remain at the disposition of the Ethiopian Government.

In reply to a question by the Ethiopian representative as to the necessity for a similar exception to sub-para. (c), Mr. Thorp said:

Although my previous statement does not apply exactly to the situation contemplated in the remainder of the Ethiopian amendment, I believe Ethiopia is quite as well protected in regard to such cases, particularly in view of the provisions of Article 68 and Article 29.

The latter Article would permit annulment of Italian measures respecting Ethiopia taken since October 3, 1935, and gives Ethiopia full protection.

M. de Carbonnel, representative of the French delegation made the same statement concerning sub-para. b.

Mr. Gregory, representative of the U.K. delegation, associated himself with the U.S. delegation, as regards sub-para. (a).

As regards sub-para. (c), he said he did not believe it was the intention of the Ethiopian Government to realise the lawfully acquired property of Italian nationals but the effect of the amendment would undoubtedly be to allow of this being done. He considered that other provisions in the Treaty would enable the Ethiopian Government to reserve [reverse?] illegal acts resulting in the wrongful acquisition of

property. He considered that, for the purpose the Ethiopian delegation had in view, this should suffice but that power should not be given to liquidate all the property of all the Italians permitted to reside in Ethiopia.

The Soviet representative declared that according to the words of the delegate for Ethiopia, Italian diplomatic and consular buildings were in fact the property of the Ethiopian Government and were used by Italy, not in the manner intended but for war aims (housing of the staff). In this case, of course, this does not apply to point 5 "a".

Annex 20

Statement by the United States Delegation on Article 71 (General Economic Relations)—State Enterprise

With regard to subparagraph (c) of Article 71, paragraph 1, relating to the applicability of subparagraph (c) to state enterprise, the U.S.S.R. proposal was defeated by non-unanimous vote, and the U.S., U.K. and French proposal was carried by non-unanimous vote.

The U.S. Delegation opposed the U.S.S.R. proposal and supported the U.S., U.K. and French proposal. It did not feel that either addition to subparagraph (c) was really necessary since the requirement of that subparagraph, that Italy should accord national and most-favoured-nation treatment to United Nation nationals in all matters pertaining to commerce, industry, etc., was normally and uniformly understood not to include any obligation to accord to foreigners any rights of participation in state monopolies or nationalized industries. The U.S. Delegation supported entirely the view of the U.S.S.R. Delegation that Italy should be free to establish by law a state monopoly in any branch of industry or commerce if that appeared to Italy to be in her best interests. If, however, a further provision was to be written into the treaty safeguarding this right of Italy, it would, in the view of the U.S. Delegation, be very unfortunate to include it in the form of an exception since, in fact, the exception was implicit and customarily understood. The U.S. Delegation felt the matter could better be handled in the form of an interpretation and that such an interpretation should make it perfectly clear that Article 71 conferred upon United Nation nationals no rights to participate in any branch of industry or commerce which under Italian law becomes a monopoly of the Italian state, but that if foreign participation in a state monopoly or nationalized industry was permitted the most-favoured-nation principle should apply.

Annex 21

*Statement by the Delegation of the Soviet Union on Article 71*1. *Paragraph 1 C*

The Soviet Delegation considers that in such cases where, in certain spheres of economics in accordance with internal legislation, private enterprise is not permitted, the Italian Government itself should be allowed to decide whether or not it requires the assistance of foreign capital and to determine for itself the conditions and extent to which such foreign capital shall be invited to participate. The proposals of the U.K., U.S.A. and French Delegations in regard to this Article infringe on the sovereign rights of the Italian Government in this connection, and are therefore unacceptable.

2. *U.S.A. Proposal for an Addition to the Paragraph on Civil Aviation*

The Soviet Delegation considers that the request that Italy should grant equal rights to all the United Nations in respect of conditions of civil aviation is not acceptable. Civil aviation is very closely tied up with questions of national defense and therefore any interference in this sphere would be impermissible from the point of view of the sovereign rights and interests of the State.

The Soviet Delegation considers that questions concerning civil aviation can only be settled by bilateral agreement between Italy and the States concerned, in accordance with the practice which is normally followed between governments at the present time.

Annex 22

Statement by the United States Delegation on Article 71 (General Economic Relations)—Civil Aviation

The United States proposal for a special provision relating to civil aviation supported by the U.K. provided that Article 71 paragraph 1.c. should not apply to civil aviation but that Italy should afford to all United Nations equality of opportunity to obtain commercial aviation rights in Italian territory and should grant no exclusive or discriminatory rights to any country. In other words it provided that civil aviation should not be subject to the national treatment requirement of sub-paragraph *c* but should be subject to most-favoured-nation treatment as that concept applies to the particular circumstances of international commercial aviation. This United States proposal was adopted by the Economic Commission for Italy with a two-thirds majority.

In the Commission, however, the Delegation of the Netherlands

proposed to amend the United States proposal by adding to it the provision that Italy should grant to United Nations nationals the two freedoms having to do with transit rights and technical (non-commercial) landings.

The United States Delegation supports the additional provisions contained in the Netherlands proposal (which failed to obtain a two-thirds majority) as assuring for the eighteen-month period a minimum basis for international commercial aviation.

Annex 23

Statement by the United States Delegation on Article 72 (Settlement of Disputes)

This article was the subject of a complex divergence of views in the draft treaty prepared by the CFM. There was a U.K. proposal and a U.S.S.R. proposal. The U.S. was able to accept either of the drafts, provided a specified addition was made to the U.S.S.R. text. Finally, the French Delegation was able to accept either proposal subject to the amendment of the U.S.S.R. proposal urged by the U.S. Delegation, and subject also to the inclusion of Annexes 6, 7 and 8 within the coverage of Article 72.

During the deliberations in the Economic Commission for Italy the United States Delegation put forward a proposal involving the establishment of mixed arbitral tribunals. This proposal was with slight modifications based upon the Italian observations contained in Document 36 bis G.⁴⁹

The advantage of the mixed arbitral tribunal approach is that it provides a rapid, final and equitable method of settling disputes. The United States Delegation feels that this procedure which has been tested by experience should be used rather than to experiment with an untried procedure for the settlement of disputes.

While the United States Delegation could still accept either the U.K. proposal or the U.S.S.R. proposal with the changes proposed by the U.S. and French Delegations as set forth in the draft peace treaty it feels that its own is far more satisfactory and strongly supports its adoption.

Annex 24

New Article Submitted by the Greek Delegation to Follow Article 74

The Greek Delegation has submitted the following amendment (Doc. 1.J.18) as a new Article to follow Article 74;

⁴⁹ *Ante*, p. 163.

“Italy shall forego any right to which she was entitled under any treaty, convention or agreement to be represented on or to participate in any commission of any kind operating in Greece.”

When this amendment was discussed at the 30th meeting of the Commission on October 1, 1946, some Delegations suggested that the amendment might be more clearly drafted. The Greek Delegation proposed the following text:

“Italy shall forego the right to any participation in the International Financial Commission in Greece.”

The latter text was adopted by a majority of 13 to 7. The 7 delegations composing the minority, while in agreement with the principle of the Greek amendment, were in favour of the more general wording of the amendment in its original form.

Annex 25

Statement by the United Kingdom Delegation on Annex 7 of the Treaty—Section 1 (Contracts)

The United Kingdom Delegation consider that some provision ought to be included in the Peace Treaty to deal with the status of contracts which had been entered into before the War.

It must be accepted that the outbreak of a state of war effects to a greater or lesser degree all contractual relations then existing between persons who become enemies. Unfortunately there is no clear rule of law determining the position and in the absence of a specific provision matters in dispute will be left to litigation. In the opinion of the United Kingdom Delegation it is desirable to avoid such litigation, and particularly to avoid the uncertainty which will undoubtedly arise. Accordingly, the United Kingdom Delegation had proposed this Annex with a view to giving a known rule whereby the status of particular contracts could be determined without recourse to litigation.

The United Kingdom Delegation is of the opinion that considerable advantage would accrue from adopting their proposal in principle.

Annex 26

Statement by the United States Delegation on Annex 7 of the Treaty—Part I—United Kingdom Proposals on Contracts

The United States opposed the U.K. proposals on contracts, primarily because it regards paragraph 2 (f) as unreasonable.

Annex 27

Statement by the United Kingdom Delegation on Annex 7 of the Treaty, Section II (Period of Prescription)

This Section is intended to provide for extensions of the time periods during which legal actions may be taken and legal formalities complied with and for extensions of periods of prescription.

It is common knowledge that in the course of legal actions of all kinds litigants are required to comply with formalities within certain specified times, but it is equally obvious that, by reason of an existence of a state of War, this will frequently be found to have been impossible. Further conditions attached to the issue of many bonds, and coupons arising from those bonds, require that they should be presented for payment within a stipulated period. This again will have proved to have been impossible during the War.

The intention of the U.K. proposal is to extend the prescribed periods by the War years, and further, as a consequence, to make provision for persons whose interests have been adversely affected by non-compliance at the originally stipulated date. So far as coupons are concerned, it is obviously unjust that, because United Nations persons have been unable to present their coupons for payment during the War, ex-enemy Government or National should benefit by this disability.

Steps have already been taken in the United Kingdom to extend the various periods of time which might otherwise run against persons resident during the War in Enemy Territory or territory occupied by the Enemy.

Annex 28

Statement by the United States Delegation on Annex 7—Part II—Prescription: Soviet Proposal (C.P.(IT/EC) Doc. 85) as Amended by France and Yugoslavia, October 2

The U.S. opposes this proposal. The exact scope and drafting are unclear, particularly in the case of the provisions of paragraph 2, regarding "the redemption of securities". The U.S., however, would not oppose the inclusion in the treaty of a provision that would suspend the statute of limitations for the period during which enemies were unable to sue.

Annex 29

Statement by the United States Delegation on Annex 7 of the Treaty, Part II—United Kingdom Proposal on Prescription

The U.S. opposes the U.K. proposal, objecting primarily to certain aspects of Paragraphs 2, 3, 4, 5 and 6. These paragraphs do not relate

to periods of prescription, but to the effect of war upon contractual relations. They permit individuals to apply to the international Conciliation Commission for relief, including compensation to be paid by the Italian Government. The U.S. sees no reason to throw such burdens upon the Italian Government, and believes that a simple provision for the suspension of periods of prescription during the time when an enemy was unable to prosecute legal actions is all that is necessary or desirable.

Annex 30

Statement by the United States Delegation on Annex 7—Amendment Proposed by the United States Regarding the Inapplicability of the Annex as Between the United States and Italy

This U.S. amendment was approved 11 to 4, with 5 abstentions. Under the federal system of the U. S., matters relating to contracts, prescription, etc., are primarily within the jurisdiction of the 48 State Governments, rather than that of the Federal Government. It is therefore, doubtful how far the U. S. Government may appropriately conclude treaty provisions on these subjects. The 1919 peace treaties contained clauses providing that provisions similar to Annex 7 should not apply to the U. S. taking into account its position as a federal state. The amendment does not give the U. S. one-sided privileges in Italy; it means that the Annex would be entirely inapplicable as between Italy and the U. S. Matters covered by Annex 7 would be left for the courts of Italy and of the U. S. to deal with under their applicable laws. In the U. S. the general principles of those laws would be similar to the Annex provisions in so far as the Annex incorporates legal principles, although there might be differences in detail.

Annex 31

*Statement by the United Kingdom Delegation on Annex 7—
Section III—Negotiable Instruments
Proposition Supported by 8 Delegations*

The proposal made by the United Kingdom Delegation is to extend by the war years periods during which Negotiable Instruments may be accepted or presented for payment or within which notice of non-acceptance or non-payment has to be given.

Bills of Exchange or Negotiable Instruments generally are in a class apart, and depend for their validity on strict compliance with the

requirements of domestic law. The present proposal will merely remove the disabilities under which acceptors and presenters of Negotiable Instruments are under by reason of their inability to comply with those requirements during the War years. The proposal should commend itself as one which is justified on grounds both of justice and of convenience to all parties.

Annex 32

*Statement by the United Kingdom Delegation on Annex 7, Section IV
Proposition Supported by 8 Delegations*

The United Kingdom Delegation wish to offer the following comments on the proposals contained in this Section. At the outbreak of war it was necessary for exchange or commercial associations to provide rules under which contracts entered into before the war between their members and enemies should be closed and the proposal made by the United Kingdom Delegation is intended to deal with this fact and with the conditions that flow from it. Accordingly it is considered necessary that the Italian Government should recognise the closure of contracts and provided the rules were applied to all persons concerned and that the conditions attached to the closure were fair and reasonable to waive claims arising thereunder. The Section would not apply to rules made by Exchanges during occupation by the enemy.

The second part of the proposal relates to the sale of securities held as collateral for a debt and proposes that where the creditor has sold such security no claim will be made against him irrespective of the fact that he did not give the necessary notice to his debtor. It will be appreciated that such notice could not have been given.

Annex 33

*Statement by the United States Delegation on Annex 7—Part 4—
Miscellaneous*

The U. S. opposes the U.K. proposals regarding stock exchange and commercial exchange contracts and the sale of securities for unpaid debts. These highly specialized provisions do not appear necessary or suitable for inclusion in a general peace treaty. The U. S. particularly questions the desirability of a multilateral peace treaty confirming private rules made by exchanges or commercial associations, either in Allied countries or in Italy.

Annex 34

Statement by the United States Delegation on Annex 8: United States Proposal on Judgments

The U.S. draft, supported by the U.S.S.R., provides for the review of judgments rendered during the war by Italian courts, in cases in which a United Nations national was unable to present his case to the court adequately either as a plaintiff or a defendant. It requires the Italian Government to provide for review of such cases by appropriate Italian courts and authorities. Since the complaint of the United Nations national is that he was unable to present his case adequately to an Italian court, the fair and proper course is to let him do that now, just as a litigant is often granted a new trial when there were errors in the original trial. The matter should not go to an international tribunal unless a dispute arises between the United Nations Government concerned and Italy regarding the execution of the Annex.

If the Italian court finds that the United Nations national was prejudiced by the judgment, the fair thing is to restore him to the position which he occupied before the original judgment was rendered. In cases where that would be impracticable or unjust, the Italian courts should grant just and equitable relief—that is, adjustment of right and interests between the injured United Nations national and the persons who benefited by the original judgment. The U. S. opposes any requirement that the Italian Government pay compensation in such cases.

Annex 35

Annex 8 B: Judgments, Statement by the United Kingdom Delegation

The proposal made by the United Kingdom Delegation is in two main parts. Firstly it requires the Italian Government to recognise as final the judgements given by the courts of a member of the United Nations and secondly it proposes that a certain judgement given by Italian Courts during the war should be referred to an independent tribunal.

The contention of the United Kingdom Delegation is that in those cases in which an United Nations national was unable adequately to present his case a revision of the judgement given ought to be undertaken and the parties to the action either replaced in the situation which they occupied before that judgement or that compensation (or damages) be granted to the prejudiced party. In the opinion of the British Delegation it is important that this review should be undertaken by an independent tribunal both with a view to satisfying the

prejudiced United Nations national that his case had been properly reviewed and with a view to relieving the Italian courts of an anomalous position. So far as the litigant is concerned it is important that he should see that justice was being done and he is scarcely likely to accept anything other than the judgement of an independent court. So far as the Italian courts are concerned the proposal which lays upon them the obligation to review judgements already given can scarcely be welcomed. In the one case they themselves will be conscious that the decision would be accepted with reservations by the litigant and in the other case they are placed in the unwelcome position of criticising action which has previously been taken by their colleagues in other Courts.

Accordingly the United Kingdom Delegation maintain the position that in principle it is desirable that any review of improper judgements which have occurred during the war should be in the hands of an independent body.

Annex 36

French Declaration Concerning Annex 8—Part B

The French Delegation maintains its proposal concerning the revision of judgments rendered by Italian courts against nationals of the United Nations.

It considers that its proposal follows a middle course between the proposal of the United States and the Soviet Union on the one hand and the proposal of the United Kingdom Delegation on the other.

The former offers no guarantee that United Nations nationals who have suffered from an unjust judgment will be equitably compensated by the Italian Government for the prejudice they have sustained.

The latter proposal, on the contrary, gives too wide powers to the court of arbitration by comparison with the discretionary powers of the Italian courts.

Annex 37

Statement by the United States Delegation on Annex 8—French Proposal on Judgments

The U. S. opposed the French proposal, chiefly because it does not believe that the Italian Government should be required to pay compensation in those cases where United Nations nationals were unable to present their cases. The final paragraph of the French draft appears unnecessary since Article 72, as approved by the Commission, provides that disputes under this Annex would go to the mixed arbitral tribunals therein provided for.

Annex 38

Statement by the United States Delegation on Annex 8—United Kingdom Proposal on Judgments

The U. S. opposed the U. K. proposal. Where a United Nations national complains that he was unable to present his case to an Italian court, there seems no adequate reason to require that his case be taken directly to an international commission or tribunal instead of giving him a chance to be heard by the Italian courts. Adjustment of rights between the parties appears fairer than requiring the Italian Government to pay compensation in these cases. Any provision, as in paragraph 4, for compensation to United Nations nationals who suffered prejudice by judicial measures in occupied territory would appear to be merely one aspect of compensation for injuries suffered during the occupation, which does not require specialized treatment in an Annex on Judgments; the state whose territory was occupied may itself annul the effects of such judgments.

Annex 39

[This annex, presumably included in the Report of the Commission in error, is identical with Annex 35, printed on page 408.]

Annex 40

Statement by the United States Delegation on Article 24 bis—Provision Requiring Italy To Make Restitution of Gold to the National Bank of Albania

The position of the United States Delegation is that the Treaty should establish a general rule regarding the obligation of Italy to make restitution of monetary gold, leaving the claimant countries to adduce the facts which would bring them within the general rule. The Albanian proposal which Yugoslavia presented to the Economic Commission for Italy would have imposed an absolute liability upon Italy to return gold to the National Bank of Albania, without reference to whether the facts in the case of the Albanian claim or the application of the general rule in Article 65, paragraph 8 to those facts would justify full recovery by Albania of gold from Italy.

Annex 41

Statement by the United States Delegation on Article 31: Ethiopian Amendment

(Referred by the Political and Territorial Commission for Italy to the Economic Commission for Italy)

The Ethiopian proposal for compensation in the event looted property cannot be returned or has been damaged could not be supported by the United States Delegation, because such claims are properly considered in connection with reparation.

The Ethiopian proposal regarding gold and silver looted by or wrongfully removed by Italian troops or authorities is covered by the restitution provisions (Article 65) to the extent that the silver is identifiable and to the extent that Ethiopian monetary gold was looted by or wrongfully removed to Italy. The claim for the loss of looted silver which cannot be recovered under the restitution provisions is a reparation matter.

The Ethiopian proposal concerning Italian restrictions over Ethiopian property in Italy and elsewhere outside Ethiopia is unnecessary, because of the provisions of Article 68, especially paragraph 3 relating to the invalidation of transfers resulting from force or duress, and Article 65, paragraph 5, which requires Italy to take the necessary measures to effect the return of looted property held in third countries by persons subject to Italian jurisdiction.

Annex 42

Statement by the Yugoslav Delegation

The Yugoslav Delegation has endorsed the Albanian Delegation's amendment contained in C.P.(Gen)Doc. 7 (Albanian Delegation Memorandum) for an Article 24 (b) with the following text, which was supported by the Yugoslav Delegation in the Economic Commission for Italy:

“ARTICLE 24 (b)

“The Italian Government undertakes to restore to the Albanian Government any gold reserves of the former National Bank of Albania located in Italy.”

This Yugoslav amendment was discussed by the Economic Commission at its meeting on October 2, 1946, and was rejected by 12 votes to 7 with one abstention.

In accordance with the Rules of Procedure, the Yugoslav Delegation requests that this amendment be referred to the Plenary Conference for the following reasons:

(1) The amendment was rejected by a simple majority.

(2) The Yugoslav Delegation attaches importance to this amendment as it involves a very serious claim by Albania and considers that this matter should be reconsidered in view of the fact that a just settlement necessitates thorough consideration of the problem.

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Report of the Military Commission on the Military, Naval, and Air Clauses of the Draft Peace Treaty With Italy

C.P.(Plen)Doc.17

PARIS, October 5, 1946.

I. INTRODUCTORY

The Military Commission elected Brigadier-General Mossor, the representative of Poland, as its Chairman, H. E. Mr. Foo-Ping-Sheung, the representative of China, as its Vice-Chairman, Blatta Ephrem T. Medhen, the representative of Ethiopia, as its Rapporteur. Pending the arrival of Brigadier-General Mossor, the Chairman was Colonel Naszkowski, the Polish Delegate.

H. E. Mr. Foo-Ping-Sheung acted as Chairman from the 12th to the 15th meeting.

The Commission held twenty-one meetings on procedure and on the Draft Peace Treaty between the Allied Powers and Italy. It has now to submit to the Plenary Conference recommendations concerning Articles 39 to 62 and annexes 4 and 5 of the Draft Peace Treaty.

The Commission was called on to consider 40 proposals for amendments to the Articles put forward by the Delegations of Australia, Belgium, Brazil, Greece, New Zealand, Union of South Africa, U.S.A. and Yugoslavia. The proposals of the amendments are designated by the following letters and numbers: C.P.(Sec) N.S. 110, B 8, C 1, E 6, 7, 8, J 8, J 9, U 14, 15 and 16 and C.P.(Mil) Docs. 7, 8, 9, 10. It considered also suggestions by the representatives of Albania which were supported by Yugoslavia, and observations by the representatives of Italy, some of which were supported by the South African Delegation.

All the Articles of the Draft Peace Treaty which the Commission examined had been approved by the Council of Foreign Ministers, and new Articles were proposed by members of the Commission.

The Commission began its work by considering its procedure.

PROCEDURE

It was agreed that:

(a) it should study all the military, naval and air clauses of the Treaties with the five ex-enemy states;

(b) Sub-Commissions would be created only if any difficulty were encountered in the settlement of any matter;

(*c*) the order of examining the Treaties would be Italy, Roumania, Bulgaria, Hungary and Finland;

(*d*) all documents necessary for its work should be delivered to the Delegations 24 hours before the meeting; and proposals and amendments should be handed in to the secretariat 48 hours before the meeting.

A question which gave rise to a long discussion was the procedure to be followed in hearing the representatives of ex-enemy States and of nonmember States invited to submit their views. It was decided to adopt the rules suggested by the Secretary General for the hearing of representatives of ex-enemy States, with the following addition:

“If the memoranda of ex-enemy States contain suggestions bearing on Articles in the Draft Treaties, such suggestions can only be considered by the Commission if they are presented as amendments by a member of the Commission. This will not prevent any member of the Commission referring to the memoranda of the ex-enemy States in discussion upon the appropriate Article.”

As regards the States invited to submit their views, the Commission adopted the rules of the Secretary General with the following addition:

“Suggestions submitted by States which have been, or may be invited to state their views to the Conference shall be studied by the Commission on the initiative of one of the members of the Commission. However, proposals submitted by them in the form of amendments to a treaty shall only be put to a vote if they are sponsored by one of the members of the Commission.”

The articles of the Treaty and the amendments to them were first examined and adopted provisionally until the whole of Parts IV and V of the Treaty, with Annexes 4 and 5 was approved. The final adoption was made after the representatives of Albania and Italy had been heard and further amendments had been tabled by the Yugoslav Delegation on some proposals of Albania, and by the Delegation of South Africa on some of the proposals of Italy.

II. DECISION ON THE ARTICLES

The Commission reached the following conclusions:

A—ARTICLES ADOPTED WITHOUT CHANGE

Articles 39, 42, 43, 45, 46, 48, 52 para. 1, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62 and the Annexes 4 and 5 were adopted unanimously without any change.

B—DRAFTING AMENDMENTS ADOPTED

The Commission adopted unanimously the following new wording for Articles 40 para 1 *b*, 41 para 1 *b*, 47, 49, 50 and 51.

Articles 40 para. 1 b and 41 para. 1 b.

The word "shelters" was replaced by "protected accommodation for personnel, stores and ammunition". The final text to the Articles reads as follows:

Article 40 para. 1 b

1. (b) This system is deemed to comprise only artillery and infantry fortifications whether in groups or separated, pillboxes of any type, *protected accommodation for personnel, stores and ammunition*, observation posts and military cableways, whatever may be their importance and actual condition of maintenance or state of construction and which are constructed of metal, masonry or concrete or excavated in the rock.

Article 41 para. 1 b

1. (b) These fortifications and installations are deemed to comprise only artillery and infantry fortifications whether in groups or separated, pillboxes of any type, *protected accommodation for personnel, stores and ammunition*, observation posts and military cableways, whatever may be their importance and actual condition of maintenance or state of construction and which are constructed of metal, masonry or concrete or excavated in the rock.

Article 47

1. *The present Italian Fleet shall be reduced to the units listed in Annex 4 A.*

2. *Additional units not listed in Annex A, and employed only for the specific purpose of minesweeping, may be retained until the end of the minesweeping period as determined by the International Central Board for Mine Clearance of European Waters, but are to be handed over to their owners or to be demilitarised, with a view to civilian use, within two months of the end of the said period.*

Article 49

1. Italy shall effect the following disposal of submarines and non-operational naval vessels. Time-limits specified below should be taken as commencing with the coming into force of the present Treaty.

(a) *Surface naval vessels afloat not listed in Annex 4, including naval vessels under construction afloat, shall be destroyed or scrapped for metal within nine months.*

(b) *Naval vessels under construction on slips shall be destroyed or scrapped for metal within nine months.*

(c) *Submarines afloat and not listed in Annex 4 B shall be sunk in the open sea in a depth of over a hundred fathoms within three months.*

(d) *Naval vessels sunk in Italian harbours and approach channels, in obstruction of normal shipping, shall be destroyed by demolition or may be salvaged and subsequently destroyed or scrapped for metal within two years.*

(e) *Naval vessels sunk in shallow Italian waters, not in obstruction of normal shipping, shall, within one year, be rendered incapable of salvage.*

(f) *Naval vessels* capable of reconversion, which do not come within the definition of war materiel and which are not listed in Annex 4, may be reconverted to civilian uses or are to be demolished within two years.

2. Italy undertakes, prior to the sinking or destruction of ships and submarines as provided for in the preceding paragraph, to salvage such equipment and spare parts as may be useful in completing the on-board and reserve allowances of spare parts and equipment to be supplied, in accordance with Article 48 *d*, for all operational ships specified in Annex 4 B.

Article 50

Paragraph 1, instead of the words "or acquired", the words "acquired or replaced" are to be inserted.

Paragraph 5, after the words "replace any ship", the words "other than a battleship" are to be inserted.

Paragraph 6, the terms "so far as necessary" are to be replaced by "for the purposes of the present Treaty".

The new wording of the Article is thus :

"1. No battleship shall be constructed, *acquired or replaced* by Italy.

2. No aircraft carrier, submarine or other submersible craft M.T.B. or specialised types of assault craft shall be constructed, acquired, employed or experimented with, by Italy.

3. The total standard displacement of the war vessels other than battleships of the Italian Navy, including ships under construction as from the date of the launching, shall not exceed 67,500 tons.

4. Any replacement of war vessels by Italy shall be effected within the limit of tonnage given in paragraph 3. There shall be no restriction on the replacement of auxiliary vessels.

5. Italy undertakes not to acquire or lay down any war vessels before January 1, 1950, except as necessary to replace any ship, *other than a battleship*, accidentally lost, in which case the displacement of the new ship is not to exceed by more than 10 the displacement of the ship lost.

6. The terms used in this Article are, *for the purposes of the present Treaty*, defined in Annex 5 A."

Article 51

In the 2nd paragraph the words "International Central Board" are substituted for "International Control Board". The paragraph reads:

"2. During the period of minesweeping due to the war, Italy shall be authorised to employ for this purpose an additional number of officers and men not to exceed 2,500, such period to be determined by the International *Central* Board for Mine Clearance of European Waters."

Article 52

The second paragraph of Article 52 was detached, and placed as a new Article 46B, as follows:

"*The total number of heavy and medium tanks in the Italian Armed Forces shall not exceed 200.*"

C—AMENDMENTS OF SUBSTANCE

Three amendments were unanimously adopted :

1. *Article 44.*

A Belgian amendment was adopted for the purpose of adding atomic weapons to those that are prohibited to Italy. After the words "or experiment with", the words "(i) any atomic weapon" are inserted. Technical changes were introduced in the clauses of that Article: in point (ii), after "their discharge" were inserted the words "(other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty)". Add words "or torpedoes" after "sea-mines".

The final text of Article 44 is :

"Italy shall not possess, construct or experiment with (i) *any atomic weapon* (ii) any self-propelled or guided missiles or apparatus connected with their discharge (*other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty*) (iii) any guns with a range of over 30 kilometers (iv) sea-mines or torpedoes of non-contact types actuated by influence mechanisms (v) any torpedoes capable of being manned."

2. *Article 46A.*

Arising out of a proposal by the Yugoslav Delegation the following new Article was unanimously adopted as Article 46A—

"In no case shall any officer or non-commissioned officer of the former Fascist Militia or of the former Fascist Republican Army be admitted with officer's or non-commissioned officer's rank to the Italian Army, Navy, Air Force or Carabinieri, with the exception of such persons as have been exonerated by the appropriate body in accordance with Italian law."

[3. *Article 62A.*]

3. An amendment concerning minesweeping vessels which Italy might retain to the end of a period determined by the International Central Board for Mine Clearance of European Waters, was accepted unanimously and added as Article 62A, as follows :

"As from the entry into force of the Treaty Italy will be invited to join the Mediterranean Zone Board of the International Organisation for Mine Clearance of European Waters, and she undertakes to maintain at the disposal of the Central Mine Clearance Board the whole of her minesweeping forces until the end of the post-war mine clearance period, as determined by the Central Board."

D—AMENDMENTS REJECTED

The Commission rejected amendments to the following Articles :

1. *Article 39.* The South African Delegation proposed an amend-

ment providing that military clauses should be subject to revision five years after the Treaty came into force. The amendment was rejected by 16 to 4, one Delegation being absent.

2. *Article 40.* The South African Delegation submitted an amendment concerning the character of the fortifications on the Franco-Italian frontier which should be destroyed. The amendment was rejected by 19 to 1, one Delegation being absent.

3. *Article 46.* The Greek Delegation proposed to add two new Articles with a view to:

- (1) limit the number of officers and NCO's in the Army;
- (2) prohibit reservist training and mobilisation measures.

These amendments were rejected by 18 to 1 with 2 abstentions.

4. *Article 47.* The Yugoslav Delegation moved an amendment for a further reduction of the Italian Navy below the provision in that Article. The amendment was rejected by 16 to 2 with three abstentions.

5. *Articles 48 and 58.* An amendment of the Australian Delegation to Articles 48 and 58 about the disposal of surplus vessels and surplus war material, with a view to disposal by the Security Council instead of the Four Great Powers, was rejected by 15 votes to 3 (3 Delegations abstained).

6. *Article 49.* The South African Delegation proposed an amendment to allow the Italians to strip submarines for civil purposes. The amendment was rejected by 17 to 1, with 2 abstentions and one absent.

7. *Annex 4A.* The South African Delegation proposed an amendment with a view to increase the Italian Fleet. The amendment was rejected by 20 to 1.

III. RESERVATIONS AND DECLARATIONS

In six cases a Delegation agreed to the text of the Article after having made a reservation or recording a declaration.

(a) In connection with *Article 39*, the Commission took note of a declaration submitted by the New Zealand Delegation that the level of armaments of the ex-enemy States should be fixed by the Security Council of the United Nations. The New Zealand Delegate reserved the right to reopen the matter in Plenary Session.

(b) The Yugoslav Delegation, which had withdrawn an amendment to *Article 47* supporting suggestions of the Albanian representative for a further reduction of the Italian Navy, asked that the following declaration should be annexed to the Record of the Meeting:

“The Delegation of Yugoslavia which supported, as an amendment, the suggestions presented by the representatives of Albania, considers that the Italian Fleet, as foreseen in the Draft Peace Treaty with Italy (*Article 47, Annex 4A*), constitutes a threat against the safety of these two countries.”

(c) *Article 51.* The South African Delegation in withdrawing an amendment concerning the number of men to be allowed in the Italian Navy requested that the matter be further considered by the Naval Committee of the Council of Foreign Ministers. Assurance to that effect was given by the American Delegation on its own behalf.

(d) *Article 52.* The South African Delegation tabled an amendment providing for a reserve of material for the Italian Army. It withdrew the amendment when the American Delegate explained that the Draft Article 46 had taken account of the need for reserve war material. It was agreed, as the matter affected similar clauses in all the Peace Treaties, that the explanation given by the American Delegate should be recorded.

(e) *Article 55.* The South African Delegation withdrew an amendment providing for reserve aircraft which the Italian Air Force should be allowed to maintain, but asked that the statement made by the U.S. Delegate concerning Article 52 should apply also in respect of spare parts for aircraft.

(f) *Article 58.* The Greek Delegation tabled an amendment that Greece should have a share of surplus war material and should recover any war material removed by the Italians from Greece. A declaration was made on behalf of the Four Great Powers that in the joint disposition to be made of war material by them, they would take into consideration any requests made by other Allied and Associated Powers, in particular by the Power from which material was taken by Italy. It was suggested also that *Article 65* would cover the return of war material removed from any of the United Nations. The Greek Delegation offered to withdraw its amendment, subject to an interpretation of the word "property" in *Article 65* of the Treaty, which dealt with restitution, to include war material. It was agreed that the Rapporteur should obtain the interpretation of the word "property" in *Article 65* from the Economic Commission for Italy. That Commission advised that "property" did include war material. The Greek Delegation then withdrew the reservation and the amendment.

IV. DEFINITION OF DEMILITARISATION (C.P.(MIL)DOC. 13)

The Military Commission was asked by the Political and Territorial Commission for Italy to give a definition of "demilitarised" and "completely demilitarised", for the purpose of certain articles, 11, 12 and 42, of the Draft Peace Treaty with Italy. The Commission recommended unanimously that the following definition should be inserted as Annex 5(D) of the Italian Treaty; and that only one term, "demilitarised", should be used.

DEFINITION OF DEMILITARISATION

(See Articles 11, 12 and 42)

“For the purpose of this Treaty the term ‘demilitarisation’ shall be deemed to prohibit, in the territory and territorial waters concerned, all naval, military and military air installations, fortifications and their armaments; artificial military, naval and air obstacles; the basing or the permanent or temporary stationing of military, naval and military air units; military training in any form; and the production of war materials. This does not prohibit internal security personnel restricted in number to meeting tasks of an internal character and equipped with weapons which can be carried and operated by one person, and the necessary military training of such personnel.”

V. CONCLUSION

At the 21st meeting all the Military Clauses of the Draft Peace Treaty with Italy as indicated above were unanimously adopted as a whole.

The Commission has the honour to recommend to the Plenary Conference that it shall:—

Decide upon new text of the military clauses as set out above; viz., Articles 40 paragraph 1b, 41 paragraph 1b, 44, 46A, 46B, 47, 49, 50, 51, 62A and Annex 5D.

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Report of the Legal and Drafting Commission on the Draft Peace Treaty With Italy

C.P. (Plen) Doc. 28

PARIS, [October 7, 1946].

The Legal and Drafting Commission has studied the texts of certain provisions of the draft Peace Treaty with Italy which were referred to it by the Political and Territorial Commission for Italy, the Economic Commission for Italy and the Military Commission.

It should be pointed out that the Legal and Drafting Commission has not been charged with the general examination of all the texts of all the draft treaties. It has only been requested to deal with the matters referred to it, and in the case of the draft Treaty with Italy these are mentioned below. In dealing with new articles or amendments referred to it as having been unanimously adopted by other commissions it has only considered the parts of the texts referred to it and containing the amendments.

1. TEXTS SUBMITTED BY THE POLITICAL AND TERRITORIAL COMMISSION FOR ITALY TO THE LEGAL AND DRAFTING COMMISSION

A. The Legal and Drafting Commission has examined Articles 15, 32, 33, 34, 35, 36, 77 and 78 of the draft Peace Treaty with Italy, referred to it by the Political and Territorial Commission for Italy.

The Commission's work in this connection has been analysed in another report (Document C.P.(Plen)Doc. 24 Annex).

B. In a letter dated 4th September (Document C.P.(JR) 4), the Chairman of the Political and Territorial Commission for Italy asked the Legal Commission to study the texts of Article 2, paragraphs 2, 3, and 4 and of Article 9 (Annex 2, Section 4) of the draft Peace Treaty with Italy.

At its meeting on the 11th September, the Legal and Drafting Commission decided that a Sub-Committee should study the questions which had been thus referred to it. This Sub-Commission consisted of the representatives of Brazil, Czechoslovakia, France, New Zealand, Norway, U.K., U.S.A. and U.S.S.R. and the Rapporteur of the Commission.

The Sub-Committee held several meetings and finally made a report which was unanimously approved by the Commission at its meeting on the 3rd October, a few modifications being made. The Commission, for instance, pointed out that the word "North-West" in the third line of paragraph 1 of Article 2 of the draft Treaty should be replaced in the English text by "North-East", so that the English should accord with the Russian and French texts.

A copy of the Sub-Committee's report (Document C.P.(JR) Red Doc. 1) is annexed to this Report.

C. In his letter of 1st October (Document C.P.(JR)Doc. 31), the Chairman of the Political and Territorial Commission for Italy referred the texts of the modifications to the draft Treaty with Italy which had been unanimously adopted by his Commission to the Legal and Drafting Commission for study. These modifications related to the Preamble, Articles 1 and 5, the heading of Section 4 of Part 1, Articles 11, 12, 18, 19, 20, 28, 31, 38, 76 and Annex 3, para. 1.

The Legal Commission studied these texts at its meeting on 3rd October. It unanimously approved the text of the Preamble, Articles 1, 11, 18, 19, 29 and 38 and Annex 3, Sub-Section 1. Further, it proposed the following textual amendments:

Article 5:

The new paragraph inserted by the Political and Territorial Commission was unanimously approved, except for a typing error in the English text: in line 5, delete the word "no" in the sentence ". . . or town of no more than 500 inhabitants".

Heading of Section 4 of Part 1:

The modification of the heading was unanimously approved, except that in the English text the heading should be corrected to read: "Federal People's Republic."

Article 12:

The modification adopted by the Political and Territorial Commission for Italy was unanimously adopted. The sentence: "Ces îles seront et demeureront démilitarisées" was re-inserted in the French text. In the English text, the words "Islets dependent on" should be substituted for "Islets depending from".

On the other hand, the Commission deleted from its agenda the discussion of Articles 28, 31 and 76 which had been erroneously referred to it, since the modifications in question had not been unanimously adopted by the Political and Territorial Commission for Italy.

D. In his letter of 1st October (Document C.P.(JR)Doc.26) the Chairman of the Political and Territorial Commission for Italy transmitted Article 11*a* of the draft Treaty with Italy to the Legal Commission for scrutiny of its drafting.

The Legal Commission considered that it would be desirable to make the following modifications to the text which was submitted to it:

In the French text, the phrase: "L'Italie remettra à la Yougoslavie ayant juridiquement le caractère de biens publics" should be replaced by the phrase: "L'Italie remettra à la Yougoslavie tous les objets ayant juridiquement le caractère de biens publics".

In the English text, the phrase: "Italy shall deliver all objects of a public legal character" should be replaced by the phrase: "Italy shall deliver all objects having juridically the character of public property."

In the Russian text of paragraph 3, the phrase: "It is impossible" should be substituted for the phrase: "It is possible" so that the text should accord with the English and French texts.

E. In his letter of the 4th October (Document C.P.(JR)Doc.39), the Chairman of the Political and Territorial Commission for Italy asked the Legal and Drafting Commission to examine, in connection with Article 12 of the draft Peace Treaty with Italy, the text and map of the proposed maritime frontier of Greece in the region of the Dodecanese Islands which had been prepared by the Greek Delegation. At its meeting on the 5th October, the Commission, after noting that no reference had been left to the Treaties of the 4th January 1932 and the 28th December 1932, decided to approve the text and the map submitted by the Greek Delegation, subject to the proviso that they should be [examined] by a Sub-Committee composed of experts from the Delegations of France, U.K., U.S.A., U.S.S.R. and Greece. This Sub-Committee held two meetings and unanimously adopted a resolution making a modification in the 3rd paragraph from the last of

the above-mentioned text. A copy of this resolution is annexed to this report. The text describing the frontiers and map will, with the agreement of the Commission, be submitted to the Plenary Conference.

F. In his letter of the 24th September (Document C.P.(JR)Doc. 18), the Chairman of the Political and Territorial Commission for Italy referred for consideration to the Legal and Drafting Commission Sub-Sections 1 and 3 of the text proposed by the Yugoslav Delegation for Article 13*a* of the draft Peace Treaty with Italy (Document C.P.(Gen) Doc. I.U.8).

At its meeting on the 30th September the Legal and Drafting Commission decided that the Delegates of Belgium, U.S.A., U.S.S.R. and Yugoslavia should form a semi-official working party for the study of this text.

An amended draft text was submitted to the Commission during its eighth meeting which was also held on the 30th September. After some discussion it was put to the vote and adopted as a whole by 17 votes to 1 and 2 abstentions.

Voted for: Australia, Belgium, Byelorussia, Canada, Czechoslovakia, Ethiopia, France, Greece, India, Netherlands, Norway, Ukraine, U.K., U.S.A., U.S.S.R., Union of South Africa, Yugoslavia.

Voted against: Brazil.

Abstained: China, New Zealand.

Absent: Poland.

The text so adopted is annexed to this report.

G. The Chairman of the Political and Territorial Commission for Italy referred by a letter (Document C.P.(JR)Doc. 35) addressed to the Legal and Drafting Commission to the text of paragraph 4 of draft Article 16*a* contained in the U.S. Delegation's proposal (Document C.P.(IT/P)Doc. 16), so that it should be brought into line with the French proposal (Document C.P.(IT/P)Doc. 105) which had previously been adopted.

The Legal Commission voted a new text proposed by the U.S. Delegation. 12 votes were cast in favour of the text, 8 Delegations abstained.

Voted for: Australia, Belgium, Brazil, Canada, China, Ethiopia, France, Greece, Netherlands, Union of South Africa, U.K., U.S.A.

Abstained: Byelorussia, Czechoslovakia, India, New Zealand, Norway, Ukraine, U.S.S.R., Yugoslavia.

Several delegations who abstained gave as their reason for abstaining the fact that, in their view, the matter in question was not within the competence of the Legal and Drafting Commission, or that the task of this Commission was not sufficiently well defined in the letter by which the text had been referred to it.

The above mentioned text, on which the Commission voted, is annexed to this report.

H. In a letter of the 24th September (Document C.P.(JR)Doc. 23), the Chairman of the Political and Territorial Commission for Italy referred the Greek proposal for the addition to the annex to Article 68 of the draft Peace Treaty with Italy (Document C.P.(Gen)Doc. I.J.15), to the Legal and Drafting Commission to verify whether the clauses of this proposal did not already appear in the Articles of Annexes of the draft Treaty.

After discussion during its meeting of the 30th September, the Commission instructed its Chairman, its Vice-Chairman and its Rapporteur, with the Delegate for the U.K., to draft the appropriate reply to the Political and Territorial Commission for Italy, taking account of observations made during the meeting in question, particularly by the Delegate for the U.K. This reply took the form of a report, the text of which is annexed to this report (Document C.P.(J.R.)Doc. 25).

2. TEXTS SUBMITTED BY THE ECONOMIC COMMISSION FOR ITALY

A. In a letter of the 21st September (Document C.P.(J.R.)13), the Chairman of the Economic Commission for Italy submitted for study to the Legal Commission the text of paragraph 1 of Article 68 of the draft Treaty with Italy to ensure that the French text, on the one hand, and the English and Russian texts, on the other, were in complete accord.

The Legal Commission unanimously decided to inform the Economic Commission for Italy that in the French text the words "qui sont situés" should be deleted.

B. In a letter of the 2nd October (Document C.P.(JR)33), the Chairman of the Economic Commission for Italy submitted to the Legal and Drafting Commission the text of the modifications, which had unanimously been agreed by his Commission, to the draft Treaty of Peace with Italy.

The Legal Commission unanimously approved the text of Article 65, paragraph 1 and that of sub-paragraph B of paragraph 5 of Article 69.

It also unanimously decided that in the English text of Article 64*a*, the expression: "The basis of calculation for the settlement", should be substituted for the expression: "The basis for calculating the settlement".

It unanimously decided that the following amendments should be made to the text of paragraph 5 of Article 65:

in the phrase in the English text: "from which such objects", the words "whose territory" should be substituted for the word "which";

in the same English text, in line 6, the word "as" should be inserted after the word "kind";

in the French text, the word "la" between the words "de" and "même" should be deleted.

The Commission further decided that the texts of this paragraph should be referred back to the Economic Commission for Italy so that the latter should make them completely concordant by using the words "value" in the English text and "valeur" in the French text, or by using the words "importance" in the English text and "importance" in the French text.

As regards Article 66, the Legal Commission unanimously adopted the following modifications:

in the French text, the expression: "ne fait pas obstacle" will be suggested instead of: "ne déroge pas";

in the English text, the expression: "shall not prejudice" should be substituted for "without prejudice".

Parallel corrections should be made in the Russian text.

3. TEXTS SUBMITTED BY THE MILITARY COMMISSION

In a letter of the 25th September (Document C.P.(JR) Doc.24), the Chairman of the Military Commission referred to the Legal Commission for consideration the text of the modifications which the Military Commission had unanimously made in the Draft Treaty of Peace with Italy.

The Legal Commission unanimously approved the text of Articles 40, 41, 46a, 46b, 47, 49 and 52 and of Annex 4a.

As regards Article 44, because of divergencies which had been noted in the documents referred to it, the Commission agreed that the English text appearing in brackets in this Article should read as follows: "*(other than torpedoes and torpedo launching gear inherent to naval vessels permitted in this Treaty)*" instead of as in certain documents "*(other than torpedoes and torpedo launching gear inherent to naval vessels)* permitted in this Treaty."

CONCLUSIONS

On behalf of the Legal and Drafting Commission, I have the honour to lay this report before the Conference for examination and approval of its conclusions.

The Committee recommends that the Conference should take action:

1. To approve Articles 15, 32, 33, 34, 35, 36, 77 and 78 of the Draft Peace Treaty with Italy, which were the subject of another report by this Commission.

2. To substitute in the third line of paragraph 1 of Article 2 of the English text, the words "North-East" for the words "North-West".

3. In the 5th line in the English text of Article 5 to delete the word "no".

4. To change the title of Section 4 of the first part as it appears in English to "Federal People's Republic".

5. To re-insert in the French text of Article 12 the words "Ces îles seront et demeureront démilitarisées", and in the English text to substitute the words "Islets depending on" for the words "Islets depending from".

6. In the French text of Article 11(*a*) to substitute the words "L'Italie remettra à la Yougoslavie tous les objets ayant juridiquement le caractère de biens publics" for the words "L'Italie remettra à la Yougoslavie ayant juridiquement le caractère de biens publics"; in the English text to substitute the words "Italy shall deliver all objects having juridically the character of public property" for the words "Italy shall deliver all objects of a public legal character", and in paragraph 3 of the Russian text to substitute the Russian equivalent for "Il est possible" for the expression "Il est impossible".

7. To approve the text describing the frontiers and map of the Dodecanese Islands ceded by Italy to Greece in accordance with Article 12.

8. To approve the text of Article 13(*a*) adopted by a vote of 17 to 1 and 2 abstentions.

9. To approve paragraph 4 of Article 16(*a*), adopted by a vote of 12 for with 8 abstentions.

10. In paragraph 1 of Article 65 to substitute the words "The basis of calculation for the settlement" for the words "The basis for calculating the settlement": in the English text to substitute the words "whose territory" for the words "which"; in the English text to insert the word "as" after the word "kind"; in the French text to delete the word "la" between the words "de" and "même".

11. To decide whether the objects to be restored by Italy under Article 65 should be appraised according to their value as set out in the English text or according to their importance as set out in the French text.

12. To delete in the French text of paragraph 1 of Article 68, the words "qui sont situés".

13. In the French text of Article 66 to substitute the words "ne fait pas obstacle" for the words "ne déroge pas"; in the English text to substitute the words "shall not prejudice" for the words "without prejudice"; and to make the corresponding change in the Russian text.

14. In the English text of Article 44 to have the expression read as follows: "(other than torpedoes and torpedo launching gear inherent to naval vessels permitted in this treaty)" instead of the words "(other than torpedoes and torpedo launching gear inherent to naval vessels) permitted in this treaty."

[Annex 1]

Report of the Legal and Drafting Commission Concerning the Work of the Drafting Sub-Committee

The Political and Territorial Commission for Italy, at its 10th and 11th Meetings decided to submit for the consideration of the Legal and Drafting Commission, paragraphs 2, 3 and 4 of Article 2 of the draft Peace Treaty with Italy, and Article 9 (Annex 2, Section IV) of the same draft. It was a question of referring in Article 2, paragraph 2 of the draft Peace Treaty to the Annex and maps to which it refers, and specifying the detailed description of the Franco-Italian line of frontier, in accordance with the decisions taken by the Political and Territorial Commission for Italy, and altering Section IV of Annex 2 to conform with the terms of the declaration made by the French Delegate to that Commission.

At its meeting of 11th September, the Legal and Drafting Commission set up a Sub-Committee consisting of representatives of the Delegations of the United States of America, Brazil, Czechoslovakia, France, New Zealand, Norway, the U.K. and the U.S.S.R. together with the Rapporteur to the Committee, Mr. François (Netherlands), charged with the examination of the draft text submitted by the French Delegation for the purpose of effecting the proposed alterations.

At its meetings on 16, 21 and 30 September, and 2 October, the Sub-Committee, after having examined the French Delegation's draft, decided, as regards Article 2, to adopt the text of the French draft which proposes to add at the conclusion of Article 2, the following paragraph: "The detailed description of those sections of the frontier which correspond to modifications 2, 3 and 4 above is contained in Annex . . . to the present Treaty, and the maps to which this description refers are part of Annex 1".

The Sub-Committee considers that it would be preferable to insert, at the end of Article 2, a general reference to the Annex which contains a detailed description of the frontier, rather than to make separate references to this Annex, inserted in paragraphs 2, 3 and 4 of the Article in question, in spite of the fact that the Sub-Committee had not been explicitly requested by the Political and Territorial Commission to alter paragraph 1 of Article 2.

Some Delegations pointed out that, at the 3rd line of the first paragraph of Section 3 of Article 2, the figure 2 refers to a distance given as a round figure in kilometres, between the point where the new frontier line rejoins the former one and the Pointe de Charra, and that this figure should be replaced by the figure 3, as the exact distance (2.7 kilometres approximately) is nearer 3 kilometres than 2 kilometres. It was also pointed out that the words "north-west" in the third line of paragraph 1 of Article 2 in the text of the treaty should be changed to "north-east" in the English text in order to correspond to the French and Russian texts and to the facts. The Legal and Drafting Commission not being competent to alter the text of the draft Treaty on this point, the Sub-Committee decided to make a recommendation in the above sense, for transmission to the Political and Territorial Commission.

In order to give effect to the decision of that Commission with regard to an alteration to paragraph 4 of Article 2, the Sub-Committee proposed to substitute for the words: "and shall rejoin the present frontier at the Pas de Strafourche, at about 6 kilometers south-east of Sospel" . . ., the words: "shall rejoin the existing frontier approximately 100 meters south-west of Monte Margo."

The French Delegation's proposal concerning the Annex to which the new paragraph, to be inserted at the end of Article 2, refers was adopted, subject to the corrections proposed by the Delegations of the U.S.A., U.K., and U.S.S.R. The corrected text is given as an annex to this report.

It was agreed that the English and Russian texts should be drafted by the American and Soviet Delegations, in collaboration with the Cartographic Service, so as to ensure concordance between the terms used and the conventional geographic symbols.

With reference to Article 8, the French Delegation had proposed the addition, at the end of paragraph 2, of the following sentence: "The necessary arrangements shall be made, in due time, between the two Governments." As the Political and Territorial Commission had not referred any proposed alterations of this Article to the Legal and Drafting Commission, the Sub-Committee did not feel called upon to consider this proposal, and the French Delegation therefore remains at liberty to take the question up again during the discussions in the Political and Territorial Commission.

Finally, and with reference to the alteration of Section IV of Annex 2 of the Draft Treaty, the Sub-Committee decided to add the following sentence to the text (in French): "Il entrera également dans le rôle de la Commission Technique de Surveillance de coopérer avec les Services

Techniques français compétents pour s'assurer que la sécurité des vallées inférieures n'est pas mise en danger." Taken from the Record of Decisions of the 11th meeting of the Political and Territorial Commission for Italy, and reproduced in a letter dated September 4, 1946, from the Chairman of that Commission to the Chairman of the Legal and Drafting Commission. The Sub-Committee decided to rectify the English text of the passage as follows in order to bring it into conformity with the French text :

"It shall also be within the functions of the supervisory Technical Commission to co-operate with the competent French Technical Services in order to ensure that the safety of the lower valleys is not endangered."

The Sub-Committee refrained from inserting a passage indicating that the guarantees in question only constituted a minimum, since it was felt that a declaration of this kind would be lacking in the necessary legal precision.

[Sub-Annex]

[This document consists of detailed descriptions of the sections of the Franco-Italian frontier which correspond to the modifications provided for under Article 2, and of the Dodecanese boundary in view of the provisions of Article 12; for text, see Department of State, *Paris Peace Conference, 1946*, Selected Documents, page 580.]

[Annex 2]

Article 13a of the Peace Treaty With Italy as Approved by the Commission

1. Within a period of one year from the coming into force of the present treaty, Italian citizens over 18 years of age (or married persons whether under or over that age), whose customary language is one of the Yugoslav languages (Serb, Croat or Slovene), and who are domiciled on Italian territory may, upon filing an appropriate request with the Yugoslav diplomatic or consular representatives in Italy, acquire Yugoslav nationality if the Yugoslav authorities accept their request.

2. In such cases, the Yugoslav Government will communicate to the Italian Government through the diplomatic channel lists of the persons who have thus acquired Yugoslav nationality. The persons mentioned in such lists will lose their Italian nationality on the date of such official communication.

3. The Italian Government may require such persons to transfer their residence to Yugoslavia within a period of one year from the date of the official communication.

4. The rules relating to the effect of options on wives and on children set forth in Article 13, paragraph 2, shall apply.

[Annex 3]

Text of Paragraph 4 of Article 16a of the Draft Peace Treaty With Italy as Approved by the Legal and Drafting Commission

Upon the renunciation of Italian sovereignty, the Free Territory of Trieste shall be governed in accordance with a provisional regime to be established by the Security Council, which shall remain in force until such date as the Security Council shall fix for the coming into force of a permanent Statute which shall have been approved by it. The Free Territory shall thenceforth be governed by the provisions of such permanent statute.

[Annex 4]

Report of the Legal and Drafting Commission on the Greek Proposal for a Special Article on the Position of the Greek Church in Italy

1. The Commission has considered the above-mentioned matter which was referred to it by the Political and Territorial Commission for Italy for an opinion whether the proposal is already covered by any of the existing Articles or Annexes of the Treaty.

2. The Commission considered that a considerable part of the proposal is in effect, covered by existing provisions although in its actual form it goes beyond anything at present contained in the Treaty.

3. It was pointed out that the Greek proposal was really a special case of the restoration of United Nations interests in Italy and that there were of course other special cases of the same kind affecting foreign churches and institutions in Italian territory. The Treaty did not attempt to deal with these special cases as such, but contained a number of general provisions aimed at covering them.

4. It was recognised that the difficulty arose from the fact that the Greek Church institutions in Italy, being incorporated under Italian law, were in form Italian institutions, but it was nevertheless considered that Article 68 covers the first paragraph of the Greek proposal if, as was presumably the case, the Greek Church institutions were treated by the Italians during the war as enemies. If they were not, that is to say, if they merely received the same treatment as other Italian institutions, the case would not be covered by Article 68.

5. The second paragraph of the Greek proposal is considered to be covered by Article 14. It is cast in different language, but it is a spe-

cial case of the application of Article 14. It is a deduction from it and certainly implicit in the terms of that Article which, if duly applied by the Italian Government, would achieve the object of the Greek proposal.

6. To some extent it seems that the third paragraph of the Greek proposal is covered by Article 68. If the institutions in question have temporarily ceased to function, someone must be entitled to deal with their property. If he is an Italian he will have the ordinary rights of an Italian subject; if a Greek or the Greek Government, the Italian Government will, in the circumstances contemplated by the first part of para. 4 above, be obliged under Article 68 to hand over the property, legal rights and interests of these institutions, and this will of course carry with it the right to administer the property, etc.

REPORTS ON THE DRAFT PEACE TREATY WITH RUMANIA

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Report of the Political and Territorial Commission for Rumania

C.P.(Plen) Doc. 15

PARIS, September 30, 1946.

Rapporteur: Mr. Karel Lisicky (Delegate of Czechoslovakia.)

MR. CHAIRMAN: The Political and Territorial Commission for Roumania has held 12 meetings under the Chairmanship of Mr. Dmitro Manuilsky, Delegate of the Ukraine (whose place was taken after the 5th meeting by Mr. A. M. Baranowsky). The Commission appointed Sir N. J. Wadia, Delegate of India, Vice-Chairman, and Mr. Karel Lisicky, Delegate of Czechoslovakia, Rapporteur.

The Commission's task was to study certain parts of the Draft Peace Treaty between the Allied and Associated Powers and Roumania and to make recommendations to the Plenary Conference.

The parts of the Draft Treaty referred to it for study are as follows:

Preamble	
Part I	Frontiers (Arts. 1 & 2—Annex 1)
Part II	Political Clauses (Arts. 3, 4, 5, 6, 7, 8, 9, 10).
Part IV	Withdrawal of Allied Troops from Roumania (Art. 21).
Part VIII	Final clauses (Arts. 35, 36, 37, 38).

In the course of its work the Commission considered:

—Eight amendments put forward by the Delegation of Australia, seven of which are quoted in Vol. 1 of Amendments proposed by the Delegations (C.P.(Gen) Doc.1) and numbered B.18, B.20, B.23, B.27, B.29, B.30 and B.31. Their reference was clarified in Documents C.P. (Rou/P) Doc.2, 4 and in Doc.7 which contains the text of the amendment not included in the general collection of amendments C.P.(Gen) Doc.1.

—A proposed new Article 3A put forward during the course of the discussions by the Delegation of the U.K. (C.P.(Rou/P)Doc.9).

—The observations of the Roumanian Government on the Draft Treaty (C.P.(Gen)Doc.3) in so far as they related to articles within the scope of the Commission and when they were taken up by one of the Delegations which are members of the Commission.

Further, at the time of the discussion of Article 2 of the Draft Treaty, the Commission, on the proposal of the Delegation of Australia, held a joint meeting with the Political and Territorial Commission for Hungary at which it heard successive statements from the Delegation of Hungary and of Roumania on the frontier line between Roumania and Hungary. Later, the Commission once again invited the Delegation of Roumania to make a verbal statement on its observations on Articles 7, 8 and 10 of the Draft Treaty.

The Articles submitted for examination by the Commission had already been agreed by the members of the Council of Foreign Ministers. The Four Powers had, however, been unable to reach agreement on Article 36 and had submitted to the Conference two texts, one put forward by the U.K. and the U.S.A., the other by the U.S.S.R.

As a result of its work, the Commission has come to the following conclusions:

1)—Articles 1, 4, 5, 6, 7, 8, 9, 10, 21, 35 and 38 and Annex 1 of the Draft Treaty were adopted unanimously, Article 3 was adopted by 11 votes, Bielorussia abstaining; Article 37 by 11 votes, Czechoslovakia voting against.

2)—The text of *Article 2* relating to the frontier between Roumania and Hungary was approved by the Commission by 10 votes and 2 abstentions: Australia and the Union of South Africa. This Article was examined and adopted after hearing the Delegations of the two countries concerned and after thorough discussion in the Committee. The representatives of the Four Powers Members of the Council of Foreign Ministers, made to the Commission, at the request of the Delegation of Australia, a statement of the Council's reasons for proposing the restoration of the former Hungaro-Roumanian frontier as it stood on 1st January, 1938.

3)—As regards Article 36, the Commission adopted after examination the text put forward by the U.K. and the U.S.A. by eight votes to four:

—For: U.S.A., Australia, Canada, France, the U.K., India, New Zealand, Union of South Africa.

—Against: Bielorussia, Czechoslovakia, Ukraine and the U.S.S.R.

In accordance with the provisions of Sec. VI of the Rules of Procedure, this text, voted by a two-thirds majority, is submitted for approval to the Plenary Conference as a recommendation by the Commission.

4)—During the examination of the Preamble, the Commission had before it an amendment by the Delegation of Australia (C.P.(Gen) Doc.1B1 and C.P.(Rou/P) Doc.2) and unanimously endorsed the two following proposals, the others contained in this amendment being withdrawn :

a)—In paragraph 4 of the Preamble, after the words “Whereas the Allied and Associated Powers and Roumania are respectively desirous of concluding a Treaty of Peace which”, to add the words “conforming to the principles of justice.”

b)—In the same paragraph, so as to preserve the logical sequence, to reverse the order of the two parts of the sentence after “conforming to the principles of justice”, so that the paragraph should read as follows: “Whereas the Allied and Associated Powers and Roumania are respectively desirous of concluding a Treaty of Peace which, conforming to the principles of justice, *will settle questions still outstanding as a result of the events hereinbefore recited and form the basis of friendly relations between*, thereby enabling, etc. . . ”.

The Preamble thus amended was adopted unanimously.

The Commission therefore submits it as a recommendation for the approval of the Conference.

5)—As has already been stated, the Delegation of the U.K., after the adoption of Article 3 of the Draft Treaty, proposed the inclusion of *Article 3A* to read as follows :

“Roumania further undertakes that the laws in force in Roumania shall not, either in their content or in their application, discriminate or entail any discrimination between persons of Roumanian nationality on the ground of their race, sex, language or religion, whether in reference to their persons, property, business, professional or financial interests, status, political or civic rights or any other matters”.

After discussion, this proposal won the support of a majority of seven votes to five.

—Those who voted for were: The United States, Australia, Canada, Great Britain, India, New Zealand, Union of South Africa.

—Those who voted against: Bielorussia, France, Czechoslovakia, Ukraine and U.S.S.R.

As the two-thirds majority was not obtained, the Commission under the terms of Sec. VI *b* of the Rules of Procedure should submit two reports to the Conference and state the respective points of view of the majority and of the minority. But it agreed that its Rapporteur should set forth both points of view in the general report. Thus the presentation of two separate reports is avoided.

The object of this proposal, as the British Delegation has made clear, “is to relieve the suffering of the Jews in Eastern Europe, by specifying the obligation of the Roumanian Government to respect the principle of non-discrimination between Roumanian nationals”.

According to the minority, this new provision is superfluous; on the one hand its object has already been achieved by Arts. 3 and 4 of the Draft Treaty; on the other, Roumanian legislation has already endorsed and applied the principles stated in this proposal and there is no reason at present for showing distrust of the Roumanian Government on this subject.

The majority, for its part, while recognising the fact that Arts. 3 and 4 of the Draft Treaty already to a great extent deal with the problem raised in the U.K. proposal, affirms that an additional provision serves to complete these Articles and is not superfluous.

It further considers that although the Roumanian laws at present in force are opposed to discrimination between Roumanian nationals, it is nevertheless advisable to confirm an existing juridical situation by introducing a special contractual engagement into the body of the Treaty.

As neither of these two views obtained the necessary two-thirds majority vote, it is for the Plenary Conference to decide the matter by a special vote.

6)—The other amendments of the Delegation of Australia were withdrawn after discussion, in view of the decisions taken by other political and territorial commissions on similar amendments.

The Commission, after taking cognisance of the Roumanian Delegation's observations, and after hearing the explanations of this Delegation on certain points, did not feel it desirable to adopt the proposals contained in the text of these observations.

Some Roumanian observations were, however, supported by Delegations which are members of this Commission: thus, during the consideration of the Preamble, the Ukrainian Delegation supported by the Czechoslovak Delegation, and later the Czechoslovak Delegation, supported some of the observations of the Roumanian Delegation. During the discussion of Article 3, the Delegation of Bielorussia supported the proposals of the Delegation of Roumania. The Czechoslovak Delegation also supported the observations of the Roumanian Delegation concerning Articles 10 and 37.

The Commission considered that other observations of the Roumanian Delegation were outside its competence and transmitted them either to the Political and Territorial Commission for Hungary, or to the Economic Commission for the Balkans.

These were observations submitted orally by the Roumanian Delegation concerning Article 7 of the Draft Treaty and pertaining to the inclusion in the Peace Treaty with Hungary of certain requests by the Roumanian Government.

Such, Mr. Chairman, is a concise report of the work of our Commission and of the results which it has achieved. On behalf of the

Political and Territorial Commission for Roumania, I have the honour to lay this report before the Conference for examination and for the approval of its conclusions.

The Commission proposes that the Conference should:

- 1.—Adopt the recommendations which the Commission has approved unanimously, or by a majority of at least two-thirds.
 - All Articles of the Draft Treaty which have been adopted without change.
 - The Text of the Preamble, the modifications to which were adopted unanimously.
 - The text proposed by the U.K. and U.S. Delegations, for Article 36, which was adopted by a two-thirds majority of the members of the Commission.

- 2.—Agree to examine separately Article 3 A proposed by the U.K. Delegation and approved by the Commission by a majority of seven votes to five.

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*Report of the Economic Commission for the Balkans and Finland
on the Draft Peace Treaty With Rumania*

C.P.(Plen)Doc. 29

PARIS, October 8, 1946.

MR. CHAIRMAN: The Economic Commission for the Balkans and Finland considered the Draft Peace Treaty with Roumania in the course of 38 meetings.

The Commission was composed of delegates from Australia, Bielorussia, Canada, Czechoslovakia, France, Greece, India, New Zealand, Ukraine, Union of South Africa, United Kingdom, United States of America, U.S.S.R. and Yugoslavia. The representatives of Belgium, Netherlands and Polish Delegations also attended meetings for the discussion of subjects on which according to their declarations they had expressed their interest.

The meetings of the Commission were presided over by the Delegate for Czechoslovakia, M. Korbél. The Vice-Chairmen were the Australian Representatives, M. Beasley and Senator Grant. The Representative of the Soviet Delegation, M. Gerashchenko, was elected Rapporteur.

The task of the Commission was to consider the economic and related provisions of the Draft Peace Treaties with Roumania, Bulgaria, Hungary and Finland which were drawn up by the Council of Foreign Ministers and also to submit eventual recommendations for modifications or additions to these provisions.

The Commission was instructed to consider the following parts of the Draft Peace Treaty with Roumania:

Part V.	Reparation and Restitution (Articles 22 and 23)
Part VI.	Economic Clauses (Articles 24-33 inclusive)
Part VII.	Clauses relating to the Danube (Article 34)
Annex 4.	Special provisions relating to certain kinds of property;
Annex 5.	Contracts, prescriptions and negotiable instruments;
Annex 6.	Prize courts and judgments.

In the course of its work the Commission received a series of supplementary proposals and amendments from member Delegations. These will be mentioned further on or inserted in the text of the Report or included in the Annexes.

The Commission also decided to ask the Roumanian Government's Representative to submit to it a detailed memorandum concerning the Articles and Annexes of the Draft Peace Treaty which were referred to the Commission for consideration.

This memorandum was transmitted to the General Secretariat of the Conference under number CP(Gen)Doc.3 and bore the title "Observations of the Roumanian Government concerning the Draft Peace Treaty with Roumania". This document also contained the observations of the Roumanian Government concerning Article 23, 24, 26, 27, 29, 30 and concerning annexes 4 and 5.

In addition, the Roumanian Government subsequently submitted the following notes and documents:

1. A letter from M. Tatarescu containing additional observations on Article 24 (C.P.(B&F/EC)Doc.6).

2. Memorandum of the Roumanian Delegation concerning property, rights and interests of the United Nations in Northern Transylvania (Addition to the above letter) (C.P.(B&F/EC)Doc.10).

3. A letter from M. Tatarescu containing additional observations on Article 22 (C.P.(B&F/EC)Doc.7).

4. A letter from M. Tatarescu with observations on the Polish amendment to Article 23 (C.P.(B&F/EC)Doc.8).

5. A memorandum of the Roumanian Delegation on the amendment by the Delegation of the Union of South Africa to Article 22 (C.P.(B&F/EC)Doc.11).

6. The Roumanian Delegation's letter regarding Article 26 (C.P.(B&F/EC)Doc.12).

7. Remarks of the Roumanian Delegation on Annex 4 (C.P.(B&F/EC)Doc.14).

8. The Roumanian Delegation's replies to the questions put by the U.S.A., Australian, French and U.K. Delegations (C.P.(B&F/EC)Doc.13 (a)-(d) referring to point 4 of Article 24 (C.P.(B&F/EC)Doc.19, 19 bis and 36).

9. The Roumanian Delegation's remarks in answer to the Commission's inquiry about the situation of the foreign insurance companies in Roumania (C.P.(B&F/EC)Doc.21);

10. Remarks of the Roumanian Delegation in answer to the remarks of the Hungarian Delegation concerning the United Nations property in Northern Transylvania (C.P.(B&F/EC)Doc.22) ;

11. Remarks of the Roumanian Delegation concerning the proposals of the Greek and U.K. Delegations on Annex 4, Part C, Shipping (C.P.(B&F/EC)Doc.23) ;

12. Remarks of the Roumanian Delegation on Article 29 (C.P.(B&F/EC)Doc.34) ;

13. Answers of the Roumanian Delegation to the questions of the Delegations of Ukraine and Australia in connection with Article 26 (C.P.(B&F/EC)Doc.39) ;

14. Letter of the Roumanian Delegation concerning the proposal of the U.S. Delegation on the insertion of Article 24 bis (C.P.(B&F/EC)Doc.43, 45 and 48).

All these documents of the Roumanian Delegation were considered by the Commission which took cognizance of them.

The Commission also heard the representative of the Roumanian Government on the question of compensation for the damage caused to the property of the United Nations in Roumania.

Concerning annexes and amendments which have not received a two-thirds majority, the Commission, according to the rules of Procedure, must submit to the Plenary Conference two or more reports. The Commission, however, agreed that the Rapporteur should state all the points of view which had not been agreed in a general report so as to avoid the presentation of two or more reports.

As a result of the consideration of the Articles, Annexes and amendments enumerated, the Commission came to the following conclusions :

PART V. REPARATION AND RESTITUTION

Article 22. Reparation

The Commission unanimously recommends the adoption of this Article unchanged.

The Australian amendments to Article 22 concerning a change in the method of payment of reparation (C.P.(Gen)Doc.1B24 and 25) were withdrawn by the Australian Delegation.

The South African amendment for the addition to Article 22 of an extra paragraph concerning prices of commodities delivered by Roumania by way of reparation (C.P.(Gen)Doc.1S2) was subsequently presented as a proposal to include in the Draft Treaty a new Article 30 bis, circulated as new document (C.P.(B&F)Doc.42).

Therefore, Article 22 was adopted with [*without?*] change.

Article 23. Restitution

The Commission unanimously recommends that this Article be adopted without modifications.

In view of the decision to add a second sentence to sub-paragraph 8 (c) of Article 24, the Commission took note of the fact that the foot-note of the U.K. Delegation to paragraph 7 of Article 23 was now unnecessary.

PART VI. ECONOMIC CLAUSES

Article 24. Property of the United Nations in Roumania

A. The Commission unanimously recommends that paragraphs 1 and 2 of this Article be adopted with the following modifications, moved by the Polish Delegation and adopted unanimously by the Commission:

(a) In paragraph 1 and 2 replace the words "June 22, 1941" by the words "September 1, 1939."

(b) Delete from the French text in paragraph 1 (line before the last) the words "qui sont situés" so as to bring the French text into harmony with the English and Russian texts.

The Commission also noted that in view of the decision to add a second sentence to sub-paragraph 8 (c) the foot-note of the U.K. Delegation to paragraph 1 was now unnecessary.

B. The Commission unanimously recommends that paragraphs 3, 5, 6 and 7 of this Article be adopted without modification.

C. Paragraph 4. During consideration of this paragraph, a vote was taken first on the principle of full compensation; 6 Delegations voted for full compensation (Australia, Canada, Greece, New Zealand, U.K., Union of South Africa) and 6 against (U.S.A. Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) with 2 abstentions (France, India).

Next a vote was taken on the proposal of the United States Delegation supported by the Soviet Delegation to grant 25 per cent compensation. Five votes were in favour of this proposal (U.S.A., Byelorussia, Ukraine, U.S.S.R., Yugoslavia) and nine against (Australia, Canada, France, Greece, India, New Zealand, Czechoslovakia, U.K., Union of South Africa).

The French Delegation's proposal in favour of 75 per cent compensation secured 9 votes (Australia, Canada, Czechoslovakia, France, Greece, India, New Zealand, U.K., Union of South Africa) for and 4 against (Byelorussia, Ukraine, U.S.S.R., Yugoslavia) with 1 abstention (U.S.A.)

The U.K. and Greek Delegations stated that while voting for partial compensation, they reserved the right to raise the question of total compensation at the Plenary Meeting of the Conference.

The Commission considered the text of paragraph 4 as proposed by the U.S.A. Delegation in the following terms:

“(a) The Roumanian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Roumanian Government compensation in lei to the extent of . . . percent of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favourable treatment with respect to compensation than that accorded Roumanian nationals.

(b) United Nations nationals who have ownership interests, held directly or indirectly in corporations or associations which are not United Nations nationals within the meaning of paragraph 8 (a) of this Article, but which have suffered a loss by reason of injury or damage to property, shall receive compensation in accordance with sub-paragraph (a) above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.

(c) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Roumania but shall be subject to the foreign exchange control regulations which may be in force in Roumania from time to time.

(d) The Roumanian Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such material and will in no event discriminate in these respects against such nationals as compared with Roumanian nationals.

(e) The Roumanian Government agrees similarly to compensate in lei United Nations nationals whose property has suffered loss or damage as a result of special measures taken against their property during the war which were not applied to Roumanian property.

The Soviet Delegation proposed to replace the last sentence in the text of sub-paragraph (a) of paragraph 4 in the new American draft by the following sentence :

“In no event shall United Nations nationals, including those having ownership interests held directly or indirectly in corporations or associations, receive less favourable treatment with respect to compensation than that accorded Roumanian nationals.”

The Soviet Delegation's proposal was rejected by 9 votes to 5.

The Commission also decided unanimously to replace in the French text of sub-paragraph (a) of the U.S. proposal (tenth line) the words “bien équivalent” by the words “bien de la même nature”.

The U.S. Delegation's proposal was put to the vote after discussion. The results of the voting were as follows: Sub-paragraph (a) of this

proposal received 9 votes in its favour: U.S.A., Australia, Canada, France, United Kingdom, Greece, India, New Zealand, Union of South Africa; 4 votes against: Byelorussia, Ukraine, U.S.S.R., Yugoslavia, and there was 1 abstention: Czechoslovakia; sub-paragraph (b), (c) and (d) 9 votes for: United States, Australia, Canada, France, United Kingdom, Greece, India, New Zealand, Union of South Africa, to 5 against: Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia.

The French Delegation proposed to replace sub-paragraph (e) of the new U.S. text by another text reading as follows:

“The Roumanian Government shall grant nationals of the United Nations an indemnity in lei sufficient to compensate, at the date of payment, the losses and damage due to the special measures applied to their property during the war, and which were not applicable to Roumanian property.[”]

The French proposal for sub-paragraph (e) received 8 votes for: Australia, Canada, France, United Kingdom, Greece, India, New Zealand, Union of South Africa and 6 against: U.S.A., Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia.

The Yugoslav Delegation made the following declaration concerning sub-paragraph (b) of paragraph 4 of Article 24 in the new U.S. text as quoted above:

“The Yugoslav Delegation feels bound to state that this provision should be rejected on grounds of international morality.

“The Yugoslav Delegation cannot conceive how such a provision could be embodied in a Treaty of Peace.

“In point of fact the provision referred to guarantees of special and privileged protection to United Nations nationals who during the war waged by Fascism against their country had some share or interest in corporations or associations which were notoriously working in the Fascist interest without such participation being regarded by the Fascist regime concerned as enemy participation but was held even up to the last moment to constitute a form of national participation by the Fascist regime concerned.

“The Yugoslav Delegation considers that Delegations which do not take this criterion of international morality into account will lay themselves open to criticisms which might be levelled at them sooner or later.

“The Yugoslav Delegation considers that the nationals of the United Nations to which this provision applies should be treated on the same footing as the Roumanian nationals who, during the war, shared their lot and their profits.”

As neither the U.K. Delegation's proposal in favour of full compensation for damage caused to United Nations property and the U.S.A. Delegation's proposal supported by the Soviet Delegation in favour of 25% compensation received a $\frac{2}{3}$ majority of the votes, the

U.K. and Soviet Delegations reserved the right to make the declarations to the Conference, which are appended to the present report (see Annexes). The Commission adopted no recommendation on the text of this paragraph.

D. *New paragraph after paragraph 4.* The Commission gave consideration to the observations of the Roumanian Delegation concerning the payment of compensation for damage done to United Nations property in Northern Transylvania during the period when this territory was under the administration of the Hungarian authorities.

The Commission unanimously recommends the adoption of the amendment moved by the U.S.A. Delegation and supported by the Delegations of U.S.S.R., United Kingdom, and France for the insertion in Article 24, after paragraph 4 of a new paragraph to the effect that the provisions of paragraph 4 of this Article concerning compensation for damage caused to United Nations property in Northern Transylvania are inapplicable to Roumania. It reads as follows:

“It shall be understood that the provisions of Paragraph 4 of this Article shall not apply to Roumania in so far as the action which may give rise to a claim for damage to property in Northern Transylvania or the United Nations or their nationals took place during the period when this territory was not subject to Roumanian authority.”

B. [E] *Paragraph 8*

1. This Commission recommends the adoption of sub-paragraphs (a), (b) and (c) of paragraph 8, the first of which was adopted by 11 votes with 3 abstentions. The other two were adopted unanimously.

The Australian Delegation's amendment to paragraph 8 (C.P. (Gen)Doc.1.B.26) was rejected by the Commission by 10 votes to 3 and 1 abstention.

2. The commission recommends the insertion in the text of sub-paragraph (c) of paragraph 8 of a second sentence defining the expression “ships of the United Nations”.

A Sub-Commission was set up to prepare a draft definition of the term “ships of the United Nations”. It comprised representatives of the Delegations of the U.S.S.R., U.S.A., U.K., France, Greece, Czechoslovakia and Yugoslavia.

The Sub-Commission submitted the following proposal for the Commission's approval:

“In particular ‘property’ includes all seagoing and river vessels together with their gear and equipment, which were either registered in the territory of one of the United Nations or sailed under the flag of one of the United Nations and which, after September 1st, 1939, while in Roumanian waters, either were placed under the control of the Roumanian authorities as enemy property or ceased to be at the free dis-

posal of the United Nations or their nationals, in Roumania, as a result of measures of control taken by the Roumanian authorities in relation to the existence of a state of war between Germany and members of the United Nations.”

This proposal secured 5 votes in favour and 8 against with 1 abstention.

The U.S.A. Delegation made a proposal on this question, worded as follows:

“Without prejudice to the generality of the foregoing provisions, the property of the United Nations and their nationals includes all seagoing and river vessels, together with their gear and equipment, which were either *owned by the United Nations or their nationals*, or registered in the territory of one of the United Nations, or sailed under the flag of one of the United Nations and which, after September 1st, 1939, while in Roumanian waters, either were placed under the control of the Roumanian authorities as enemy property or ceased to be at the free disposal of the United Nations or their nationals, in Roumania, as a result of measures of control taken by the Roumanian authorities in relation to the existence of a state of war between Germany and members of the United Nations.”

The U.S.A. proposal secured 8 votes in favour and 5 against with 1 abstention.

In view of the fact that neither of the two proposals above mentioned secured a majority of $\frac{2}{3}$ the Commission submits to the Plenary Conference two drafts of the second sub-paragraph of paragraph 8 (e) of Article 24.

New Article after Article 24

The Commission considered the proposals of the U.K. and U.S.A. Delegations to include a new Article 24 bis to cover restoration of property which was confiscated in Roumania during the war because of the racial origin or religion of the owners.

The U.K. Delegation proposed the following text for this additional Article:

“Roumania undertakes that in all cases where the property, legal rights or interests of persons under Roumanian jurisdiction has since September 1st, 1939, been the subject of measures of sequestration, confiscation or control on account of the racial origin or religion of such persons, the said property, legal rights and interests shall be restored together with their accessories or, if restoration is impossible, that full compensation shall be made therefor.”

There were 7 votes in favour of this proposal, 5 against and 1 abstention.

The text of the U.S.A. Delegation's proposal reads as follows:

“1. Roumania undertakes that in all cases where the property, legal rights or interest in Roumania of persons, organizations, or communi-

ties which were the object of racial, religious or other Fascist measures of persecution or discrimination (other than these entitled to the benefits of Article 24) have been subjected since September 1, 1939, to measures or seizure, sequestration or control, or to transfer by force or duress, such property shall be returned, such legal rights and interest shall be restored and such forced transfers shall be invalidated. In the event such return or restoration is impossible, compensation shall be paid in lei on a basis no less favourable than that accorded to Roumanian nationals generally for any losses suffered in Roumania as a result of the war."

"2. All property, rights and interests passing under this Article shall be restored free of all encumbrances and charges of any kind to which they may have become subject since the date of seizure, sequestration, control or transfer, and no charges shall be imposed in connection with their return."

"3. The Roumanian Government undertakes within twelve months after the date of coming into force of the present treaty, to transfer to the International Refugee Organization (or any other organization designated by the Economic and Social Council of the United Nations) for purposes of relief and rehabilitation within Roumania, all property rights and interests in Roumania owned by persons, organizations and communities which individually or as members of groups, were the object of racial, religious or other Fascist measures of persecution or discrimination, including property rights and interests required to be restored under this Article, and which for a period of six months after the date of coming into force of the present treaty have remained ownerless, heirless or unclaimed."

This proposal was voted upon separately and the first two paragraphs were rejected by 7 votes to 1 with 6 abstentions. The third paragraph of the proposal of the U.S.A. Delegation received 7 votes for to 5 against and there were 2 abstentions.

The Soviet Delegation considers it unnecessary to insert in the text of the Treaty a special Article 24 bis and submits its observations on this question (annex . . .).

In connection with the discussion of the U.K. and U.S.A. proposals for the insertion of this Article in the Peace Treaty with Roumania, the Roumanian Delegation represented the observations set forth in documents (C.P.(B&F/EC)Doc.43, 45 and 48). The Roumanian Delegation considers it superfluous to include such an article in the Peace Treaty.

Article 25—German assets in Roumania

The Commission unanimously recommends the adoption of this article, deleting from the French text the words "qui ont été" before the word "transférés" so as to bring the French text into harmony with the Russian and English texts.

Article 26—Roumanian Property on United Nations territory

A. In connection with the discussion in the Commission of Article 26, the Ukraine Delegation suggested substituting for the wording of Article 26, as set out in the Draft Peace Treaty, the following text:

“In so far as the rights of the Roumanian Government and those of the Roumanian physical and juridical persons, as regards Roumanian property and other Roumanian assets on the territory of the Allied and Associated Powers have been restricted, because of the Roumanian participation in the war on the side of Germany, those rights shall be restored after the coming into force of the present Treaty.”

The Commission rejected the Ukrainian Delegation's proposal by 10 votes to 3 (Byelorussia, Ukraine and Yugoslavia) with 1 abstention (Czechoslovakia).

B. The Commission recommends the adoption without modification of parag. 1, 2 and 3 of this Article (parag. 1 and 2 received 10 votes for and 3 against, with 1 abstention; paragraph 3 obtained 10 votes for, 2 against and 2 abstentions).

C. Paragraph 4. The Commission considered the Australian amendment proposing the deletion from this paragraph of the words “literary and artistic” and “literary and artistic.” [*sic*] Eight votes were cast for the adoption of this amendment and 5 against, with 1 abstention.

Paragraph 4 thus amended, received 8 votes for, 2 against, with 4 abstentions.

D. Paragraph 5. The Commission considered the Australian proposal to add to this paragraph a sub-paragraph (*e*) reading as follows: “Literary and artistic property rights.” This amendment received 8 votes with 5 against and 1 abstention.

Thus amended, paragraph 5 was put to the vote, 9 delegations voting for and 5 abstaining.

The minority does not think it necessary to include the above modifications in paragraphs 4 and 5 of Article 26 and the Commission therefore leaves it to the Plenary Conference to decide what final recommendations should be adopted regarding the wording of these paragraphs.

Article 27. Roumanian Assets on the territory of other ex-enemy countries

The Commission adopted no recommendation regarding the text of this Article, for which two proposals are contained in the Draft Peace Treaty—one by the U.S.S.R. Delegation and one by the Delegations of the U.K., U.S.A. and France.

Nine votes were cast for the U.S.A., U.K. and French Delegations

proposal (U.S.A., Australia, Canada, France, Greece, India, New Zealand, United Kingdom, Union of South Africa) and 5 against (Byelorussia, Czechoslovakia and Yugoslavia, Ukraine, and U.S.S.R.).

The U.S.S.R. Delegation submitted the following new draft for paragraph 1 of this Article, with the second sentence modified:

“1. Limitations imposed in respect of Roumanian property on the territory of Germany and on the territory of other countries which took part in the war on the side of Germany shall be withdrawn after the coming into force of the present Treaty.

The rights of Roumanian owners with respect to the disposal of the property in question shall be restored in so far as no other joint decisions are taken in this connection by the powers signatory to the Armistice terms or to the terms of the capitulation.”

The Soviet Delegation's proposal thus amended received 5 votes for (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) and 9 against (U.S.A., Australia, Canada, France, Greece, India, New Zealand, U.K., Union of South Africa).

It will be the duty of the Plenary Conference to prepare a final recommendation of the text of this article.

Article 28: Debts

The Commission unanimously recommends the Plenary Conference to adopt this Article without modification.

Article 29: Waiver of Claims

The Commission unanimously recommends the Plenary Conference to adopt this Article with the following modification of the wording of paragraph 3:

“3. Roumania likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Roumanian Government or Roumanian nationals against any of the United Nations, *whose diplomatic relations with Roumania have been broken off during the war* and which took action in co-operation with the Allied and Associated Powers.”

This modification was introduced on the basis of the Polish Delegation's proposal (C.P.(B&F/EC)Doc.35) and unanimously approved by the Commission.

Article 30: General Economic Relations

A. The Commission unanimously recommends the Plenary Conference to adopt without modification paragraph 1 of this Article, together with sub-paragraphs (a) and (b).

B. (a) With regard to sub-paragraph (c) the Commission did not adopt a recommendation regarding the final wording of the first

addition to the sub-paragraph and submits for the decision of the conference two proposals:

1. The proposal of the U.S.S.R. Delegation to include in sub-paragraph (c) additional words excluding certain branches where private enterprise does not operate. In the Commission, 5 votes were cast for (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) and 9 against this proposal (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, Union of South Africa).

2. An alternative text for this proposal was suggested by the U.K., U.S.A. and French Delegations, for which 9 votes were cast in favour (U.S.A., Australia, Canada, [France] U.K., Greece, India, New Zealand, Union of South Africa) and 5 against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

b) A second addition to sub-paragraph (c) proposed by the U.S.A. Delegation dealing with civil aviation which was included in the draft Peace Treaty was submitted to the Commission in amended form viz.:

“It is further understood that the foregoing provisions of paragraph (c) shall not apply to civil aviation, but that Roumania will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in International traffic and will afford all the United Nations equality of opportunity for obtaining international commercial aviation rights in Roumanian territory.”

This proposal which was supported by the U.K. Delegation received 9 votes in favour (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, Union of South Africa) and 5 against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

2. The French Delegation tabled an alternative proposal for the wording of this addition, which read:

“It is further understood that the foregoing provisions of paragraph (c) shall not apply to civil aviation, but that Roumania will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic and will afford all the United Nations equality of opportunity for obtaining international commercial aviation rights in Roumanian territory, *and will grant to any United Nation on a basis of reciprocity, and without discrimination, with regard to the operation of civil aircraft in international traffic the right to fly over Roumanian territory without landing and to make landings in Roumanian territory for non-commercial purposes.*”

The French Delegation's proposal was adopted by 7 votes to 5 with 2 abstentions.

3. The U.S.S.R. Delegation, as well as the Delegations of Byelorussia, Czechoslovakia, Ukraine and Yugoslavia, see no reason for includ-

ing an addition to sub-paragraph (c) regarding civil aviation, and suggest that it should not be accepted.

C. The Commission was also unable to reach a decision on paragraph 2 of this Article on certain exceptions to Roumania's obligations under para. 1 of this Article, two separate texts for which were presented by the Council of Foreign Ministers. Both these texts were discussed in the Commission, and the result of the voting was as follows: 5 votes were cast for the U.S.S.R. Delegation's proposal (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia), 9 voted against it (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, Union of South Africa). The French, U.K. and U.S.A. Delegation's proposal received 9 votes (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, U.S. Africa [*Union of South Africa*]) to 5 (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

The Commission leaves the final decision of the question to the Plenary Conference.

New Article 30-bis

The Commission considered the proposal of the Delegation of the Union of South Africa to insert in the Peace Treaty an additional Article 30-bis which should read as follows:

“The Roumanian Government undertake to pay fair prices by reference to world conditions for commodities delivered by that Government by way of reparation obtained from United Nations' nationals as defined in Article 24. Any dispute between the Roumanian Government and such United Nations' nationals relating to prices shall be dealt with in accordance with the provisions of Article 31.”

The Commission did not adopt a recommendation on this question, as the above-mentioned proposal obtained a simple majority in the Commission, 9 votes (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, Union of South Africa) to 5 (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia). Thus a decision on this question will have to be taken by the Plenary Conference.

Article 31. Settlement of disputes

This Article was submitted to the Commission in two separate texts, that of the United Kingdom Delegation and that of the U.S.S.R. Delegation, which appear in the Draft Peace Treaty as proposed by the Council of Foreign Ministers. However, the Commission did not approve a recommendation for the acceptance of either of these texts, as the United Kingdom Delegation's proposal received 8 votes for and 5 against with 1 abstention, while the Soviet Delegation's text obtained 5 votes for and 8 against with 1 abstention.

The U.S.A. and French Delegations' footnotes were declared unnecessary after a vote was taken.

A recommendation on Article 31 should be made by the Plenary Conference.

Article 32. Scope of application of the Economic Articles

The Commission unanimously recommended the approval of this Article in the following wording:

“Articles 23, 24, and 30 and Annex 6 of this Treaty shall apply to the Allied and Associated Powers and France and to those of the United Nations *whose diplomatic relations with Roumania have been broken off during the war.*”

Article 33. Annexes to be integral parts of the Treaty

The Commission unanimously recommends the approval of this Article without amendment.

The Yugoslav Delegation withdrew its proposal to delete from this Article the references to Annexes which have no connection with the economic provisions.

PART VII. CLAUSES RELATING TO THE DANUBE

Article 34.

The Commission received two proposals from the Council of Foreign Ministers, the first emanating from the United Kingdom and U.S.A. Delegations, to include Article 34 in the form in which it appears in the draft Peace Treaty, and to which an addition was made by the United Kingdom Delegation; the second, that of the U.S.S.R. Delegation which was against the inclusion of the Article in the Treaty, for reasons which were likewise set out in the Draft.

After some discussion the Soviet Delegation's proposal was put to the vote; 5 votes were cast in favour of it (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., and Yugoslavia) and 9 against (Australia, Canada, France, Greece, India, New Zealand, Union of South Africa, United Kingdom, and the U.S.A.)

Both the United Kingdom and the U.S.A. Delegations withdrew their previous proposals and accepted the new proposal tabled by the French Delegation, which words Article 34 as follows:

“1. Navigation on the Danube River shall be free and open on terms of entire equality to the nationals, vessels of commerce and goods of all states.

“2. With a view to ensuring the practical application of this principle, Roumania undertakes to take part, together with France, the U.S.S.R., the United Kingdom, the United States of America, and the Danubian States in a Conference which shall be convened within six months of the entry into force of this Peace Treaty, with the object of establishing a new International Regime for the Danube.”

The Commission cast 8 votes for this proposal (Australia, Canada, France, Greece, New Zealand, Union of South Africa, U.K. and U.S.A.) and 5 against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., and Yugoslavia) with 1 abstention (India).

[Statements or reservations in connection with this article were made by the following delegations: Belgium, Poland, Greece, United Kingdom, France, and Yugoslavia.]⁵⁰

Therefore, the Commission is unable to submit a recommendation for the inclusion of Article 34 in the Draft Peace Treaty and refers this question to the Plenary Conference for their decision.

ANNEX 4—SPECIAL PROVISIONS RELATING TO CERTAIN KINDS OF PROPERTY

SECTION A. INDUSTRIAL, LITERARY AND ARTISTIC PROPERTY

1. The Commission unanimously recommends the adoption of paragraphs 1, 2, 3, 5, 6, and 8 of this section, without amendment.

2. The Commission unanimously recommends that the text of paragraph 4 printed in italics and enclosed in brackets be replaced by the following new text and that the whole paragraph read as follows:

“But nothing in these provisions shall entitle Roumania or its nationals to more favourable treatment in the territory of any of the Allied or Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Roumania be required thereby to accord to any of the Allied or Associated Powers or its nationals more favourable treatment than Roumania or its nationals receive in the territory of such Power in regard to the matters dealt with in the foregoing provisions.”

Accordingly the observations by the U.S.S.R. and U.S.A. Delegations included in the draft Peace Treaty under this paragraph are now unnecessary.

3. The Commission unanimously recommends replacing the text in italics of paragraph 7 by a new text which will read as follows:

“Roumania shall extend the benefits of Section A of this Annex to France and to other United Nations, other than Allied or Associated Powers, whose diplomatic relations with Roumania have been broken off during the war and which undertake to extend to Roumania the benefits accorded to Roumania under Section A of this Annex.”

The unanimous adoption of this text by the Commission also implies that the Soviet Delegation's note on this paragraph as reproduced in the Draft Treaty is now unnecessary.

SECTION B. INSURANCE

Two proposals were submitted to the Commission: one for the inclusion in the Treaty of this section, in the wording proposed by the

⁵⁰ Brackets appear in the source text.

United Kingdom Delegation and reproduced in the Draft Treaty and which was not fully approved by the U.S.A. Delegation, and a proposal by the Soviet Delegation not to include such a section in the Treaty.

Later, the U.K. Delegation's proposal was replaced by the following text consisting of 2 paragraphs proposed by the French Delegation (the words "for a period of 18 months" were on a proposal by the Canadian Delegation which secured 7 votes, (Australia, Canada, Greece, India, New Zealand, U.K., Union of South Africa) 6 votes being cast against (U.S.A., Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) with 1 abstention (France), replaced by the words "for a period of 3 years".)

"1. The Roumanian Government shall grant every facility to insurers who are nationals of the United Nations to resume possession of their former portfolios in Roumania".

"2. Should an insurer a national of any of the United Nations, wish to resume his professional activities in Roumania, and should the value of guarantee deposits or reserves required for the operation of insurance concerns in Roumania be found to have decreased as a result of the loss or depreciation of the securities which constituted such deposits or reserves, the Roumanian Government undertakes to accept such securities as still remain (for a period of three years) as fulfilling the legal requirements in respect of deposits and reserves."

The Yugoslav Delegation moved to add to the text proposed by the French Delegation a paragraph 3 reading as follows:

"3. Nothing in the present Annex shall be considered as contradictory to Article 30 of the present Treaty."

This proposal was defeated by 9 votes (U.S.A., Australia, Canada, India, New Zealand, U.K., U.S.S.R., Ukraine, Union of South Africa) to 2 (France, Yugoslavia) with 3 abstentions (Byelorussia, Greece, Czechoslovakia).

The Commission did not adopt any recommendation on this question as 9 votes were cast for & 5 against the proposal to include this section, as drafted by the French Delegation, while 5 votes (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) were cast for and 9 against the proposal (U.S.A., Australia, Canada, France, Greece, India, New Zealand, U.K., Union of South Africa) of the Soviet Delegation not to include in the Treaty Section B of Annex 4.

The Plenary Conference will have to adopt a final recommendation on this question.

SECTION C. SHIPPING

Two proposals were before the Commission: a proposal by the Soviet Delegation not to include in the Treaty any special provisions

relating to shipping and a proposal to insert this section in the Treaty as drafted by the United Kingdom Delegation and reproduced in the draft Treaty. The U.S.A. and French Delegations entered a reservation concerning this text to the effect that they considered it necessary to include in the Treaty only a definition of the ships to which the provisions of Article 24 concerning United Nations property will apply.

On the proposal of the Soviet Delegation, the Commission voted 9 (U.S.A., Byelorussia, Canada, France, India, New Zealand, Czechoslovakia, Ukraine, U.S.S.R.) against 4 (Australia, Greece, U.K., Union of South Africa) with 1 abstention (Yugoslavia) for the deletion of paragraphs 2 to 4 of the text, proposed by the U.K. Delegation thus meeting the wishes of the U.S.A. and French Delegations as recorded in the Draft Treaty that this Section should merely define the expression "Ships of the United Nations".

In order to prepare the text of such a definition the Commission unanimously decided to appoint a Sub-Commission which supplied the text in question.

The results of the vote on the text proposed by the Sub-Commission and also the text submitted by the U.S.A. Delegation are given above (See Art. 24, para. 8(c)).

SECTION D. PETROLEUM

Two proposals were submitted to the Commission: a proposal by the United Kingdom Delegation to include this section in the Treaty in the form in which it appears in the draft Treaty (paras. 1 to 8) as qualified by the U.S.A. Delegation's reservation which is also included in the Draft; and a proposal by the Soviet Delegation not to include in the Treaty any special provisions regarding petroleum.

In the course of the Commission's proceedings the United Kingdom Delegation amended its proposal and submitted it in following form:

1. "The Roumanian Government undertakes to restore and replace the damaged or destroyed property belonging to United Nations nationals engaged in the petroleum industry in Roumania with the least possible delay and, failing the complete restoration or replacement of such property within a period of one year from the date of the coming into force of this Treaty, the Roumanian Government undertakes to pay to such United Nations nationals full compensation including compensation in convertible currency to the extent required by them to effect restoration or replacement from sources outside Roumania".

2. "The Roumanian Government accepts to compensate United Nation nationals engaged in the petroleum industry in Roumania for all reasonable expenses incurred in preparation for and in execution of provisional repairs and replacements to the damaged property of

United Nations nationals, during the war and since the signing of the Armistice and until such time as complete restoration or replacement of damaged or destroyed property has been effected”.

3. “The Roumanian Government undertakes to modify the Petroleum Law of 1942 so as to remove the features discriminating against United Nations nationals a compared with the legislation in force on September 1, 1939 and to afford those nationals fair and equitable treatment in the petroleum industry”.

4. “In order to facilitate the rehabilitation and maintenance of the property of United Nations nationals, engaged in the petroleum industry of Roumania, the Roumanian Government undertakes to allow higher administrative officials and technical experts selected by such United Nations nationals to enter Roumania and to exercise their respective professions in the petroleum industry of Roumania without hindrance.”

On a vote, sub-paragraphs 1 and 2 of this text were approved by 7 votes (Australia, Canada, Greece, India, New Zealand, U.K., Union of South Africa) to 6 (U.S.A., Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia), with 1 abstention (France): sub-paragraph 3 was approved by 8 votes (Australia, Canada, France, Greece, India, New Zealand, U.K., Union of South Africa) to 6 (U.S.A., Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) and sub-paragraph 4 by 7 votes (Australia, Canada, Greece, India, New Zealand, U.K., Union of South Africa) to 7 (U.S.A., Byelorussia, France, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

On the four paragraphs as a whole 7 votes were cast for, and 7 against, some members declaring that they had voted for or against on the assumption that a vote would be taken on the first three paragraphs as a whole—such a vote was not, however, taken.

Thus, the Commission leaves it to the Plenary Conference to decide whether or not to recommend the inclusion of this section of the Annex in the Peace Treaty.

ANNEX 5—CONTRACTS, PRESCRIPTIONS AND NEGOTIABLE INSTRUMENTS

The two proposals were submitted to the Commission for its consideration:

a) The Soviet Delegation’s proposal not to include an Annex on these questions in the Peace Treaty

b) The U.K. Delegation’s proposal to include an Annex as worded in the Draft Peace Treaty consisting of the following sections:

- I. CONTRACTS
- II. PRESCRIPTION
- III. NEGOTIABLE INSTRUMENTS
- IV. MISCELLANEOUS

1. Stock exchange and commercial contracts
2. Security.

The Commission makes no recommendation about the inclusion of this Annex in the Treaty as none of the sections of this Annex obtained a $\frac{2}{3}$ majority.

I—CONTRACTS

1. The Soviet Delegation proposed not to insert this chapter in the Draft Peace Treaty. Five Delegations voted in favour of it (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia) and five against (Australia, France, India, Union of South Africa, United Kingdom). There were 4 abstentions (Canada, Greece, New Zealand, U.S.A.)

2. The United Kingdom Delegation proposed the inclusion in the draft Peace Treaty of the section on Contracts in the wording as given in the draft Peace Treaty with Roumania, with a modification in paragraph 1.

This paragraph was submitted for the consideration of the Commission in the following wording :

“Any contract concluded between enemies shall be deemed to have been dissolved as from the time when any of the parties became an enemy, except in respect of any debt accrued or money paid or other pecuniary obligations arising out of any act done thereunder, and subject to the exceptions set out in the following paragraph; and subject to repayment of amounts paid as advances or on account and in respect of which no counterpart exists.”

The proposal of the U.K. Delegation to insert in the draft Peace Treaty a section on Contracts with an amended paragraph 1, was supported by 5 Delegations (Australia, France, Greece, Union of South Africa, United Kingdom); 7 Delegations voted against (Byelorussia, Czechoslovakia, India, Ukraine, U.S.A., U.S.S.R., Yugoslavia) and there were 2 abstentions (Canada, New Zealand).

3. The U.S.A. Delegation proposed that an additional section 5 be inserted in Annex 5. The U.S.A. Delegation proposed the following text for this section :

“Having regard to the legal system of the United States of America, the provision of this Annex shall not apply to the relations as between the United States of America and Rumania.”

This proposal by the U.S.A. Delegation received 8 votes in favour (Australia, Canada, France, Greece, India, Union of South Africa, United Kingdom, U.S.A.) and 3 votes against (Ukraine, U.S.S.R., Yugoslavia). There were 3 abstentions (Byelorussia, Czechoslovakia and New Zealand.)

II—PERIODS OF PRESCRIPTION

1. The Soviet Delegation proposed to include in the Draft Peace Treaty a section relating to periods of prescription with the following wording:

“I) All periods of prescription or limitation of rights of action or of undertaking an act or formality of conservation in regard to mutual relations with reference to persons and property, between Roumanian physical or juridical persons, on the one hand, and United Nations physical or juridical persons, on the other hand, irrespective of whether these periods commenced before or after the outbreak of war, shall be regarded as having been suspended in Roumanian territory for the duration of the war on condition that the United Nation concerned will, also, on conditions of reciprocity, regard these periods of prescription in respect of the mutual relations stated above, as having been suspended in its territory.

They will begin to run again three months after the entry into force of the present Treaty.

II) The provisions of Article 1 of the present Annex will be applicable in regard to the periods fixed for the redemption of securities or their coupons, likewise to any transactions relating to such securities.”

The Soviet Delegation accepted:

a—The Yugoslav amendment, providing for the addition in the first line of Paragraph 1 after the words “right of action” the words “or of undertaking an act or formality of conservation”.

b—The French Delegation’s amendment providing for the addition in the second line of Paragraph 1 after the word “with reference to” the words “persons and”.

The proposal of the Soviet Delegation was supported by 6 Delegations (Bielorussia, Czechoslovakia, France, Ukraine, U.S.S.R., Yugoslavia). 7 Delegations voted against it (Australia, Canada, Greece, India, South Africa, U.K., U.S.A.). 1 Delegation abstained: (New Zealand).

2. The U.K. Delegation proposed the inclusion in the Draft Peace Treaty of a section on periods of prescription in the wording as set out in the Draft Treaty with the addition of a paragraph 8 reading as follows:

“For the purpose of these Sections of the present Annex relating to periods of prescription and negotiable instruments, the parties to a contract shall be regarded as enemies when trading between them shall have been prohibited by or otherwise become unlawful under laws, orders or regulations to which one of these parties or the contract was subject. They shall be deemed to have become enemies from the date when such trading was prohibited or otherwise became unlawful.”

This proposal of the United Kingdom Delegation was supported by 6 Delegations (Australia, France, Greece, India, South Africa, U.K.).

6 Delegations voted against it (Bielorussia, Czechoslovakia, Ukraine, U.S.A., U.S.S.R., Yugoslavia).

2 Delegations abstained: (Canada, New Zealand).

III—NEGOTIABLE INSTRUMENTS

1. The U.S.S.R. Delegation proposed not to include a section on negotiable instruments in the Draft Peace Treaty.

This proposal was supported by 5 Delegations (Bielorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

8 Delegations voted against it (Australia, Canada, France, Greece, India, South Africa, U.K., U.S.A.).

1 Delegation abstained: (New Zealand).

2. The U.K. Delegation proposed to insert in the Peace Treaty a section on negotiable instruments in the wording as set out in the Draft Treaty.

7 Delegations supported this proposal (Australia, France, Greece, India, South Africa, U.K., U.S.A.).

5 Delegations voted against it (Bielorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

2 Delegations abstained from voting.

IV—MISCELLANEOUS

1. The U.S.S.R. Delegation proposed not to insert this section in the Peace Treaty.

This proposal was supported by six Delegations (U.S.A., Bielorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

Seven Delegations voted against (Australia, Canada, France, Greece, India, Union of South Africa, United Kingdom).

1 Delegation abstained: (New Zealand).

2. The United Kingdom Delegation proposed the inclusion in the Peace Treaty of Part IV of Annex 5, in the wording as given in the Draft Treaty.

Six votes were cast for this proposal (Australia, France, Greece, India, the Union of South Africa, United Kingdom).

Six delegations voted against the proposal: (Bielorussia, Czechoslovakia, Ukraine, U.S.A., U.S.S.R., Yugoslavia):

2 Delegations abstained (Canada and New Zealand).

The Canadian Delegation declared that it abstained from voting on Annex 5 in the drafting of the U.K. Delegation for the reason that it still considered the possibility of applying the provisions of Annex 5 to

Federative states, and that it may submit an amendment to that question when it comes before the Plenary Conference.

ANNEX 6—PRIZE COURTS AND JUDGMENTS

I. The Commission unanimously recommends the adoption of Part A, Prize Courts, without amendment.

II. The Commission was unable to agree [on] a recommendation regarding Part B, Judgments, 3 different texts for which were presented by the Council of Foreign Ministers.

a) The proposal of the United States Delegation, supported by the U.S.S.R., received 7 votes (Byelorussia, Czechoslovakia, India, Ukraine, U.S.A., U.S.S.R. and Yugoslavia).

Six Delegations voted against this proposal (Australia, Canada, France, Greece, Union of South Africa, United Kingdom), the New Zealand Delegation abstained.

b) 2 votes were cast for the French Delegation's proposal (France, Greece) ;

9 Delegations voted against the proposal: (Australia, Byelorussia, Canada, Ukraine, United Kingdom, U.S.A., U.S.S.R., Union of South Africa, Yugoslavia).

Three Delegations abstained (Czechoslovakia, India, New Zealand).

c) The United Kingdom Delegation's proposal received five votes (Australia, Canada, Greece, Union of South Africa, United Kingdom). Seven Delegations voted against (Byelorussia, Czechoslovakia, France, Ukraine, U.S.A., U.S.S.R., Yugoslavia). Two Delegations abstained (India, New Zealand).

The Commission submits the following for the consideration of the Conference.

1. The proposal of the U.S.A. Delegation, which was supported by the U.S.S.R. Delegation and which received seven votes.

2. The proposal of the United Kingdom Delegation, which received five votes.

3. Proposal of the French Delegation which obtained 2 votes.

CONCLUSIONS

This, Mr. Chairman, is a brief account of the work of our Commission, and of the results achieved by it with regard to the Peace Treaty with Roumania.

I have the honour on behalf of the Economic Commission for the Balkans and Finland to submit the present report to the Conference for its consideration for the approval of our conclusions and for the adoption of recommendations on those clauses regarding which the Commission was unable to reach a definite decision.

I would ask the Commission [*Conference*] to approve the Commis-

sion's recommendations to accept the following Articles, approved by the Commission either unanimously or by a two-thirds majority or over:

(a) Articles and paragraphs of the Treaty, unanimously approved without amendment:

Article 22 complete
 Article 23 complete
 Article 24, paragraphs 3, 5, 6, 7, 8 (b) and 8 (c)
 Article 25 complete
 Article 28 complete
 Article 29, paragraphs 1, 2, 4 and 5
 Article 30 paragraph 1, with sub-paragraphs "a" and "b"
 Article 33 as a whole
 Annex 4, Part "A", Paragraphs 1, 2, 3, 5, 6, 8
 Annex 6, Part "A"

(b) Articles, Paragraphs and Annexes of draft Treaty, unanimously adopted with modifications and additions:

Article 24, Paragraphs 1, 2, and 4a
 Article 39 Paragraph 3
 Article 32
 Annex 4, Part "A", Paragraphs 4 and 7

(c) Articles and Paragraphs of draft Treaty adopted by a $\frac{2}{3}$ majority or more:

Article 24 Paragraph 8-a
 Article 26 Paragraphs 1, 2, 3.

I would also ask the Conference to take separate votes on the following provisions, for which it has not made any recommendations:

Article 24	U.K. proposal on total compensation, which received 6 votes to 6, with 2 abstentions.
Article 24	American-Soviet proposal of 25% compensation, which received 5 votes to 9.
Article 24	French proposal of 75% compensation, which received 9 votes to 4, with 1 abstention.
Article 24	American proposal on Paragraph 4, sub-paragraph "a", which received 9 votes to 4, with 1 abstention.
Article 24	American drafting of Paragraph 4, sub-paragraph "b", "c", "d", which received 9 votes to 5.
Article 24	French drafting of sub-paragraph "c" of Paragraph 4, which received 8 votes to 6.
Article 24	Paragraph 8-c, sub-paragraph 2, proposal of provision concerning the definition of "Tribunal of the United Nations", which received 8 votes to 5, with 1 abstention.
Article 24	Paragraph 8-c, sub-paragraph 2, American proposal concerning the definition of "Tribunal of the United Nations", which received 8 votes to 5, with 1 abstention.

- Article 24—a proposal by the U.K. Delegation which received 7 votes to 6, with 1 abstention.
- Article 24—a proposal by the U.S.A. Delegation (paragraph 3) which received 7 votes to 5, with 2 abstentions.
- Article 26 Paragraph 4, with an amendment of the Australian Delegation, which received 8 votes to 2, with 4 abstentions.
- Article 26 Paragraph 5, with an amendment by the Australian Delegation, which received 9 votes with 5 abstentions.
- Article 27 Proposal by the U.S.S.R. Delegation which received 5 votes to 9.
- Article 27 Proposal by the U.S.A., U.K., and French Delegations which received 9 votes to 5.
- Article 30 Paragraph 1, sub-paragraph "c" in the drafting proposed by the U.S.S.R. delegation, which received 5 votes to 9.
- Article 30 Paragraph 1, sub-paragraph "c", in the drafting proposed by the U.S.A., U.K. and French Delegations, which received 9 votes to 5.
- Article 30 American proposal of the addition to sub-paragraph "c", paragraph 1, of provisions concerning civil aviation, which received [9?] votes to 5.
- Article 30 French proposal of the addition to sub-paragraph "c", paragraph 1, of the provision concerning civil aviation, which received 7 votes to 5, with 2 abstentions.
- Article 30 Paragraph 2, in the drafting proposed by the Soviet Delegation, which received 5 votes to 9.
- Article 30 Paragraph 2, in the drafting proposed by the U.S.A., U.K. and French Delegations, which received 9 votes to 5.
- Article 30a Proposal by the South African Delegation, which received 9 votes to 5.
- Article 31 Proposal by the Soviet Delegation, which received 5 votes to 5, with 1 abstention.
- Article 31 Proposal by the U.K. Delegation, which received 8 votes to 5, with 1 abstention.
- Article 34 French Proposal, which received 8 votes to 5, with 1 abstention.
- Annex 4, Part B. Proposal by the Canadian Delegation for the extension of the period from 18 months to 3 years, which received 7 votes to 6, with 1 abstention.
- Annex 4, Part B, which received 9 votes to 5
- Annex 4, Part C, paragraphs 2, 3, 4, which received 4 votes to 9, with 1 abstention.
- Annex 4, Part D, paragraphs 1 and 2, which received 7 votes to 6, with 1 abstention.
- Annex 4, Part D, Paragraph 3, which received 8 votes to 6.
- Annex 4, Part D, paragraph 4, which received 7 votes to 7.
- Annex 4, Part D, as a whole, which received 7 votes to 7.
- Annex 5, Part I, which received 5 votes to 7, with 2 abstentions.
- Annex 5, Part II, in the drafting proposed by the U.S.S.R. Delegation, which received 6 votes to 7, with 1 abstention.

- Annex 5, Part II, in the drafting proposed by the U.K. Delegation, which received 6 votes to 6, with 2 abstentions.
- Annex 5, Part III, in the drafting proposed by the U.K. Delegation, which received 7 votes to 5, with 2 abstentions.
- Annex 5, Part IV, in the drafting proposed by the U.K. Delegation, which received 5 votes to 6, with 2 abstentions.
- Annex 5, Proposal by the U.S.A. Delegation to include part V, which received 8 votes to 3, with 3 abstentions.
- Annex 6, Part B, Proposal by the U.S.A. Delegation, seconded by the U.S.S.R. Delegation, which received 7 votes to 6, with 1 abstention.
- Annex 6, Part B, Proposal by the U.K. Delegation, which received 5 votes to 7, with 2 abstentions.
- Annex 6, Part B, Proposal by the French Delegation, which received 2 votes by [*to*] 9, with 3 abstentions.

I would also ask the Conference to take a separate vote on each of the following provisions in regard to which the Conference has not made any recommendations :

- Article 24, paragraph 4
- Article 24, paragraph 8-c (second paragraph)
- Article 24 bis
- Article 26, paragraphs 4 and 5
- Article 27
- Article 30, paragraph 1 (*c*) and paragraph 2
- Article 30 bis
- Article 31
- Article 34
- Annex 4, Parts B, C and D
- Annex 6, Part B

Minority reports on individual Articles and paragraphs which did not obtain the necessary $\frac{2}{3}$ rds majority, are appended to this document.

[Annex 1]

Statement by the United States Delegation on Article 24, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 13 to the Report of the Economic Commission for Italy, printed on page 394, with the exceptions shown in annotations thereto.]

[Annex 2]

Statement by the United Kingdom Delegation on Article 24, Paragraph 4

The United Kingdom Delegation still considers that compensation for the property in Roumania of United Nations nationals, which has suffered loss during the War, should be paid in full.

They are aware that there are no firm figures from which to estimate the total burden which is likely to fall on the Roumanian Government as a result of this proposal. Nevertheless, the Roumanian Government have themselves produced certain figures which have been examined in the Commission, and the United Kingdom Delegation see no reason to dissent from an analysis of these figures made in the Commission or from the conclusion that the total damage done was probably of the order of \$70 million. It does not appear to the United Kingdom that payment of this sum would place an intolerable burden on the economy of Roumania, having regard to the fact that most of it will be expended in Roumania and will be a significant contribution to the rehabilitation of the Roumanian economy. It is generally accepted that the strain of bearing an internal loan cannot be compared with the strain of payments across the exchanges or by means of the delivery of potential foreign exchange assets without a counterpart.

The United Kingdom has suffered an extensive process of disinvestment during the War, and is bearing a very heavy burden of taxation. A proposal to compensate at less than the full loss or damage suffered would involve a further process of disinvestment, and having regard to the circumstances the United Kingdom considers that its proposal is well founded.

[Annex 3]

Statement by the French Delegation on Article 24, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement by the French Delegation in Annex 15 to the Report of the Economic Commission for Italy, printed on page 397.]

[Annex 4]

Declaration by the Soviet Delegation on Article 24, Paragraph 4

The Soviet Delegation considers it unjust and improper to demand total compensation for the damage done to United Nations property in Roumania. Roumania broke off relations with Germany, came over to the side of the United Nations and sustained considerable losses on

her own territory when fighting with the Allies against Germany. In determining the amount of compensation for the damage done to United Nations' property in Roumania the above facts should be taken into account.

The Soviet Delegation therefore considers it necessary that compensation should be made in part, to the extent of one-third of the loss sustained.

[Annex 5]

Statement by the United States Delegation on Article 24 (Compensation), Paragraph 8c: Definition of Ships

Although no vote was taken, there appeared to be unanimous agreement in the Economic Commission for the Balkans and Finland that a definition of United Nations ships should be included in the Treaty of Peace; and, other paragraphs of Annex 4.C having been rejected by non-unanimous vote, there was no dispute about the propriety of such a definition appearing in the Treaty as a second sub-paragraph under Article 24 para 8c. Therefore the only point at issue with respect to this additional sub-paragraph has to do with the difference between the language which was adopted by non-unanimous vote and the alternative draft which was rejected by non-unanimous vote.

The only point of difference between the two drafts is that the text which was adopted includes ownership by United Nations or their nationals among the alternative criteria determining whether a particular vessel is to be regarded as United Nations property for purposes of Article 24 (the other non-controversial criteria being registry and flag); and the text which was rejected excludes this criterion.

It appears to the U.S. Delegation to be *prima facie* absurd to refuse to recognize United Nations ownership as determinative of whether a particular object is United Nations property. More importantly, to exclude ownership as a criterion would have the effect of depriving of the benefits of Article 24 any United Nations shipowner whose vessels were registered in and flew the flag of some non-United Nations country. Such deprivation can be justified only on a presumption that a shipowner so situated was a collaborator. That presumption is not necessarily valid.

Therefore the U.S. Delegation supported that text of the additional sub-paragraph of Article 24 para 8c which was adopted by the Commission [by] an 8-to-5 vote.

[Annex 6]

Statement by the United States Delegation on Article 24 bis (Property Rights of Racial and Religious Minorities)

The U.S. Delegation proposed an amendment designed to rectify, to the extent feasible, the consequences of racial, religious or other fascist measures of persecution or discrimination taken in Rumania during the period of its domination by the Axis. The U.S. Delegation is of the opinion that the prospective provisions in Articles 3 and 4 are not alone sufficient to meet the needs of racial or religious minorities, because the wrongs of the past must also be undone, in so far as possible.

In keeping with the principle that discrimination on the basis of race or religion should be avoided, the U.S. Delegation does not consider it desirable to require by treaty provision that members of the groups concerned receive compensation for losses on a basis more favourable than that provided by Rumania for Rumanian nationals generally.

The U.S. Delegation strongly supports the principle that assets in Rumania which have been left ownerless, heirless or unclaimed by persons, organizations or communities subjected to racial, religious or fascist persecution or discrimination, should, as a matter of elementary justice, be devoted, under appropriate international supervision, to the relief and rehabilitation of those who survived such persecution or discrimination.

[Annex 7]

Statement by the United States Delegation on the Australian Amendment to Article 26

The Delegation of Australia proposed an amendment providing that literary and artistic property should be excepted from the right of seizure by Allied and Associated Powers granted under Article 26.

The United States Delegation is not opposed to the substance of the Australian amendment but was compelled to oppose the text on the ground that it did not contain necessary safeguards for wartime action by Allied Governments particularly in connection with the granting of licenses.

[Annex 8]

Statement by the United States Delegation on the Ukrainian Amendment to Article 26

The Delegation of Ukraine proposed an alternative draft restoring to the Rumanian Government and nationals all their pre-war rights with respect to property and assets on the territory of Allied and Associated Powers. It was rejected by non-unanimous vote.

The U.S. Delegation opposed it on the grounds that it: *a)* would accord better treatment to Rumanian property on Allied territory than the Treaty accorded to Allied property in Rumania; *b)* would be impossible of fulfillment since not all the action taken by Allied and Associated Powers against enemy property during the war could in fact be undone; *c)* would require the complete return of pre-war property rights to notorious collaborators. The U.S. Delegation also pointed out that Article 26 as drafted was in no way improperly prejudicial to or burdensome upon Rumania since it merely permitted Allied and Associated Powers to apply Rumanian assets in their respective territories to the settlements of valid claims against Rumania and required any excess of Rumanian assets over such claims to be returned to Rumania.

[Annex 9]

Statement by the Ukrainian Delegation on Article 26

The Ukrainian Delegation considers that there is no need as suggested in Article 26 of the present draft Peace Treaty, to impose additional economic obligations on Roumania and thus further burden her economy.

The Ukrainian Delegation considers that this Article should be deleted from the present draft Peace Treaty and replaced by a new article. This proposal is based on the following considerations:

Roumania not only withdrew from the war against the United Nations, but she declared war on Germany and in the course of that war sustained severe losses in men and material. To make good such losses is a very complicated matter for a country like Roumania and demands a lengthy period of time.

It is not in the interests of the Allies to complicate the process of the post-war economic revival of Roumania by imposing on her harsh obligations which would hamper her economic revival. The more so as we have already the example of Finland on whom no such obligations are being laid.

The imposition on Roumania of the obligation to make reparation and restitution and also to pay compensation for damage done to United Nations property on Roumanian territory may well satisfy the reasonable claims of the United Nations on Roumania in the proportion and to the extent provided for in the other Articles of the present Peace Treaty. Therefore, it is absolutely superfluous to impose on Roumania, openly or covertly, other obligations which will be a heavy burden on the Roumanian economy.

If Roumania is allowed to dispose of her assets abroad at her own discretion this will have a very favourable effect both on the economic rehabilitation of the country and on its foreign trade relations.

The Ukranian Delegation proposes that Article 26 be adopted in the following wording :

“The rights of the Roumanian Government and of Roumanian natural and juridical persons in respect of Roumanian property and other Roumanian assets on the territory of the Allied and Associated Powers, in so far as these rights were restricted as a result of Roumania’s participation in the war on the side of Germany, will be restored after the entry into force of the present Treaty.”

[Annex 10]

Statement by the United States Delegation on Article 27

Two alternative and unreconcilable proposals were presented in the draft treaty. The U.S.S.R. proposal would remove any restrictions in respect of Roumanian property in Germany and restored the rights of Roumanian owners with regard to the disposal of such property. It further provided that Roumania should be entitled to restitution from Germany of identifiable looted property, such restitution to be carried out under the direction of the powers occupying Germany. The U.K.–U.S.–French proposal provided for a complete waiver by Roumania of all claims against Germany and German nationals except pre-war claims, such waiver to be without prejudice to any dispositions in favour of Roumania or Roumanian nationals that might be made by the powers occupying Germany.

The position of the U.S. Delegation is that there is no just or equitable alternative to a complete waiver of claims against Germany by a defeated satellite. Under the terms of the Paris Agreement on Reparation, the Allied and Associated Powers had already made such a renunciation of claims against Germany, and the comparable article in the Italian treaty had provided for a complete renunciation by Italy. There would be no basis for defending a mode of treatment which would accord to some ex-enemy states rights which were denied to another ex-enemy state and which had been waived by the Allied Powers.

[Annex 11]

Statement by the United Kingdom Delegation on Article 27

The United Kingdom Delegation support the text accepted by a simple majority in the Commission.

They can see no reason why the relative Article in the Treaty with Roumania should differ from that agreed for the Italian Treaty and they would be unwilling to be associated with such a differentiation particularly as there is every intention to give Italy and Roumania the same treatment in Germany as regards restitution and the restoration of property there.

[Annex 12]

Statement by the United States Delegation on Article 30

There was a non-agreed provision with regard to the sub-paragraph (c) of Article 30, paragraph 1. This had to do with the applicability of sub-paragraph (c) to state enterprise. The U.S.S.R. proposal was defeated by a non-unanimous vote, and the U.S., U.K. and French proposal was carried by a non-unanimous vote.

[Here follows a paragraph, the same, *mutatis mutandis*, as paragraph 2 of the statement by the United States Delegation in Annex 20 to the Report of the Economic Commission on Italy, printed on page 401.]

Accordingly, the U.S. Delegation strongly supports the U.S., U.K. and French proposal and opposes the U.S.S.R. proposal.

[Annex 13]

Statement by the Soviet Delegation on Article 30

[Text is virtually the same, *mutatis mutandis*, as the statement by the Soviet Delegation in Annex 21 to the Report of the Economic Commission for Italy, printed on page 402.]

[Annex 14]

Statement by the United States Delegation on Article 30

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 22 to the Report of the Economic Commission for Italy, printed on page 402.]

[Annex 15]

Statement by the United States Delegation on Article 30

In the draft Treaty of Peace with Roumania there were two alternative proposals for paragraph 2 of Article 30. This paragraph deals with the exceptions which shall be recognized to the obligations set out in paragraph 1 of Article 30. The two alternative drafts are identical except that the U.S.S.R. draft adds a provision that the foregoing undertakings by Roumania shall be subject to the exceptions "which relate to relations with neighboring countries applied to them." The U.S.S.R. proposal was defeated by non-unanimous vote and the U.S.-U.K.-French proposal adopted by unanimous vote. The U.S. Delegation opposed the additional exception provided by the U.S.S.R. draft on the grounds that all of the special problems and circumstances which normally appertain to economic relations between neighboring countries are already covered by the provision in the U.S.-U.K.-French draft that the foregoing undertakings by Roumania shall be subject to "the exceptions customarily included in commercial treaties concluded by Roumania before the war." It has been established practice in commercial policy to recognize the necessity for special treatment of problems relating to frontier traffic and to other special but limited matters that arise in the economic relations of adjacent countries. To provide, however, a blanket exception from the obligation to accord most-favored-nation treatment to United Nations nationals and to extend that exception to "relations with neighbouring countries" would, no matter what the intent of the proposal may have been, open the door for the establishment of a closed regional system of preferential arrangements. Thus it would nullify the undertakings assumed by Roumania under paragraph 1 of Article 30, since it would permit wide departures from the most-favoured-nation principle with respect to all commercial relations between Roumania and all of Roumania's neighbouring countries. It would furthermore permit the establishment of a new and rigid economic regionalism in Eastern Europe which would have no historical validity.

The U.S. Delegation is therefore compelled to oppose vigorously any proposal which could thus both nullify the basic provisions of Article 30 and run counter to the expressed intention of almost all the United Nations to undertake collaborative action looking toward the expansion of trade on a multilateral basis.

[Annex 16]

Statement by the United Kingdom Delegation on Article 30

The United Kingdom Delegation attach the greatest importance to the proposals which they have supported in this Article.

They are concerned that equality of terms should be given to all the United Nations without discrimination, and they consider that this major object can only be assured by the inclusion in the Treaty of words bearing the same meaning as those which they have proposed in regard to participation in Roumanian internal trade, in civil aviation, and in regard to the interpretation of the most-favoured-nation clauses in pre-war Treaties.

[Annex 17]

Statement by the French Delegation on Article 30, Sub-Paragraph c

The French Delegation considers that the addition of this subparagraph, whereby Roumania would grant the United Nations on a reciprocal basis free flight and landing rights in respect of the territory, is in keeping with the general principles governing the question of air transit; that, being reciprocal, it offers Roumania substantial advantages and makes no demands incompatible with her sovereignty and security. Furthermore, there is nothing to prevent Roumania from establishing on her territory whatever security corridors or prohibited areas she may deem necessary, provided the United Nations are subject to no discriminatory measures as regards the utilisation of the said territory.

[Annex 18]

Statement by the United States Delegation on Article 30 bis (Pricing of Reparation Goods)

The Union of South Africa had originally proposed an amendment to Article 22 (Reparations) stipulating that Roumania should pay fair prices with reference to world conditions for goods purchased by Roumania from United Nations nationals in Roumania for delivery on reparation account. Debate on this amendment was deferred until it could be considered in conjunction with Article 30 on general economic relations. Subsequently, the South African Delegation suggested that the same text which had originally been put forward as an amendment to Article 22 should instead be considered and adopted as a new Article 30 bis. It was adopted by a non-unanimous vote.

The U.S. Delegation strongly supports the South African proposal as being necessary to ensure that the burden of reparation payments shall not in fact be borne by United Nations nationals. The interest of United Nations governments in this problem is large and valid since deliveries of reparation goods from United Nations properties (principally petroleum properties) may constitute as much as 40% of total reparation deliveries and may represent as much as \$175 to \$200 million as the value of those deliveries at present world prices. Under the agreed reparation arrangements, physical goods must be obtained from private persons by purchase by the Roumanian Government. If the prices paid by the Roumanian Government are inadequate, the burden of reparations will be shifted, at least in part, to those particular persons who are the producers of the goods delivered on reparation account. In so far as those persons are United Nations nationals, this shifting of the burden is manifestly unjust and in any case is contrary to the agreed provisions of Article 20 of the Potsdam Protocol. Therefore, the U.S. Delegation strongly supports the South African proposal that the Roumanian Government should be required to pay "fair prices with reference to world conditions." It would prefer a more accurate formula in this regard, but is content to support the South African text which goes on to stipulate that disputes arising on this subject should be settled in accordance with Article 31 of the Peace Treaty.

[Annex 19]

Statement by the United Kingdom Delegation on Article 30 bis

The U.K. Delegation support the proposal made by the Delegation of the Union of South Africa.

It has not been contested that the prices paid by the Roumanian Government for goods delivered by way of reparation are very low. There is evidence that many of even the larger United Nations interests in Roumania are suffering from shortage of lei funds on this account. Accordingly the U.K. Delegation consider that this Article (which would not prevent the Roumanian Government paying fair prices to other than United Nations concerns) should be embodied in the Treaty.

[Annex 20]

Statement by the United States Delegation on Article 31 (Settlement of Disputes)

The U.S. had already indicated in a footnote to the Draft Treaty that it could support the U.K. proposal as it stood, or the U.S.S.R. pro-

posal subject to a stipulated amendment. When the U.S.S.R. proposal unamended was put to a vote, the U.S. Delegation was compelled to oppose it, considering that it made inadequate provision against delays in the settlement of matters that should be resolved promptly and offered no certainty of definitive and binding agreement. The U.S. Delegation supported the U.K. proposal, considering it more suitable for the purpose.

[Annex 21]

Statement by the United Kingdom Delegation on Article 31

The United Kingdom Delegation wish to place on record their conviction that the Treaty must provide definite machinery for the final settlement of any disputes which may arise.

[Annex 22]

Statement by the United States Delegation on Article 34

The U.S., as will be noted from the draft Peace Treaty with Roumania, prepared by the Council of Foreign Ministers, proposed the inclusion in the Peace Treaty of provisions which (a) would insure free navigation on the Danube, and (b) indicated in some detail certain specific things which should or should not be done in order to realize the objectives of free non-discriminatory navigation. The U.K. proposed to add a provision requiring the early convocation of a conference of all interested states, including Roumania, to establish a permanent international regime for the Danube.

During the deliberations of the Economic Commission for the Balkans and Finland, the U.S. and U.K. proposals were consolidated into a new U.S. draft which combined the U.S. and U.K. positions as stated in the draft, but amended the U.K. position to the extent of indicating the interested countries, which would be the 8 riparian states and the U.S., U.K., U.S.S.R. and France.

The U.S. Delegation strongly supported this revised proposal and urged upon the Commission its adoption. In doing so the U.S. Delegation stressed the significance of free navigation upon the Danube in relation to peace, security and the avoidance of trade barriers; and also stressed the very strong immediate interests which the U.S. has in Danubian commerce by virtue of its position as an occupying power in both Germany and Austria.

After extensive debate, the combined U.S.-U.K. proposal was withdrawn in favour of a compromise draft put forward by the Delegation.

tion of France. This compromise proposal provides in general terms for freedom of navigation on the Danube on a non-discriminatory basis and calls for the convocation of a conference of the interested states as enumerated above.

While still believing that more detailed provisions would be more desirable, the U.S. Delegation supported the French proposal as being the absolutely indispensable minimum requirement.

[Annex 23]

Statement by the Belgian Delegation on Article 34

At a time when the question of navigation on the Danube is being discussed by the Economic Commission for the Balkans and Finland in connection with the Draft Treaty with Roumania, the Belgian Delegation feels that it may usefully submit to the Commission the following statement :

1. Belgian associates herself with the principles laid down in the proposals contained under point A of the draft submitted by the Delegations of the United Kingdom and the U.S.A. (Doc. 46), which aim at the establishment of a system of freedom and equality for navigation on the Danube.

2. As for point B, Belgium reserves her rights as signatory of the Paris Convention of 23rd July, 1921, establishing the Statute of the Danube.

It goes without saying that similar observations on the part of the Belgian Delegation also apply to the French Delegation's proposal.

[Annex 24]

Statement by the Polish Delegation on Article 34

As the Polish Delegation is not a member of this Commission, it cannot here express an opinion on the substance of the various general proposals concerning Article 34 of the Peace Treaty with Roumania. It would, however, like to emphasize that Poland as a country which is situated near the Danube and which uses this navigable waterway for her foreign trade, is naturally extremely interested in the settlement of the Danubian navigation problem. While agreeing that this question should mainly be settled by the riparian States, the Polish Delegation must, in view of certain declarations which have been made at this meeting, enter a reservation as to Poland's participation in any international arrangements which might possibly affect a problem of such importance to its national economy.

[Annex 25]

Statement by the Greek Delegation on Article 34

The Greek Delegation endorses the declaration which has just been made by the Belgian Delegation, namely:

1) It approves the principles laid down in the proposals contained in paragraph A of the draft submitted by the United States and United Kingdom Delegations, which aim at establishing free and equal rights in respect of Danubian navigation.

2) In regard to paragraph B, Greece reserves all her rights as a signatory of the Convention of 23 July, 1921, establishing the Statute of the Danube.

The same remarks apply to paragraph 2 of the French proposal.

It is common knowledge that Greek shipping plays an important part in the Danube traffic. This was corroborated during the discussions in this Commission and explains the vital importance which we attach to this question.

[Annex 26]

Declaration by the United Kingdom Delegation on Article 34

Mr. Jebb (United Kingdom) drew attention to the fact that, as recognised by the Legal and Drafting Commission, multilateral conventions remained in force irrespective of the outbreak of war. His Majesty's Government accordingly took the view that the Danube Convention of 1921 was still in force and would remain in force until modified by common consent.

[Annex 27]

Statement by the French Delegation on Article 34

In the opinion of the French Delegation, the Peace Treaties must necessarily incorporate the principle of the freedom of navigation of the Danube. It considers also that a Conference should be held to set up a new international regime for the Danube. The French Delegation emphasises that, in the absence of the other valid international arrangements, the 1921 Commission continues to remain in existence, and France remains a member of it.

It would be inadmissible for the Treaties now being drafted to confirm the situation created by Germany's illegal action in 1940.

N.B. The French Delegation's position is the same as regards

Article 32 of the Treaty with Bulgaria and Article 33 of the Treaty with Hungary.

[Annex 28]

Statement by the Yugoslav Delegation on Article 34

The Yugoslav delegation has already pointed out that this Conference is not competent to decide anything in connection with the regime of the Danube. Seeing that our sovereign rights are guaranteed by the Charter of the United Nations, we consider that no decision of this Conference or of this Commission can be binding on Yugoslavia.

I would request you, Mr. Chairman, to have this statement inserted in the Record of Decisions.

[Annex 29]

Statement by the Yugoslav Delegation With Regard to the Voting on Article 34

The Yugoslav Delegation notes that not one of the delegations which voted in favour of the French proposal represents a riparian state; that only three of the delegations represent European countries, and that, on the other hand, the delegations of riparian states present at the Commission voted against the proposal.

[Annex 30]

Statement by the United Kingdom Delegation on Annex 4, Section C, Shipping

The United Kingdom Delegation submit its view on the inclusion of a special provision for shipping.

In the opinion of the United Kingdom Delegation the generality of Article 24 does not adequately deal with United Nations shipping in Roumania, but they consider a case exists for replacement of shipping which came under Roumanian control, and has been lost or damaged. The U.K. Delegation claim that the generality is directed towards action to be taken in respect of property on land.

It will be recalled that even before the outbreak of War, the Roumanian Government had taken effective steps to prevent United Nations shipping from leaving the Danube, (in which case no loss or damage could have been attributed to that Government) with the result that on the occupation of the country much of this shipping fell into Axis hands. Further, certain of the United Nations had

chartered or secured ships on the Danube with a view to denying facilities to the enemy and were put to considerable expense following the enactment of discriminatory legislation in Roumania.

Under the terms of the Armistice the Roumanian Government was under an obligation to hand over all the shipping to the Allied (Soviet) High Command, and to "bear the full material responsibility for any damage or destruction" up to that date (Article 9). Further by Article 13 the Roumanian Government was placed under an obligation to return the property of United Nations nationals in complete good order. Accordingly, the United Kingdom Delegation considers that its proposals providing for the repair of United Nations vessels, for their replacement if lost and for losses actually incurred after Roumania assumed control of the vessels are reasonable. Further having regard to the very real differences which exist between the shipping and property constituted on the soil of Roumania, the Delegation considers that the generality of the terms of Article 23 and 24 should be supplemented by a provision of the kind included in Section C to deal with the special features relating to shipping and notably to lay on the Roumanian Government the onus of repair replacement primarily in local yards.

[Annex 31]

*Statement by the United States Delegation on Annex 4, Section D,
Petroleum*

This Annex was proposed by the U.K. Delegation. The U.S. Delegation opposed all of the four paragraphs which constituted the draft of the Annex which was ultimately considered and voted upon by the Commission. It considered the first three paragraphs to be unnecessary the provisions thereof constituting either a duplication of other general provisions of the treaty or an unjustifiable special treatment of petroleum interests as compared with other property interests. The fourth paragraph required Roumania to permit entry and free exercise of profession by administrative officials and technical experts of United Nations oil companies. The U.S. Delegation felt that determination of policy in this regard was a proper function of the Roumanian state.

[Annex 32]

*Statement by the United Kingdom Delegation on Annex 4, Section D,
Petroleum*

The U.K. Delegation consider that special provisions should be inserted in the Peace Treaty to deal with the position of United Nations persons engaged in the petroleum industry in Roumania.

In the first place it will be appreciated that under normal, pre-war, conditions companies owned by United Nations persons were allowed by the Roumanian authorities to retain a percentage of their foreign exchange earnings for the purpose of buying equipment and meeting other expenses abroad. Under existing conditions, and through no fault of these companies, there are virtually no earnings in foreign exchange from their products and consequently they are unable to obtain the necessary equipment except at the direct charge of the parent companies outside Roumania.

The contention of the U.K. Delegation is that the property of these companies should be rehabilitated but that if the Roumanian Government fails to restore and replace the property within a year, full compensation should be paid including compensation in convertible currency to the extent required by the companies to effect the restoration or replacement from sources outside Roumania.

Secondly, the U.K. Delegation urge that the Petroleum Law of 1942 introduced spoliatory and discriminatory measures compared with the conditions under which companies owned by United Nations persons were carrying on business previously. This Law was introduced by a Nazi Government and the general principles underlying the Treaty, and more particularly those underlying Article 24, require that discrimination should be abolished and that the rights of United Nations nationals should be restored as they existed on the 1st September 1939. Accordingly the U.K. Delegation considers that an explicit obligation should be laid on the Roumanian Government to give effect to these general concepts.

Finally the U.K. Delegation are of the opinion that the Roumanian Government should be called upon to allow the admission of those technicians and higher administrative officials who are required for the efficient conduct of their business.

The U.K. Delegation assert that there is nothing revolutionary in these proposals and nothing alien to natural justice, they claim that the nature of the industry requires special provisions and, in their view, the present proposals represent the minimum requirements to enable these companies efficiently to resume business.

[Annex 33]

Statement by the United States Delegation on the Amendment Proposed by the United States Regarding the Inapplicability of Annex 5 as Between the United States and Rumania

This U.S. amendment was approved by nonunanimous vote. Under the federal system of the U.S., matters relating to contracts, prescrip-

tion, etc., are primarily within the jurisdiction of the 48 State Governments, rather than that of the Federal Government. It is, therefore, doubtful how far the U.S. Government may appropriately conclude treaty provisions on these subjects. The 1919 peace treaties contain clauses providing that provisions similar to Annex 5 should not apply to the U.S., taking into account its position as a federal state. The amendment does not give the U.S. one-sided privileges in Rumania; it means that the Annex would be entirely inapplicable as between Rumania and the U.S. Matters covered by Annex 5 would be left for the courts of Rumania and of the U.S. to deal with under their applicable laws. In the U.S., the general principles of those laws would be similar to the Annex provisions in so far as the Annex incorporates legal principles, although there might be differences in detail.

[Annex 34]

Statement by the United States Delegation on Annex 5, Part I

The United States opposed the U.K. proposals on contracts, primarily because it regards paragraph 2 (*f*) as unreasonable.

[Annex 35]

Statement by the United Kingdom Delegation on Annex 5, Section 1, Contracts

[Text is identical with the statement by the United Kingdom Delegation in Annex 25 to the Report of the Economic Commission for Italy, printed on page 404.]

[Annex 36]

Statement by the United States Delegation on the Soviet Proposal for Annex 5, Part II, Prescription

[Text is identical with the statement by the United States Delegation in Annex 28 to the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 37]

Statement by the United States Delegation on the United Kingdom Proposal for Annex 5, Part II, Prescription

[Text is the same, *mutatis mutandis*, as the statement of the United States Delegation in Annex 29 of the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 38]

*Statement by the United Kingdom Delegation on Annex 5, Section II,
Prescription*

[Text is identical with the statement of the United Kingdom Delegation in Annex 27 to the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 39]

*Statement by the United Kingdom Delegation on Annex 5, Section III,
Negotiable Instruments*

[Text is identical with the statement by the United Kingdom Delegation in Annex 31 to the Report of the Economic Commission for Italy, printed on page 406.]

[Annex 40]

Statement by the United States Delegation on Annex 5, Part IV

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 33 to the Report of the Economic Commission for Italy, printed on page 407.]

[Annex 41]

Statement by the United Kingdom Delegation on Annex 5, Section IV

[Text is the same, *mutatis mutandis*, as the statement by the United Kingdom Delegation in Annex 32 to the Report of the Economic Commission for Italy, printed on page 407.]

[Annex 42]

*Statement by the United States Delegation on the United States
Proposal for Annex 6 B, Judgments*

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 34 to the Report of the Economic Commission for Italy, printed on page 408.]

[Annex 43]

Statement by the United States Delegation on the United Kingdom Proposal for Annex 6 B, Judgments

[Text is the same, *mutatis mutandis*, as the statement of the United States Delegation in Annex 38 to the Report of the Economic Commission for Italy, printed on page 410.]

[Annex 44]

Statement by the United States Delegation on the French Proposal for Annex 6 B, Judgments

[Text is the same, *mutatis mutandis*, as the statement of the United States Delegation in Annex 37 to the Report of the Economic Commission for Italy, printed on page 409.]

[Annex 45]

Statement by the United Kingdom Delegation on Annex 6 B, Judgments

[Text is the same, *mutatis mutandis*, as the statement of the United Kingdom Delegation in Annex 35 to the Report of the Economic Commission for Italy, printed on page 408.]

[Annex 46]

Statement by the French Delegation on Annex 6 B, Judgments

[Text is the same, *mutatis mutandis*, as the statement of the French Delegation in Annex 36 to the Report of the Economic Commission for Italy, printed on page 409.]

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Report of the Military Commission on the Military, Naval, and Air Clauses of the Draft Peace Treaty With Rumania

C.P.(Plen) Doc. 18

PARIS, October 5, 1946.

1. INTRODUCTORY

The Commission held three Meetings on the Draft Peace Treaty with Roumania. It submits to the Plenary Conference recommendations concerning Articles 11 to 20 and Annexes 2 and 3 of the Treaty. The Commission considered proposals for amendments put forward

by the Delegations of Belgium and Poland. These proposals are designated by the following letters and numbers: Belgium C2 and Poland O6.

It heard the representatives of Roumania and considered their observations. An amendment was tabled by the Czechoslovak Delegation on the basis of these observations but was subsequently withdrawn in view of the explanation given by the U.S. Delegate on behalf of the Four Powers that necessary reserves of war material are not prohibited by the corresponding Articles in the Peace Treaty.

All the Articles of the Draft Treaty which the Commission examined had been approved by the Council of Foreign Ministers. The United States Delegation had made a reservation with respect to an Article covering War Graves; but it withdrew the reservation.

2. DECISION ON THE ARTICLES

(a) *Articles adopted without change:*

Articles 11, 12, 13, 16, 17, 18, 19 and 20.

Annexes 2 and 3.

(b) *Drafting amendment adopted.* The French version of Article 15 was redrafted in order to bring the last sentence into line with the English and Russian text. As revised the Article in French reads as follows:

“La Roumanie ne devra pas conserver, fabriquer ou acquérir par d'autres moyens, de matériel de guerre en excédent de ce qui est nécessaire au maintien des forces armées autorisées par l'Article 11 du présent Traité; elle ne conservera pas d'installations en excédent de celles nécessaires à l'armement des forces armées autorisées par l'Article 11 du présent Traité.”

(c) *Amendment of substance adopted. Article 14.* A Belgian amendment to add “any atomic weapon” to those excluded to Roumania was adopted; and Article 14 was redrafted in the form which had been approved for the corresponding part of the text of Article 44 in the Draft Peace Treaty with Italy. The Article as amended runs as follows:

“Roumania shall not possess, construct or experiment with *any atomic weapon*, any self propelled or guided missiles or apparatus connected with their discharge (*other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty*), sea-mines or torpedoes of non-contact types actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft or specialised types of assault craft.”

The following resolution was adopted unanimously:

“The Commission agrees that the Articles on prohibitions in the Balkan and Finnish Treaties (Article 12 of the Bulgarian Treaty, Article 14 of the Roumanian Treaty, Article 13 of the Hungarian

Treaty, and Article 16 of the Finnish Treaty) should be in identical language, i.e. that decided upon for Article 12 of the Bulgarian Treaty.”

The representatives of Byelorussia, Czechoslovakia, Poland, the Ukraine, Yugoslavia and the U.S.S.R. state that in their opinion the Commission has not reached unanimous agreement on the inclusion of Motor Torpedo Boats in the Peace Treaties with Bulgaria, Roumania, Hungary and Finland; and that the unanimous decision reached on the 28th September, 1946, regarding the similarity of Article 12 and the corresponding Articles in the Peace Treaties with the Balkan States and Finland, refers to the decision already taken by the Military Commission (see amended text of Article 12 in the Commission's Record of Decisions of the 27th September, 1946), and not to future decisions. The French and Russian texts of this resolution confirm this declaration.

3. ARTICLE IN RESPECT OF WHICH A DECLARATION WAS RECORDED— ARTICLE 16

The Polish Delegation withdrew an amendment about its claim to restitution of war material.

A declaration was made by the U.S. Delegate on behalf of the three Powers who prepared the Draft Peace Treaty with Roumania, that the excess war material of Roumanian and German origin surrendered by Roumania would be placed in its entirety at the disposal of the U.S.S.R., U.S.A. and U.K.; but in the disposition to be made of this material by joint decision of the Three Powers, the latter would take into consideration any request made by the other Allied and Associated Powers, in particular by the Powers from which material had been taken by Roumania.

CONCLUSION

The Commission at its 28th Meeting finally adopted as a whole all the military clauses of the Draft Treaty with Roumania including the two annexes, with the recommendations set forth above.

The Commission has the honour to propose to the Plenary Conference that it shall: Decide on the new text of the Military Clauses set out above: viz., Articles 14, 15 (French text).

REPORTS ON THE DRAFT PEACE TREATY WITH BULGARIA

CFM Files

Report of the Political and Territorial Commission for Bulgaria

C.P.(Plen) Doc. 22

PARIS, October 5, 1946.

MR. CHAIRMAN: The Political and Territorial Commission for Bulgaria held 10 meetings under the Chairmanship of Mr. Kisselev, Delegate of the Soviet Socialist Republic of Byelorussia.

The Commission consisted of Delegates from the following countries: U.S.A., Australia, Soviet Socialist Republic of Byelorussia, France, United Kingdom, Greece, India, New Zealand, Soviet Socialist Republic of Ukraine, U.S.S.R., Union of South Africa, Czechoslovakia and Yugoslavia.

Mr. Jordan, Delegate of New Zealand, was appointed Vice-Chairman and I,⁵¹ as the Delegate of the United Kingdom, was appointed Rapporteur.

The task of the Commission consisted in examining certain parts of the Draft Peace Treaty between the Allied and Associated Powers and Bulgaria, which has been prepared by the Council of Foreign Ministers, with a view to submitting recommendations to the Plenary Conference.

The parts of the Draft Treaty which were referred to the Commission were as follows:

Preamble	
Part I	(Article 1 and Annex 1)
Part II	(Articles 2 to 8 inclusively)
Part IV	(Article 19)
Part VIII	(Articles 33 to 36 inclusively)

In the course of its work, the Commission examined proposed amendments submitted by the Australian Delegation, which were numbered C.P.(Gen.)Doc. 1—B32, B33, B34, B41, B42, B43, B44 and B45, together with the observations submitted by the Bulgarian Government (C.P.(Gen.)Doc.4), in so far as these related to Articles which the Commission was competent to take into consideration and were endorsed by one of the Delegations represented on the Commission.

The Commission heard a statement by the Bulgarian Delegation relating to Article 1.

On the other hand, the following amendments, resolution and proposals were referred to the Commission in the course of the discussion:

<i>Preamble:</i>	1 amendment by the Byelorussian Delegation. 1 sub-amendment by the Yugoslav Delegation.
<i>Article I:</i>	1 amendment submitted by the Greek Delegation. 1 resolution submitted by the Greek Delegation.
<i>Article II:</i>	1 proposal by the United Kingdom Delegation which was initially submitted as an amendment, adding a new paragraph to Article 2, and which, in the course of debate, was subsequently moved by the United Kingdom Delegation as a proposed new Article 2 <i>a</i> .

Furthermore, the Commission later invited the Bulgarian Delegation to set out, in writing, their observations on the proposal of a new Article 2*a*, submitted by the Delegation of the United Kingdom.

⁵¹ H. M. Gladwyn Jebb.

As a result of this examination, the Commission :

I. As regards the Preamble :*

A) unanimously recommends to the Plenary Conference to adopt without alteration paragraphs 1 and 2.

B) with reference to paragraph 3, the Commission, having rejected, by nine votes to four, an amendment submitted by the Byelorussian Delegation embodying the observations of the Bulgarian Delegation which proposed a reference to Bulgaria's rupture of relations with Germany and her claim to be considered as a co-belligerent, recommends to the Plenary Conference to adopt paragraph 3 without alterations.

C) with reference to paragraph 4, an amendment B32 submitted by the Australian Delegation having been referred to the Commission, which aims at :

a) including after the words "a peace treaty" the words "conforming to the principles of justice".

b) including in the 4th paragraph, after the words "principles of justice", the words "and securing to all persons in territories affected by this Treaty, the enjoyment of human rights and fundamental freedoms without distinction of race, sex, language or religion".

c) altering, in the fourth paragraph, the order of the two sentences, in such a way that after the words "language or religion", the text of the preamble should read as follows: "will settle questions still outstanding as a result of the events hereinbefore recited and form the basis of friendly relations between them, thereby enabling, etc. . . .", the remaining words being identical with the text of the Draft Treaty.

d) add after the words "under the auspices" the words "of the Charter of".

1) Draws the attention of the Plenary Conference to the fact that having rejected by 8 votes to 4, with one abstention, the subamendment presented by the Yugoslav Delegation proposing the inclusion of the words "in which their wish to abide by the principles of justice will find expression" after the words "the Peace Treaty", it was decided by 12 votes to 1, to adopt Part (a) of the Australian amendment.

2) Draws the attention of the Plenary Conference to the fact that Part (c) of the Australian amendment was unanimously adopted.

3) Draws the attention of the Plenary Conference to the fact that Part (b) was withdrawn by the Australian Delegation.

4) Draws the attention of the Plenary Conference to the fact that Part (d) has been unanimously rejected.

And in consequence :

Unanimously recommends to the Plenary Conference that Paragraph 4 should be drafted as follows :

*Paragraphs 3 and 4 in the English and Russian texts appear in the French text as one paragraph 3 including 2 recitals. [Footnote in the source text.]

"Whereas the Allied and Associated Powers and Bulgaria are respectively desirous of concluding a Treaty of Peace which, *conforming to the principles of justice will settle questions still outstanding as a result of the events hereinbefore recited and will form the basis of friendly relations between them*, thereby enabling the Allied and Associated Powers to support Bulgaria's application to become a Member of the United Nations and also to adhere to any Convention concluded under the auspices of the United Nations."

D) Unanimously recommends to the Plenary Conference the adoption of Paragraph 5 without alteration.

II. As regards Article 1, the Commission has considered :

A) an amendment submitted by the Greek Delegation which proposed the rectification of the Greek-Bulgarian frontier in favour of Greece.

B) a resolution proposed by the Greek Delegation requesting the Military Commission to examine the Greek amendment and to report on its purely military aspect, with particular reference to the degree of security which would result from the cession to Greece, within the limits of the proposed Greek amendment, of:

1. natural strong-points.
2. general defence positions.
3. the necessary depth for defensive, strategic movements.
4. lines of communications.

The Military Commission was also invited to indicate whether Greece would attain the measure of security which she desires by an alternative modification of the existing frontier.

This resolution, to which the Greek Delegation accepted a sub-amendment of the New Zealand Delegation, proposing the addition at the end of the last paragraph of the words: "or by any other means", was carried by eight votes to five.

The majority considered that, since the Greek amendment proposed a rectification of the Greco-Bulgarian frontier affording security to Greece's Northern Provinces, the subject should be given careful technical study by military experts before the Commission could take a decision.

The Delegations of the Soviet Socialist Republic of Byelorussia, Czechoslovakia, Soviet Socialist Republic of Ukraine, U.S.S.R. and Yugoslavia, voted against this resolution in the belief that it was not within the competence of the Military Commission to give advice on Article 1, nor to advise on the Greco-Bulgarian frontier on the basis of the Greek amendment.

After consideration of the report of the Military Commission, the Commission rejected the Greek amendment by 8 votes (U.S.A., Aus-

ustralia, Soviet Socialist Republic of Byelorussia, France, Czechoslovakia, Soviet Socialist Republic of Ukraine, U.S.S.R. and Yugoslavia) to 2 (Greece and Union of South Africa), with 3 abstentions (United Kingdom, India and New Zealand); and decided by 10 votes (U.S.A., Australia, Soviet Socialist Republic of Byelorussia, France, United Kingdom, New Zealand, Czechoslovakia, Soviet Socialist Republic of Ukraine, U.S.S.R. and Yugoslavia) to 1 (Greece), with 2 abstentions (India and Union of South Africa), to recommend to the Plenary Conference the adoption of Article 1 without amendment.

C) As regards Annex 1: The Commission decided by 9 votes (U.S.A., Soviet Socialist Republic of Byelorussia, France, United Kingdom, New Zealand, Czechoslovakia, Soviet Socialist Republic of Ukraine, U.S.S.R. and Yugoslavia) to 2 (Australia and Greece), with 2 abstentions (India and Union of South Africa), to recommend to the Plenary Conference the adoption of the map^{51a} presented to the Commission by the Soviet Delegation in conformity with the decision of the Council of Foreign Ministers.

III. As regards Article 2, the Australian Delegation having withdrawn its amendment, the Commission unanimously recommends to the Conference the adoption of Article 2 without alteration.

IV. As has been stated above, the United Kingdom Delegation proposed the insertion of an Article 2*a*, after Article 2 of the Draft Peace Treaty as follows:

“Bulgaria further undertakes that the laws in force in Bulgaria shall not, either in their content or in their application, discriminate or entail any discrimination between persons of Bulgarian nationality on the ground of their race, sex, language or religion, whether in reference to their persons, property, business, professional or financial interests, status, political or civic rights, or any other matters.”

After discussion, this proposal won the support of a majority of 7 votes to 5, with one abstention.

Votes in favour: U.S.A., Australia, United Kingdom, Greece, India, New Zealand and the Union of South Africa.

Votes against: Soviet Socialist Republic of Byelorussia, France, Soviet Socialist Republic of Ukraine, U.S.S.R. and Yugoslavia.

Czechoslovakia abstained.

As the $\frac{2}{3}$ majority was not reached, the Commission should by Sec. VI(*b*) of the Rules of Procedure, submit two reports to the Plenary Conference and state the respective points of view of the majority and of the minority. But it agreed that the Rapporteur should make a state-

^{51a} Not reproduced.

ment of the two points of view in the general report, so avoiding the submission of separate reports.

The aim of this proposal, as defined by the United Kingdom Delegation is to relieve the sufferings of Jews in Eastern Europe by stating the obligation which rests upon the Bulgarian Government to respect the principle of non-discrimination between Bulgarian nationals. Moreover, responsible Jewish organisations have expressed the fears of the Jewish people that the existing articles of the Draft Treaty do not afford adequate protection to their community. In view of the recent history of the Jewish people, the majority were of the opinion that this additional article should be included in order to reassure the Jews.

According to the minority, this new provision is superfluous since its aims are already realized in Article 2 and 3 of the Draft Treaty; Bulgarian legislation has already adopted and put into practice the principles stated in this proposal and there is, in fact, no reason to distrust the Bulgarian Government in this respect. Besides, the Bulgarian people never manifested any anti-Semitic feelings and even at the time discriminatory measures were being applied in Bulgaria, the Jewish population of Bulgaria was in a better position than in the other Axis countries and was not victimised by the Bulgarian population. At the present time, Bulgarian Jews are quite satisfied with their position and are opposed to any special measures being taken for the protection of their rights as the need for such measures does not exist.

The majority for its part, while recognising that Articles 2 and 3 of the Draft Treaty already deal to a great extent with the problem raised in the British proposal, asserts that a supplementary provision is not superfluous and completes these articles.

It adds that if Bulgarian legislation at present in force is opposed to all discrimination between Bulgarian nationals, it is useful to confirm an existing juridical situation by introducing a special contractual obligation into the body of the Treaty.

As neither of these two opinions won the necessary majority of $\frac{2}{3}$ of the votes cast, it is for the Plenary Conference to pronounce on this subject by a special vote.

V. Recommends to the Plenary Conference the adoption without alteration of Articles 3, 4, 5, 6, 7, 8, 19, 33, 35 and 36, the Australian Delegation having withdrawn its proposal for a new article placing on Bulgaria an obligation to join certain international organisations (Article 7).

VI. As regards Article 34:

A) Informs the Plenary Conference that an amendment numbered C.P.(Gen)Doc.1-B44, submitted by the Australian Delegation, con-

cerning the reference of disputes to the Treaty Executive Council, was withdrawn after the rejection of the amendment to Article 33, submitted by the same Delegation (C.P. (Gen) Doc.1-B43).

B) Submits to the Plenary Conference two draft versions in accordance with the Rules of Procedure established by this Conference:

a) the first submitted by the United Kingdom and the U.S. Delegations, 8 votes being cast in favour (U.S.A., Australia, France, Greece, United Kingdom, India, New Zealand, Union of South Africa), 5 against (Soviet Socialist Republic of Byelorussia, Czechoslovakia, Soviet Socialist Republic of Ukraine, U.S.S.R. and Yugoslavia), and worded as follows:

“Except where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be referred to the three Heads of Mission acting as provided under Article 33 and, if not resolved by them within a period of 2 months, shall, at the request of any party to any dispute, be referred to the International Court of Justice. Any dispute still pending at, or arising after the date when the Heads of Mission terminate their functions under Article 33 and which is not settled by direct diplomatic negotiations, shall equally, at the request of any party to the dispute, be referred to the International Court of Justice.

The following supporting reasons were advanced by the United Kingdom Delegation:

“The United Kingdom proposal provides that disputes arising in relation to the interpretation or execution of the Treaty shall be referred to the Ministers in Sofia of the U.S.S.R., the United Kingdom and the United States of America, in accordance with the responsibility which is laid on them under Article 33 to represent the Allied and Associated Powers in dealing with the Bulgarian Government in all matters concerning the interpretation and execution of the Treaty.

“The three Ministers may, however, be unable to reach agreement on certain disputes, more especially if the U.S.S.R., the United Kingdom and the United States should be one of the contending parties. It seems necessary therefore to the United Kingdom Delegation to provide for an ultimate and impartial arbiter in order to prevent disputes continuing indefinitely. The most suitable arbiter in the opinion of the United Kingdom Delegation is the International Court of Justice.

“The United Kingdom Delegation therefore proposed that disputes, which the three Ministers are unable to settle or which, after the Ministers have ceased their functions, cannot be settled by direct diplomatic negotiations, shall, at the request of any party to the dispute, be referred to the International Court of Justice as laid down in Article 36 of the Statute of the International Court. In this way, parties to the Treaty will have the assurance of final and impartial settlement of any disputes which may arise.[”]

b) The second, submitted by the Delegation of the U.S.S.R., 5 votes being cast in favour (Soviet Socialist Republic of Byelorussia, Czechoslovakia, Soviet Socialist Republic of Ukraine, U.S.S.R. and Yugoslavia) and 8 against (U.S.A., Australia, France, Greece, India, New Zealand, United Kingdom, Union of South Africa), and worded as follows:

“Save where any other procedure is specifically provided under any article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be settled by direct diplomatic negotiations and, in case the disputes are not settled in this way, they shall be referred to the three Heads of Diplomatic Missions acting as provided under Article 33, except that in this case the Heads of Mission will not be restricted by the time-limit provided in that article.”

The following supporting reasons were advanced by the Soviet Delegation:

“The draft resolution proposed by the United Kingdom Delegation is unacceptable to the minority for the following reasons:

I. The basic principle of the Statute of the International Court of Justice lies in the fact that it is the option of parties to a dispute whether or not to submit to its jurisdiction. In the present resolution its competence is obligatory and unlimited in time.

II. The International Court of Justice is an organisation intended for the normal peaceful course of international life, but not for the special task of safeguarding the execution of the treaties which terminate war.

III. Bulgaria is not as yet a Member of the United Nations Organisation. Consequently, her admission to the International Court of Justice is dependent upon the special consent of the Security Council, i.e. upon a new procedure which would further complicate the situation.

IV. The draft article proposed by the Soviet Delegation gives wide possibilities for any settlement of disputes and has this advantage that the Heads of the Diplomatic Mission in Sofia are on the spot and know the actual circumstances in which the disagreement may arise.[”]

VII. Informs the Plenary Conference that an amendment numbered C.P. (Gen.) Doc.1-B45, by the Australian Delegation suggesting the insertion of a new Article 35 proposing means for the revision of the treaty was withdrawn by that Delegation which, however, reserved the right to put forward a proposal to raise this question again at the appropriate time.

VIII. Informs the Plenary Conference that an amendment numbered C.P. (Gen) Doc.1-B41, submitted by the Australian Delegation and proposing the inclusion of a new Part VIII relating to a European Tribunal of Human Rights was withdrawn, the Australian Delegation nevertheless exercising the right to raise this question before the appropriate organ of the Conference.

The foregoing, Mr. Chairman, is a brief report of the work of our Commission and of the conclusions reached.

I have the honour to table this report on behalf of the Political and Territorial Commission for Bulgaria, for consideration by the Conference and approval of its conclusions.

If the Conference is prepared to accept our recommendations, I have the honour to make the following suggestions on behalf of the Commission:

1) that the Commission's recommendations concerning texts adopted by majorities of $\frac{2}{3}$ or greater should be accepted, namely:

- a) adopted unanimously:
 - paragraphs 1 and 2 of the preamble, Part *c*) of the Australian amendment to paragraph 4 of the preamble and the 5th paragraph of the preamble.
 - articles 2, 3, 4, 5, 6, 7, 8, 19, 33, 35 and 36.
- b) adopted by a $\frac{2}{3}$ majority or greater:
 - paragraph 3 of the preamble, Part *a*) of the Australian amendment to paragraph 4 of the preamble.
 - article 1 and Annex 1.

2) that a separate vote should be taken on Article 2*a*, the text proposed by the United Kingdom Delegation having obtained 7 votes to 5, and 1 abstention, that is, a simple majority.

3) that a separate vote should be taken on Article 34, for which the text put forward by the United Kingdom and the U.S. Delegations won 8 votes against 5. That is a simple majority, while the text submitted by the U.S.S.R. Delegation won 5 votes against 8.

CFM Files

Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty With Bulgaria

C.P. (Plen) Doc. 31

PARIS, October 9, 1946.

MR. CHAIRMAN: The Economic Commission for the Balkans and Finland considered the Draft of the Peace Treaty with Bulgaria at 4 meetings.

The Commission was composed of the Delegations of the U.S.A., Australia, Byelorussia S.S.R., Canada, Czechoslovakia, France, U.K., Greece, India, New Zealand, Ukrainian S.S.R., Union of South Africa, U.S.S.R. and Yugoslavia.

The Commission was under the Chairmanship of the Czechoslovakian Delegate, M. Korbel.

The Vice-Chairmen were the Australian Delegates Mr. Beasley and Senator Grant.

The Rapporteur elected by the Commission was M. Gerashchenko, Delegate of the U.S.S.R.

The task of the Commission was to study the economic provisions, and others connected with them, of the Draft Peace Treaties with Roumania, Bulgaria, Hungary and Finland prepared by the Council of Foreign Ministers, and likewise to submit possible recommendations or additions to these provisions.

The Commission considered the following Sections and Articles of the Draft Peace Treaty with Bulgaria :

Section V.	Reparation and Restitution (Articles 20 and 21)
Section VI.	Economic Clauses (Articles 22, 23, 24, 25, 26, 27, 28, 29, 30 and 31)
Section VII.	Clauses relating to the Danube (Article 32)
Annex 4.	Special Clauses relating to certain kinds of property
Annex 5.	Contracts, prescriptions and negotiable Instruments
Annex 6.	Judgments

In the course of its deliberations the Commission considered the amendments proposed by the Australian Delegation (C.P.(Gen)Doc. 1-B 36/37, 1-B 39/40 and 1-B 42) and by the Greek Delegation (C.P.(Gen)Doc.1J.25 to 1J.34).

The Commission also received a number of additional proposals and amendments from Delegations who were members of the Commission, and these will be mentioned later and given in the text of this report. Further, the Representatives of the Bulgarian Government presented their views on the Draft Peace Treaty (C.P.(Gen)Doc.7). These views were duly considered. When the articles dealing with Reparations were under consideration, the Representatives of the Bulgarian Government were invited to be present at the meetings of the Commission and expressed the views of the Bulgarian Government with regard to reparations.

In regard to the proposals and amendments which did not secure a majority of $\frac{2}{3}$, the Commission, in accordance with the rules of procedure, should submit two or more reports. The Commission, however, agreed that the Rapporteur should give all the various points of view on which agreement had not been reached, in the general report, in order to avoid the necessity of submitting two or more reports.

As a result of the consideration of the amendments and proposals with regard to the various articles, the Commission has come to the following conclusions :

PART V. REPARATION AND RESTITUTION

Article 20—Reparation

The Commission unanimously recommends that this article should be accepted in the wording proposed by the Council of Foreign

Ministers, with the following addition which was proposed by the U.S.A. Delegation—"The basis for calculating the settlement provided for in this Article will be the United States dollar at its gold parity on July 1st, 1946, i.e. 35 dollars for one ounce of gold."

The amendments proposed by the Australian Delegation to Article 20 of the draft Peace Treaty 1B36, 1B57 and 1B40 were withdrawn by that Delegation and the Greek amendment 1J25 was withdrawn after a statement made by the Greek Delegation. (Annex).⁵²

As regards the amounts of reparation payments which Bulgaria should pay, the Commission did not take any decision or recommendations as none of the proposals put forward secured a $\frac{2}{3}$ majority. The proposal made by the Greek Delegation to fix the amount of reparations at 200,000,000 American dollars secured one vote in favour (Greece) and 13 votes against (U.S.A., Australia, Byelorussia, Canada, France, U.K., India, New Zealand, Czechoslovakia, Ukraine, U.S.S.R., U.S.A., Yugoslavia). The proposal by the Yugoslavian Delegation to fix the amount of reparations at 25,000,000 American dollars secured 5 votes in favour (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., and Yugoslavia) and 9 votes against (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, South Africa). The proposal of the U.K. Delegation to fix the amount of reparations at 129,000,000 million dollars secured 9 votes in favour (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, South Africa) and 5 against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., and Yugoslavia).

The Greek Delegation proposed that the following additional provisions should be added to Article 20 of the Draft Peace Treaty.

a) Bulgaria shall pay to Greece and Yugoslavia reparations to a value of 125,000,000 United States dollars, payable to the two countries in equal parts, within six years from the coming into force of the present Treaty, in kind (agricultural produce, livestock, coal and other products of Bulgaria's economy, as well as locomotives, wagons and other railway material, etc.)

b) The quantities and categories of goods to be delivered shall be determined by agreements to be concluded between the Governments of Greece and Yugoslavia, with Bulgaria. These agreements will be communicated to the Heads of the Diplomatic Missions in Sofia of the United States of America, United Kingdom and U.S.S.R.

c) The prices of goods delivered under the present Article shall be calculated in levas on the basis of the official wholesale prices of goods concerned in Bulgaria. The levas shall be converted into dollars at the mean rate between the buying and selling rates (inclusive of premium) of the National Bank of Bulgaria for the dollar at the time

⁵² Statements by the Greek Delegation on Article 20 are printed as Annexes 2, 3, and 4, pp. 503-504.

of delivery. The cost of transport to a Greek or Yugoslav port or to the Greek or Yugoslav frontier shall be chargeable to the Bulgarian Government.”

There were 7 votes in favour of this proposal (Australia, Canada, U.K., Greece, India, New Zealand, South Africa) and 6 votes against (U.S.A., Byelorussia, Czechoslovakia, U.K. [*Ukraine*], U.S.S.R. and Yugoslavia) with 1 abstention (France).

The Soviet Delegation made a statement to the effect that the Commission did not consider or examine the proposals presented by various Delegations on the question of the amount of reparations but had merely voted as a matter of routine on proposals which referred to the amount of reparations.

The U.S. Delegation made a statement that it had studied the question of reparation to be paid by Bulgaria and that in its statement at the meeting of the Commission it made an analysis of that question.

On the question of the Bulgarian reparation and especially on the amount of Reparation the Greek and Yugoslav Delegations made statement or reservations of which the text appears in annex.

Article 21—Article 21 was accepted unanimously by the Commission in the wording proposed by the Council of Foreign Ministers with the following additions:

1) In paragraph 1, the words “in the shortest possible time” shall be added and therefore this paragraph will read as follows:— “Bulgaria accepts the principle of the United Nations Declaration of January 5, 1943, and will return in the shortest possible time property removed from United Nations’ Territories”.

2) There shall be an additional paragraph 2) as follows:—

If in particular cases it is impossible for Bulgaria to make restitution of objects of artistic, historic or archeological value belonging to the cultural heritage of the United Nation from which such objects were removed by force or duress by Bulgarian Forces and authorities or by Bulgarian nationals, Bulgaria undertakes to transfer to the United Nation concerned objects of the same kind and of substantially equivalent value to the objects removed, in so far as such objects are obtainable in Bulgaria.

This was accepted on the proposal of the Greek Delegation in place of the Greek proposal (C.P.(Gen)Doc.1.J.26).

The Greek Amendment 1.J.27 was rejected by the Commission by a majority of 12 votes to one with 1 abstention, whilst amendment 1.J.28 was withdrawn by the Greek Delegation after a statement (Annex).⁵³

⁵³ Statements by the Greek Delegation on Article 21 are printed as Annexes 5 and 6, pp. 504-505.

PART VI—ECONOMIC CLAUSES

Article 22—paragraphs 1, 2, 3, 5, 6 and 7 of this Article were unanimously accepted by the Commission in the wording proposed by the Council of Foreign Ministers.

The Australian Delegation withdrew its amendments C.P.(Gen) Doc.1B.38, 1B.39 and 1B.40.

The Greek Delegation altered the text of its amendment C.P.(Gen) Doc.1.J.29 stating that it considered it desirable to exclude from the text of its amendment the sentence “and in case they definitely give up their domicile in Bulgaria, they shall be entitled to take with them their movable property and transfer their funds.” When the vote was taken on the amended version, there were 4 votes in favour, 8 against and 2 abstentions.

Paragraph 8 of this Article was adopted by a majority of 13 with 1 abstention.

In regard to paragraph 4 of this Article, the Commission does not make any recommendations because none of the proposals put forward secured the required majority of $\frac{2}{3}$ of the votes.

When paragraph 4 was under consideration, the first proposal voted on was that compensation should be paid in full. When a vote was taken 6 Delegations expressed themselves in favour of compensation in full (Australia, Canada, U.K., Greece, New Zealand, U.S.A. [*Union of South Africa*]) and 7 Delegations voted against (U.S.A., Byelorussia, France, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) with 1 abstention (India).

Thereafter a vote was taken on the proposal of the U.S.A. Delegation which supported the Delegation of the U.S.S.R. that compensation should be to the extent of 25%. There were 5 votes in favour of this proposal (U.S.A., Byelorussia, Ukraine, U.S.S.R., Yugoslavia) and 9 against (Australia, Canada, France, U.K., Greece, India, New Zealand, Czechoslovakia, South Africa). A vote was then taken on the proposal of the French Delegation that compensation should be paid to the amount of 75%. This proposal secured 9 votes in favour (Australia, Canada, France, U.K., Greece, India, New Zealand, Czechoslovakia, Union of South Africa) with 4 against (Byelorussia, Ukraine, U.S.S.R., Yugoslavia) with 1 abstention (U.S.A.).

The United Kingdom Delegation and the Greek Delegation stated that their participation in the votes of the various proposals of partial compensation would imply no change in their position as regards the question of compensation and that they reserved their right to present their views, when the subject comes before the Plenary Conference.

In view of the result of the voting, the Commission did not adopt any recommendation in regard to the amount of compensation.

The Commission considered the text of paragraph 4 proposed by the Delegation of the U.S.A. to replace the proposal contained in the Draft Peace Treaty with Bulgaria. The text of this proposal is as follows:

“(a) The Bulgarian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Bulgarian Government compensation in levas to the extent of — per cent of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall the United Nations nationals receive less favorable treatment with respect to compensation than that accorded to Bulgarian nationals”.

“(b) United Nations nationals who have ownership interests, held directly or indirectly in corporations or associations which are not United Nations nationals within the meaning of paragraph 8 (a) of this Article, but which have suffered a loss by reason of injury or damage to property shall receive compensation in accordance with sub-paragraph (a) above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association”.

“(c) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Bulgaria but shall be subject to the foreign exchange control regulations which may be in force in Bulgaria from time to time”.

“(d) The Bulgarian Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such material and will in no event discriminate in these respects against such nationals as compared with Bulgarian nationals”.

“(e) The Bulgarian Government agrees similarly to compensate in levas United Nations nationals whose property has suffered loss or damage as a result of special measures taken against their property during the war which were not applied to Bulgarian property.”

An amendment was made to sub-paragraph “a” by the Delegation of the Soviet Union to the effect that the last sentence of sub-paragraph “a” be replaced by the following text:

“In no event shall United Nations nationals, including those who have ownership interests, held directly or indirectly, in corporations or associations, receive less favourable treatment with respect to compensation than that accorded to Bulgarian nationals.”

The voting resulted in 5 for and 9 votes against this amendment.

Sub-paragraph “a” of this proposal received 9 votes for (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, and

Union of South Africa) and 4 votes against (Byelorussia, Ukraine, U.S.S.R., and Yugoslavia) with one abstention (Czechoslovakia).

Sub-paragraphs "b", "c" and "d" of the U.S.A. proposal received 9 votes for (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand and the Union of South Africa) and 5 votes against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia). The Yugoslav delegation declared that its former declaration concerning sub-paragraph "b" of paragraph 4 of Article 24 of the Peace Treaty with Roumania is equally valid for the Peace Treaty with Bulgaria.

The French delegation moved an amendment which reads as follows concerning sub-paragraph "e":

"The Bulgarian Government shall grant nationals of the United Nations an indemnity in levas sufficient to compensate, at the date of payment, the loss and damage due to the special measures taken against their property during the war, and which were not applied to Bulgarian property."

This amendment received 8 votes in favour (Australia, Canada, France, U.K., Greece, India, New Zealand, Union of South Africa) and 6 votes against (U.S.A., Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia). Consequently, sub-paragraph "e" of the U.S.A. proposal was not put to the vote.

Article 23. The Commission unanimously adopted this article after deleting the words "qui ont été" before "transférés" in the French text.

Article 24. The Commission did not adopt any recommendation on this article, since the two proposals which were voted on contained in the draft Peace Treaty—one being the proposal of the U.S.A., U.K. and French Delegations and the second, the proposal of the U.S.S.R. Delegation, did not receive a majority of two-thirds of the votes.

5 votes were given in favour of the Soviet proposal (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia) and 9 votes were against (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, Union of South Africa).

The Australian Delegation moved amendments to sub-paragraphs 4 and 5 of Article 24 proposed by the Delegations of the U.S.A., U.K. and France. The Australian Delegation proposed in paragraph 4 to delete the words "literary and artistic" and to insert in paragraph 5 after sub-paragraph "d" the following new sub-paragraph "e" "literary and artistic property rights".

These amendments secured 8 votes in favour, 3 against, with 3 abstentions.

The results of the voting on the U.S.A., U.K. and French proposals in respect of paragraphs 1, 2 and 3, secured 7 votes in favour and 4 votes

against. There were 3 abstentions. For paragraph 4 including the sub-paragraphs *a*, *b*, *c*, and *d*, there were 9 votes for, 3 votes against and 2 abstentions. For paragraph 5 (including the above-mentioned Australian amendment) there were 6 votes for, 4 votes against and 4 abstentions.

Article 25. The Commission likewise did not adopt any recommendations for Article 25 of the draft Peace Treaty.

The Soviet Delegation moved an amendment to its proposal as set out in the draft Peace Treaty. The Soviet Delegation proposed to replace the second sentence of point 1 of Article 25 of the draft by the following text:

“The rights of Bulgarian owners with respect to the disposal of the property in question, shall also be restored in so far as no other joint decisions are taken in this connection by the powers signatory to the Armistice terms or to the terms of the capitulation.”

The proposal of the Soviet Delegation concerning Article 25 (including the above-mentioned amendment) received in its favour 5 votes (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia), 9 votes were against (U.S.A., Australia, Canada, France, Greece, India, New Zealand, Union of South Africa, U.K.).

The proposal of the U.K., U.S.A. and France received 9 votes (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, Union of South Africa) to 5 (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia).

Article 26. This article was unanimously adopted by the Commission in the drafting proposed by the Council of Foreign Ministers. The amendment of the Greek Delegation to this article (I.J.30) was rejected by 12 votes to one. There was one abstention.

The proposal of the Greek Delegation (I.J.31) for the insertion of a supplementary article after Article 26 was withdrawn by the Greek Delegation.

Article 27. Article 27 of the draft Treaty was unanimously adopted by the Commission in the drafting proposed by the Council of Foreign Ministers with an amendment moved by the Norwegian Delegation to paragraph 5 of this article. This amendment proposed that the words: “which severed diplomatic relations with Bulgaria and took action . . .” should be replaced by the words: “whose diplomatic relations with Bulgaria were severed during the war and which took action . . .”

Consequently paragraph 3 was adopted in the following drafting:

“Bulgaria likewise waived all claims of the nature covered by paragraph 1 of this Article on behalf of the Bulgarian Government or Bulgarian nationals against any of the United Nations *whose*

diplomatic relations with Bulgaria were broken off during the war and which took action in co-operation with the Allied and Associated Powers."

The amendment of the Greek Delegation 1.J.32 has been withdrawn, after a statement of this Delegation. (See Annex.)

Article 28. Sub-paragraphs (a) and (b) of paragraph 1 of this Article were unanimously adopted by the Commission in the drafting proposed by the Council of Foreign Ministers.

The text of sub-paragraph (c) of paragraph 1 of this Article, in the drafting proposed by the U.S.S.R. Delegation received 5 votes in its favour (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., and Yugoslavia) to 9 votes against (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, Union of South Africa).

The voting on sub-paragraph (c) of paragraph 1 of this Article in the draft proposed by the U.K., U.S.A. and French Delegations resulted in 9 votes in favour (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, Union of South Africa) to 5 votes against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., and Yugoslavia).

The proposal of the U.S.A. Delegation concerning civil aviation supported by the U.K. Delegation, was put to the vote in a modified drafting which reads as follows:

"It is further understood that the foregoing provisions of paragraph (c) shall not apply to civil aviation, but that Bulgaria will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic and will afford all the United Nations equality of opportunity for obtaining international commercial aviation rights in Bulgarian territory."

There were 9 votes for to 5 against.

The French Delegation proposed to replace the last paragraph of the above-mentioned proposal by the following text:

"It is further understood that the foregoing provisions of paragraph (c) shall not apply to civil aviation, but that Bulgaria will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic, will afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Bulgarian territory, *and will grant to all the United Nations on a basis of reciprocity and without discrimination, with regard to the operation of civil aircraft in international traffic, the right to fly over Bulgarian territory without landing and to make landings in Roumanian territory for non-commercial purposes.*"

This amendment of the French Delegation received 7 votes to 5. There were 2 abstentions.

The text proposed by the U.S.S.R. Delegation for paragraph 2 of Article 28 of the draft Treaty received 5 votes (Byelorussia, Czechoslo-

vakia, Ukraine, U.S.S.R., and Yugoslavia) to 9 votes against (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, Union of South Africa). The text proposed by the Delegations of France, U.K. and U.S.A. received 9 votes to 5.

New Article. After the Greek amendment 1.J. 33 had been withdrawn, the French Delegation proposed that after Article 28 of the Draft Treaty a new Article should be included as follows:

“Bulgaria shall facilitate as far as possible railway traffic in transit through its territory at reasonable rates and shall negotiate with neighbouring States all reciprocal agreements necessary for this purpose.

The proposal received 9 votes (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand and Union of South Africa) to 4 (Byelorussia, Ukraine, U.S.S.R., and Yugoslavia). There was 1 abstention (Czechoslovakia).

Article 29. The Commission did not adopt any recommendation for this Article, since the two proposals set out in the draft Peace Treaty and—one by the U.K. and the other by the U.S.S.R. Delegations—did not secure a majority of two-thirds of the votes. The proposal of the U.K. Delegation received 8 votes (U.S.A., Canada, France, U.K., Greece, India, New Zealand, Union of South Africa) to 5 votes against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia). There was one abstention (Australia). The proposal of the U.S.S.R. Delegation received 3 votes to 9.

The U.S.A. Delegation withdrew its amendment to Article 29 of the draft Peace Treaty with Bulgaria, submitted by the Council of Foreign Ministers.

In this connection, as noted by the Chairman of the Commission, the proposal by the French Delegation is regarded now unnecessary.

Article 30. This article was unanimously adopted by the Commission in the drafting proposed by the Council of Foreign Ministers with the following modification, inserted in accordance with the amendment of the Norwegian Delegation; instead of the words “which have broken off diplomatic relations with Bulgaria” insert the words “whose diplomatic relations with Bulgaria have broken off with Bulgaria [*sic*] during the war”.

This Article 30 of the draft Treaty was adopted in the following drafting:

“Articles 21, 22 and Annex 6 of the present Treaty shall apply to the Allied and Associated Powers and France and to those of the United Nations *whose diplomatic relations with Bulgaria have been broken off during the war.*”

Article 31. Article 31 was unanimously adopted in the drafting proposed by the Council of Foreign Ministers.

PART VII. CLAUSES RELATING TO THE DANUBE

Article 32. The French Delegation tabled a new proposal for this Article, supported by the U.S.A. and U.K. Delegations, who withdrew their original proposals on the draft Peace Treaty with Bulgaria. The Greek amendment I.J.34 was also withdrawn. The text of the French proposal reads as follows:

“1. Navigation on the Danube River shall be free and open on terms of entire equality to the nationals, vessels of commerce and goods of all States.

2. With a view to ensuring the practical application of this principle, Bulgaria undertakes to take part, together with France, the U.S.S.R., the United Kingdom, the United States of America and the Danubian States, in a Conference which shall be convened within six months of the entry into force of this Peace Treaty, with the object of establishing a new International Regime for the Danube.”

In the voting on this proposal, 8 votes were cast in favour (U.S.A., Australia, Canada, France, U.K., Greece, New Zealand, Union of South Africa), to 5 votes against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) with one abstention (India). Therefore, the Commission was unable to recommend the inclusion of Article 32 in the draft Peace Treaty and referred this question to the decision of the Plenary Conference.

Statements or reservations in connection with this article were made by the following delegations: Belgium, Poland, Greece, United Kingdom, France and Yugoslavia (Annex).

ANNEX 4. SPECIAL PROVISIONS RELATING TO CERTAIN KINDS OF PROPERTY

SECTION A. INDUSTRIAL, LITERARY AND ARTISTIC PROPERTY

(1) The Commission unanimously recommended the adoption of paragraphs 1, 2, 3, 5, 6 and 8 of this section, without changing the drafting set out in the draft Peace Treaty with Bulgaria.

(2) The Commission unanimously recommended to substitute paragraph 4 of Section A by a new text, reading as follows:

“The foregoing provisions concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Bulgaria and its nationals. But nothing in these provisions shall entitle Bulgaria or its nationals to more favourable treatment in the territory of any of the Allied and Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Bulgaria be required thereby to accord to any of the Allied or Associated Powers or its nationals more favourable treatment than Bulgaria or its nationals receive in the territory of such Power in regard to the matters dealt with in the foregoing provisions.”

In consequence, the remarks made by the U.S.S.R., and U.S.A. Delegation to this paragraph on the draft Peace Treaty do not apply.

(3) The Commission unanimously recommended the adoption of paragraph 7, Section A drafted as follows:

“Bulgaria shall extend the benefits of Section A of this Annex to France and to other United Nations, other than Allied or Associated Powers, whose diplomatic relations with Bulgaria have been broken off during the war and which undertake to extend to Bulgaria the benefits accorded to Bulgaria under Section A of this Annex.”

The unanimous adoption of this text by the Commission implied that the comments of the U.S.S.R. Delegation on this paragraph contained in the text of the draft Peace Treaty are disposed of.

SECTION B. INSURANCE

The U.K. Delegation, in substitution of the proposal included in the draft Peace Treaty with Bulgaria, moved a new proposal reading as follows:

“The Allied and Associated Powers have noted the measures of nationalisation of insurance taken by the Bulgarian Government on the 18th June 1946. To the extent that these measures render any United Nations insurers unable to resume their portfolios, the compensation to be provided by the Bulgarian Government shall be a subject of direct negotiation outside the present treaty between the Bulgarian Government and the United Nations Government concerned.”

In the voting on the U.K. Delegation's proposal, 6 votes were cast in favour (Australia, Canada, U.K., Greece, New Zealand and the Union of South Africa) 5 votes against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia) with 3 abstentions (U.S.A., France and India).

The U.S.S.R. Delegation suggested not to include in the draft Peace Treaty with Bulgaria a special section, with a provision on insurance. 5 Delegations (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia) voted in favour of this proposal; 7 Delegations (Australia, Canada, U.K., Greece, India, New Zealand and the Union of South Africa) voted against and 2 delegations abstained (U.S.A. and France).

ANNEX V. CONTRACTS, PRESCRIPTIONS AND NEGOTIABLE INSTRUMENTS

The Commission did not make any recommendations on the question of including this provision in the draft Treaty, as none of the sections of this Annex obtained a two-thirds majority.

I. CONTRACTS

The U.S.S.R. Delegation proposed not to include this section into the draft Peace Treaty. 5 Delegations voted in favour of this proposal, 5 against, with 4 abstentions.

The U.K. Delegation proposed to insert in the draft Peace Treaty, a paragraph on Contracts as set out in the draft of the Peace Treaty with Bulgaria, with an alteration to paragraph 1 of this Section. This paragraph was proposed to the Commission in the following wording:

“Any contract concluded between enemies shall be deemed to have been dissolved as from the time when any of the parties became an enemy, except in respect of any debt accrued or money paid or other pecuniary obligation arising out of any act done thereunder and subject to the exceptions set out in the following paragraph and subject to the repayment of amounts paid as advances or on account and in respect of which no counterpart exists.

“The provisions of this paragraph shall not apply to contracts of insurance and reinsurance, which shall be subject to a separate agreement.”

The proposal of the U.K. Delegation to include in the Draft of the Peace Treaty a Section to cover Contracts with an amendment to the wording of paragraph 1, was supported by 5 Delegations with 7 against and 2 abstentions.

The U.S.A. Delegation proposed the addition of a new 5th paragraph to Annex 5. The wording proposed for this new paragraph was as follows:

“Having regard to the legal system of the United States of America, the provisions of this Annex shall not apply as between the United States of America and Bulgaria.”

This proposal by the U.S.A. Delegation received 6 votes in favour, 5 votes against and 3 abstentions.

II. PERIODS OF PRESCRIPTION

The U.S.S.R. Delegation proposed the inclusion in the draft Peace Treaty of a Section covering Periods of Prescription worded as follows:

“1. All periods of prescription or limitation of right of action in regard to mutual relations with reference to property, between Bulgarian physical or juridical persons, on the one hand, and United Nations physical or juridical persons on the other hand, irrespective of whether these periods commenced before or after the outbreak of war, shall be regarded as having been suspended in Bulgarian territory for the duration of the war on condition that the United Nation concerned will also, on conditions of reciprocity, regard these periods of prescription in respect of the mutual relations stated above, as having been suspended in its territory.

They will begin to run again three months after the entry into force of the present treaty.

2. The provisions of Article 1 of the present Annex will be applicable in regard to the periods fixed for the redemption of securities or their coupons, and likewise to any transactions relating to such securities."

The Soviet Delegation agreed:—

(a) To the Yugoslav amendment providing for the inclusion in the 1st sentence, after the words "right of action" of the words "or of the enforcement of any act or formality as a measure of security."

(b) To the amendment proposed by the French Delegation to add after the word "relations" words "persons and . . ."

The proposal of the U.S.S.R. received the support of 6 Delegations, with 6 against and 2 abstentions.

The U.K. Delegation proposed the inclusion in the draft Peace Treaty with Bulgaria of a paragraph dealing with Prescription in the terms given in the draft Peace Treaty with the addition of paragraph 8 worded as follows:—

"For the purpose of these Sections of the present Annex relating to periods of prescription and negotiable instruments, the parties to a contract shall be regarded as enemies when trading between them shall have been prohibited by or otherwise become unlawful under laws, orders or regulations to which one of these parties or the contract was subject. They shall be deemed to have become enemies from the date when such trading was prohibited or otherwise become unlawful.["]

The proposal of the U.K. Delegation secured 6 votes in favour, 6 votes against and 2 abstentions.

III. NEGOTIABLE INSTRUMENTS

The U.S.S.R. Delegation proposed to omit the section dealing with Negotiable Instruments from the draft Peace Treaty. This proposal was supported by 5 delegations, with 7 against and 2 delegations abstained.

The U.K. Delegation proposed to include in the Peace Treaty with Bulgaria, a Section dealing with Negotiable Instruments in the wording given in the draft Peace Treaty. This proposal was supported by 7 Delegations with 5 against, and 2 abstentions.

IV. MISCELLANEOUS

The Soviet Delegation proposed to omit this section from the Peace Treaty. This proposal received 6 votes in favour, 6 against with 2 abstentions.

The U.K. Delegation proposed to include in the Peace Treaty with Bulgaria Section IV of Annex 5, in the wording set out in the Draft

Peace Treaty. This proposal secured 6 votes in favour, 6 against, and 2 abstentions.

The Canadian Delegation stated that it refrained from voting on Annex 5 as worded by the U.K. Delegation, on the grounds that it is still considering how the provisions of Annex 5 would apply to Federal States, and may make a reservation on this question when it comes before the Plenary Conference.

ANNEX 6. JUDGMENTS

The Commission makes no recommendations with regard to this Annex in regard to which the Council of Foreign Ministers presented three Drafts.

The U.S.A. draft which was supported by the U.S.S.R. Delegation secured 7 votes in favour—5 against and 2 abstentions.

The proposal of the French Delegation secured 1 vote in favour, 10 against, with 3 abstentions.

The proposal by the U.K. Delegation secured 5 votes in favour, 6 against and 3 abstentions.

The Commission, therefore, submits for the consideration of the Conference—

1—The U.S.A. proposed supported by the Delegation of the U.S.S.R. which secured 7 votes.

2—The proposal of the U.K. Delegation which secured 5 votes.

CONCLUSIONS

This, Mr. Chairman, is a brief report on the work of our Commission and the results it has achieved with regard to the Draft Peace Treaty with Bulgaria.

I have the honour to submit the present report to the Conference, in the name of the Economic Commission for the Balkans and Finland, for the Conference to consider it, approve our conclusions and make recommendations on the points upon which the Commission was unable to come to a definite decision.

I would ask the Conference to approve the Commission's recommendation to accept the following Articles, which were unanimously agreed in the Commission or received a two-thirds or more majority.

(a) Articles and paragraphs of the Draft Treaty, which were unanimously agreed without amendment.

Article 20, part 1 with the exception of the amount of indemnities.

Article 21, paragraphs 3, 4, 5, 6 and 7.

Article 22, paragraphs 1, 2, 3, 5, 6, 7;

Article 23, (entire)

Article 26, (entire)

Article 27, paragraphs 1, 2, 4.

Article 28, paragraph 1, with sub. paras. "a" and "b".

Article 31, (entire)
Annex 4 "A" paragraphs 1, 2, 3, 5, 6, 8.

(b) Amendments and alterations unanimously adopted.

Article 20, second part.
Article 21, paragraphs 1 and 2.
Article 27, paragraph 3.
Article 30
Annex 4 A, para. 4 and 7.

(c) Articles and paragraphs of the draft Treaty adopted by a two-thirds majority or over.

Article 22, paragraph 8.

I would also ask the Conference to express its opinion, by means of a separate voting, on the following points, on which the Commission was unable to make recommendations.

Article 20, British proposal on the amount of indemnities, which received 9 votes to 5.

Article 20, Yugoslav proposal on the amount of indemnities, which received 5 votes to 9.

Article 20, Greek proposal on an addition to the text of the article, which received 7 votes to 6, with one abstention.

Article 22, British proposal on full compensation, which received 6 votes to 7, with one abstention.

Article 22, American-Soviet proposal on 25% compensation, which received 5 votes to 9.

Article 22, French proposal on 75% compensation, which received 9 votes to 4, with one abstention.

Article 22, American proposal on paragraph 4, sub-paragraph *a*), which received 9 votes to 4, with one abstention, and sub-paragraphs *b*), *c*), *d*), which received 9 votes to 5.

Article 22, paragraph 4, sub-paragraph "e", which received 8 votes to 6.

Article 24, paragraphs 1, 2 and 3, as proposed by the U.S.A., U.K. and French Delegations, which received 7 votes to 4, with 3 abstentions.

Article 24, paragraph 4, with amendment, submitted by the Australian Delegation, which received 9 votes to 3, with 2 abstentions.

Article 24, paragraph 5, sub-paragraphs *a*, *b*, *c*, *d*, which received 6 votes to 4, with 4 abstentions.

Article 24, paragraph 5, *e*, Australian proposal, which received 8 votes to 3, with 3 abstentions.

Article 24, proposal of the U.S.S.R. Delegation, which received 5 votes to 9.

Article 25, proposal of the U.S.S.R. Delegation, which received 5 votes to 9.

Article 25, proposal of the U.S.A., U.K., and French Delegations, which received 9 votes to 5.

- Article 28, paragraph 1, sub-paragraph "c" in the drafting proposed by the U.S.S.R. Delegation, which received 5 votes to 9.
- Article 28, paragraph 1, sub-paragraph "c" in the drafting proposed by the U.S.A., U.K., and French Delegations, which received 9 votes to 5.
- Article 28, American proposal on the addition to sub-paragraph c., paragraph 1, of the resolution on civil aviation, which received 9 votes to 5.
- Article 28, French proposal on the addition to sub-paragraph c., paragraph 1, of resolution on civil aviation which received 7 votes to 5, with 2 abstentions.
- Article 28, paragraph 2 in the drafting proposed by the Soviet Delegation, which received 5 votes to 9.
- Article 28, paragraph 2 in the drafting proposed by the U.S.A., U.K. and French Delegations which received 9 votes to 5.
- Article 28 bis, which received 9 votes to 4, with one abstention.
- Article 29 in the drafting proposed by the U.K. Delegation, which received 8 votes to 5, with 7 abstentions.
- Article 29, in the drafting proposed by the U.S.S.R. Delegation, which received 5 votes to 9.
- Article 32, which received 8 votes to 5, with one abstention.
- Annex 4, section B, which received 6 votes to 5, with 3 abstentions.
- Annex 5, section I, which received 5 votes to 7, with 2 abstentions.
- Annex 5, section II, in the drafting proposed by the U.S.S.R. Delegation, which received 6 votes to 6, with 2 abstentions.
- Annex 5, section II, in the drafting proposed by the U.K. Delegation which received 6 votes to 6, with 2 abstentions.
- Annex 5, section III, in the drafting proposed by the U.K. Delegation, which received 7 votes to 5, with 2 abstentions.
- Annex 5, section IV, in the drafting proposed by the U.K. Delegation which received 6 votes to 6, with 2 abstentions.
- Annex 5, proposed by the U.S.A. Delegation to include section V, which received 6 votes to 5 with 3 abstentions.
- Annex 6, proposal by the U.S.A. Delegation, seconded by the U.S.S.R. Delegation, which received 7 votes to 5 with 2 abstentions.
- Annex 6, proposal by the U.K. Delegation, which received 5 votes to 6 with 3 abstentions.

[Annex 1]

Statement by the United States Delegation on Article 20 (Reparation)

The United States Delegation supports the conclusion reached by the majority as to Bulgarian reparation. Under the several reparation settlements in the treaties, that with Finland is most severe, with Hungary next and then Rumania. A comparative analysis of the Rumanian and Bulgarian economies on a pre-war basis indicates that a rough approximation of equality of burden would be achieved if Bulgaria's obligation were put at one-third Rumania's obligation.

However, two factors permit the reparation to be somewhat [more than] the one-third figure—the limited amount of war damage in Bulgaria, and the addition to Bulgaria of a substantial area of annexed territory. Consequently, the total figure of \$125 millions appears to be reasonable.

As to the division between Greece and Yugoslavia, their claims are essentially of the same character—in large part, against an occupation army. If only the claims for actual damages are considered, they are approximately equal. Of various other measures, some favor one and some the other. No amount of study can give a certain conclusion, and the fairest justice appears to be done by dividing the total equally between the two.

[Annex 2]

Statement by the Greek Delegation on Article 20

In its memorandum on Bulgarian reparations, the Greek Delegation emphasised that the Conference should fix the compensation to be paid by Bulgaria at the highest level the latter could bear, having regard to the difference between the Bulgarian economic potential and that of Greece.

No lightening of reparations in favour of ex-enemy countries should have the effect of transferring to the creditor-state a burden which the latter would in turn be incapable of bearing.

In these circumstances, the Greek Delegation does not insist on the adoption of the amendment itself but asks that the Conference should recognise the principle indicated above; in that case, the Greek Delegation would be satisfied that Bulgaria, whose illegal occupation of districts in Northern Greece is responsible for losses and damage to property and persons, would be asked to make the fullest possible contribution to the cost of reparation.

With this principle in mind and confident that it will be accepted, the Greek Delegation withdraws its amendment to Article 20 and asks that this statement be entered in the record of the meeting.

[Annex 3]

Statement by the Greek Delegation on Article 20

In the course of the discussions regarding the aggregate figure of reparations for which Bulgaria is to be made liable, the Greek Delegation pointed out to the Yugoslav Delegate that it was true that he had voted for an aggregate figure of 125 million dollars at the time when a vote was only being taken on aggregate figures and that the figure of

200 million dollars proposed by the Greek Delegation had not been accepted by the Commission, but that he was compelled to make every reservation with regard to the amount he considered that Bulgaria ought to pay as reparations to Greece, and as regards Bulgaria's capacity to pay a larger sum, with regard to which the memorandum submitted by the Greek Delegation to the Commission on August 20, 1946 and the statement by the Greek Delegate on September 30, 1946 gives full details, whose accuracy has not been contested by the Commission.

The Greek Delegation therefore requests the Chairman to be good enough to insert this declaration in the Record of Decisions of the Commission.

[Annex 4]

Statement by the Greek Delegation on Article 20

The Greek Delegation has the honour to state that it is not satisfied with the amount of reparations allocated to Greece by the decision of the Economic Commission for the Balkans and Finland.

The Delegation reserves its right to address itself to the Plenary Conference or to the Council of Four Foreign Ministers, with a view to obtaining an increase and requests the Chairman of this Commission to be good enough to insert this declaration in the Record of Decisions of the Commission.

[Annex 5]

Statement by the Greek Delegation on Article 21

The Greek Delegation has taken into consideration the interpretation given at its meeting of September 13th 1946 by the Economic Commission for Italy, to the United Nations Declaration of January 5th 1943 and to the provisions of Article 65 of the Peace Treaty with Italy, which corresponds to Art. 21 of the Draft Peace Treaty with Bulgaria and according to which the invalidation of legal acts relating to objects removed from occupied territory is covered by the said provisions. The Greek Delegation has consequently the honour to withdraw the Amendment proposed by it (CP (Gen.) Doc. I.J.28) and to request the Chairman of the Economic Commission for the Balkans and Finland to kindly have this interpretation inserted in the Commission's Record of Decisions.

[Annex 6]

*Statement by the Greek Delegation on Article 21***MINORITY REPORT ON THE AMENDMENT PROPOSED TO BE INSERTED IN ARTICLE 21 OF THE DRAFT PEACE TREATY WITH BULGARIA AS PARAGRAPH 7 (C.P.Gen.Doc.1.J.27)**

On the question of rolling stock removed by Bulgaria, Greece's position is quite different from that of the other United Nations for the following reasons:

1) After the Armistice, the Bulgarians carried off 1303 wagons and 31 locomotives from Macedonia thus depriving Greece, which had already lost 90% of her rolling stock during the war and occupation, of the small amount which she still possessed in Macedonia.

2) Because of the suspension of communications northwards, as a result of the destruction of the railway line between Greece and Yugoslavia, Greece, under Article 21, para. 6, as formulated in the draft Treaty, will, on the one hand, be deprived of the rolling stock taken from her, independently of its place of origin, and, on the other hand, will not be able to claim restitution of her own rolling stock in other European countries. Yet, her needs are of so urgent a character, and the transport situation in her Northern provinces is so bad that the supply of food to these provinces by UNRRA has on several occasions almost been interrupted.

It is absolutely unjust and incomprehensible that two years after the Armistice, according to which Bulgaria was bound to return the rolling stock—which she has not yet done—the country's food supply should suffer for lack of transport facilities.

3) In conformity with international agreements, this rolling stock should be returned to the administrations to which it belongs, not by Bulgaria, but by Greece, as soon as the latter's own rolling stock has been returned.

Moreover, Bulgaria has no grounds for disputing the obligation to return rolling stock removed by force from Greek territory by contesting the title to such stock on behalf of third parties.

The question of the return of this material was discussed in ECITO. The U.S.S.R. representative M. Erzin proposed that the question be referred to the Peace Conference. This is the only possible solution considering that Bulgaria is not a member of ECITO.

It should be noted that Bulgaria, when asked on several occasions by ECITO to supply information on the question, refused either to furnish it or to take part in the census of rolling stock on European railway systems ordered by ECITO.

To rectify this injustice towards Greece, the Greek Delegation had proposed the following amendment, for insertion after paragraph 6 of Article 21:

“On the entry into force of the present Treaty, Bulgaria shall transfer to Greek Territory rolling stock equivalent in quantity and class to that removed from Greek territory after the armistice by the Bulgarian armed forces, on the understanding that Greece will be responsible for the later restitution, if need be, of this rolling stock to its owners.”

[Annex 7]

Statement by the Greek Delegation on Article 22

MINORITY REPORT ON THE PROPOSED AMENDMENT (C.P. GEN. DOC. 1.J.29) TO ARTICLE 22 OF THE DRAFT PEACE TREATY WITH BULGARIA

The application of Article 22, which provides for the restoration of the rights of Greek nationals, is in danger of being frustrated owing to personal measures taken by the Bulgarian Government against the people entitled to these rights. The Bulgarian Government has actually started expelling most of the Greek nationals who had rights and interests in Bulgaria, and has forbidden their return even temporarily to the places where these interests are located. If this Article is to be effectively applied in Bulgaria, it is essential that all persons having such rights be permitted to remain in Bulgaria in order to take possession of their property and to take the necessary steps for the administration or disposal thereof.

In cases where persons beneficiary of such rights would prefer to give up definitely their domicile in Bulgaria they should in equity be given facility to liquidate their property as advantageously as possible, and to transfer their funds out of Bulgaria.

The amendment submitted by the Greek Delegation was as follows:

“The Bulgarian Government undertakes to permit United Nations nationals possessors of the legal rights and interests referred to in the present Article to enter and stay in Bulgaria for the purpose of taking possession of the property, rights and interests mentioned above and of accomplishing all acts relating to the administration or disposal thereof; these nationals will in particular have the right to sell their movable and immovable property on the same terms as Bulgarian nationals, and in case they definitely give up their domicile in Bulgaria, they shall be entitled to take with them their movable property and transfer their funds.”

[Annex 8]

Statement by the Soviet Delegation on Article 22, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement by the Soviet Delegation in Annex 4 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 459.]

[Annex 9]

Statement by the United States Delegation on Article 22, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement of the United States Delegation in Annex 13 to the Report of the Economic Commission for Italy, printed on page 394.]

[Annex 10]

Statement by the United Kingdom Delegation on Article 22, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement by the United Kingdom Delegation in Annex 12 to the Report of the Economic Commission for Italy, printed on page 393.]

[Annex 11]

Statement by the French Delegation on Article 22, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement of the French Delegation in Annex 15 to the Report of the Economic Commission for Italy, printed on page 397.]

[Annex 12]

Statement by the United States Delegation on Article 22

The Greek Delegation moved an amendment to permit Greek nationals having property in Bulgaria to enter Bulgaria for the administration or disposal of their property.

The U.S. Delegation did not feel that such compulsory right of entry was necessarily related to the restoration and/or compensation of United Nations property in Bulgaria and that the real interests of Greek nationals were adequately protected by the provisions of Article 22 as drafted.

[Annex 13]

Statement by the United States Delegation on Article 24

This was an agreed article in the Italian and Rumanian treaties; however in the Bulgarian treaty the U.S.S.R. had proposed that the rights of the Government and nationals of Bulgaria with regard to Bulgarian property and assets on the territory of Allied and Associated Powers should be restored.

The U.S. Delegation is unable to perceive any argument in support of such a proposal except the contention that the claims of Allied and Associated Powers against Bulgaria are very slight. This however is not a persuasive consideration since Article 24 merely entitles the Allied and Associated Powers to seize and liquidate Bulgarian assets on their territory to the extent necessary to satisfy their claims against Bulgaria and it stipulates that any excess of the value of such assets of the total of claims shall be returned to Bulgaria.

Therefore the U.S. Delegation supports the US, UK and French proposal with respect to Article 24 and opposes the Soviet proposal.

[Annex 14]

Statement by the United States Delegation on the Australian Amendment to Article 24

[Text is the same, *mutatis mutandis*, as the statement of the United States Delegation in Annex 7 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 461.]

[Annex 15]

Statement by the United Kingdom Delegation on Article 24

The United Kingdom Delegation see no reason why Bulgarian external assets should not be realised and set off against claims, including debts.

So far as war claims are in question, the cost to each Allied or Associated Power in manpower, money and in loss generally has been incurred in a common effort against a common enemy. So far as outstanding contractual indebtedness is concerned there is no doubt that the Bulgarian Government and Bulgarian nationals owe far more in accrued interest alone than their external assets would realise if sold.

The suggestions that the Bulgarian Government should resume, and that Bulgarian nationals should retain, as of right, property constituted in the territories of the Allied and Associated Powers appears to

the United Kingdom Delegation to be a complete reversal of the ordinary conceptions of justice. It would mean that the war makers retain assets while the Allied Powers bear all losses. The United Kingdom Delegation see no reason why the principles accepted in the cases of Italy and Roumania should not be followed.

So far as the United Kingdom is concerned the Bulgarians owe some £1,700,000 in respect of debts accrued due while their total property in the United Kingdom is of the order of £160,000.

[Annex 16]

Statement by the United States Delegation on Article 25

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 10 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 463.]

[Annex 17]

Statement by the United Kingdom Delegation on Article 25

[Text is the same, *mutatis mutandis*, as the statement by the United Kingdom Delegation, in Annex 11 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 464.]

[Annex 18]

Statement by the Greek Delegation on Article 26

MINORITY REPORT ON THE AMENDMENT (C.P.(GEN)DOC.1.J.30) TO
ARTICLE 26 OF THE DRAFT PEACE TREATY WITH BULGARIA

The Greek Delegation had proposed that the following amendment be added to Article 26 :

“Within a period of three months from the entry into force of the present Treaty, Bulgaria shall pay in Swiss francs, to the Banque Nationale Suisse, to the credit of the respective beneficiaries, the gold value of the compensation amounts awarded to Greek nationals by the Mixed Greek-Bulgarian Arbitral Tribunal, set up by Article 188 of the Treaty of Neuilly. The Bulgarian Government also undertakes to pay within the same period any amount awarded to Greek nationals by a decision of the Bulgarian Courts.”

Under the provisions of the Treaty of Neuilly, the claims of Greek nationals against the Bulgarian State bearing on the period preceding

the war of 1914/1918 were submitted to a Mixed Greek-Bulgarian Arbitral Tribunal, set up by Article 188 of the said Treaty. The Bulgarian Government refused to implement certain awards of the Arbitral Tribunal notwithstanding repeated demands of the Greek Government. The Greek Government considers, this being the case, that it would be useful to insert in the new Peace Treaty with Bulgaria a clause obliging the Bulgarian Government to carry out the arbitral awards which have not yet been put into effect. The same applies to certain decisions of the Bulgarian Courts in favour of Greek nationals.

[Annex 19]

French Delegation Proposal Concerning Rail Transit

The French Delegation considers it necessary to safeguard the Allied and Associated Powers against possible ill-will on the part of ex-enemy States as regards transit traffic. To allay any anxiety in this respect, the proposed Article is very flexibly framed and offers the ex-enemy States the advantage of reciprocity.

[Annex 20]

Statement by the Greek Delegation on the Greek Amendment to Article 27 (C.P.(Gen)Doc.1.J.32)

The Greek Delegation withdraws its amendment to Article 27 of the Draft Peace Treaty with Bulgaria for the following reasons:

A similar amendment (C.P.(Gen)Doc.1.U.23) was proposed by the Yugoslav Delegation in connection with Article 70 of the Draft Peace Treaty with Italy.

During the discussion on the Yugoslav amendment, at its meeting of 28th September, 1946, the Economic Commission for Italy, in unanimously adopting Article 70 of the Draft Treaty with Italy, recognised that debts contracted towards nationals of ex-enemy States are covered by the provisions of Article 66 of the Draft Treaty with Italy, which corresponds to Article 27 of the Draft Treaty with Bulgaria.

While sharing the view of the Economic Commission for Italy, the Greek Delegation had proposed the amendment to the Draft Treaty with Bulgaria; but, following the confirmation of this view by the Economic Commission for Italy, the Greek Delegation has decided to withdraw its amendment, and requests the Chairman to give instructions that the present statement be annexed to the Record of Decisions taken by the Economic Commission for the Balkans and Finland.

The relevant extract from the Record of Decisions of the Economic Commission for Italy (27th Meeting, held on 28th September, 1946) reads as follows:

“3) The Yugoslav amendment (C.P.(Gen)Doc.1.U.23) proposing the addition of a paragraph to Article 70, was withdrawn on condition that mention be made in the Record of Decisions taken at the meeting of the personal opinion expressed by the United Kingdom Delegate to the effect that the provisions of Article 66 apply to outstanding debts owing to Italian nationals.

4) Article 70 in its present form was unanimously adopted.”

[Annex 21]

Statement by the Soviet Delegation on Article 28

[Text is the same, *mutatis mutandis*, as the statement of the Soviet Delegation in Annex 21 to the Report of the Economic Commission for Italy, printed on page 402.]

[Annex 22]

Statement by the United States Delegation on Article 28

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 12 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 464.]

[Annex 23]

Statement by the United States Delegation on Article 28

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 22 to the Report of the Economic Commission for Italy, printed on page 402.]

[Annex 24]

Statement by the United States Delegation on Article 28

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 15 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 465.]

[Annex 25]

Statement by the United Kingdom Delegation on Article 28

[Text is the same, *mutatis mutandis*, as the statement by the United Kingdom Delegation in Annex 16 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 466.]

[Annex 26]

Statement by the French Delegation on Article 28, Sub-paragraph c

[Text is the same, *mutatis mutandis*, as the statement by the French Delegation in Annex 17 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 466.]

[Annex 27]

Statement by the United States Delegation on Article 29

[Text is identical to the statement by the United States Delegation in Annex 20 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 467.]

[Annex 28]

Statement by the United Kingdom Delegation on Article 29

[Text is identical to the statement by the United Kingdom Delegation in Annex 21 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 468.]

[Annex 29]

Statement by the United States Delegation on Article 32

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 22 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 468.]

[Annexes 30 and 31]

Statements by the Yugoslav Delegation on Article 32

[Text is identical to the statements by the Yugoslav Delegation in Annexes 28 and 29 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 471.]

[Annex 32]

Declaration by the United Kingdom Delegation on Article 32

[Text is identical to the declaration by the United Kingdom Delegation in Annex 26 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 470.]

[Annex 33]

Statement by the Polish Delegation on Article 32

[Text is the same, *mutatis mutandis*, as the statement by the Polish Delegation in Annex 24 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 469.]

[Annex 34]

Statement by the Belgian Delegation on Article 32

[Text is identical to the statement by the Belgian Delegation in Annex 23 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 469.]

[Annex 35]

Statement by the Greek Delegation on Article 32

[Text is identical to the statement by the Greek Delegation in Annex 25 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 470.]

[Annex 36]

Statement by the French Delegation on Article 32

[Text is identical to the statement by the French Delegation in Annex 27 to the Report of the Economic Commission for the Balkans

and Finland on the Draft Peace Treaty with Rumania, printed on page 470.]

[Annex 37]

*Statement by the United Kingdom Delegation on Annex 4,
Section B*

The United Kingdom Delegation are informed that under recent legislation the insurance business in Bulgaria has been nationalised.

In these circumstances it is impracticable to apply the generality of the provisions of Article 22 of the Treaty (under which United Nations' interests are due to be restored as they existed at April 24, 1941) and, in the opinion of the United Kingdom Delegation, the redress provided under that Article by way of compensation in levas would be of no effect.

In the other Treaties under consideration, the United Kingdom Delegation have proposed, or supported, special provisions under which United Nations' insurers are to be afforded facilities for the return of their former portfolios of business. In the case of Bulgaria, it is clear that effective compensation must be made by Bulgaria for the property, rights and interests the Bulgarian Government have acquired and the proposal is designed to bring this requirement to the notice of the Bulgarian Government while leaving the terms and methods of applying the principle to separate negotiations.

[Annex 38]

Statement by the United States Delegation on the Amendment Proposed by the United States Regarding the Inapplicability of Annex 5 as Between the United States and Bulgaria

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 33 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 473.]

[Annex 39]

Statement by the United States Delegation on Annex 5, Part I

The United States opposed the U.K. proposals on contracts, primarily because it regards paragraph 2(f) as unreasonable.

[Annex 40]

Statement by the United Kingdom Delegation on Annex 5, Section I

[Text is identical to the statement by the United Kingdom Delegation in Annex 25 to the Report of the Economic Commission for Italy, printed on page 404.]

[Annex 41]

Statement by the United States Delegation on the United Kingdom Proposal for Annex 5, Part II

[Text is identical to the statement of the United States Delegation in Annex 29 of the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 42]

Statement by the United States Delegation on the Soviet Proposal for Annex 5, Part II

[Text is identical to the statement by the United States Delegation in Annex 28 to the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 43]

Statement by the United Kingdom Delegation on Annex 5, Section II

[Text is identical to the statement by the United Kingdom Delegation in Annex 27 to the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 44]

Statement by the United Kingdom Delegation on Annex 5, Section III

[Text is identical to the statement by the United Kingdom Delegation in Annex 31 to the Report of the Economic Commission for Italy, printed on page 406.]

[Annex 45]

Statement by the United States Delegation on Annex 5, Part IV

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 33 to the Report of the Economic Commission for Italy, printed on page 407.]

[Annex 46]

Statement by the United Kingdom Delegation on Annex 5, Section IV

[Text is the same, *mutatis mutandis*, to the statement by the United Kingdom Delegation in Annex 32 to the Report of the Economic Commission for Italy, printed on page 407.]

[Annex 47]

Statement by the United States Delegation on the United States Proposal for Annex 6 B

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 34 to the Report of the Economic Commission for Italy, printed on page 408.]

[Annex 48]

Statement by the United States Delegation on the United Kingdom Proposal for Annex 6 B

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 38 to the Report of the Economic Commission for Italy, printed on page 410.]

[Annex 49]

Statement by the United States Delegation on the French Proposal for Annex 6 B

[Text is the same, *mutatis mutandis*, as the statement of the United States Delegation in Annex 37 to the Report of the Economic Commission for Italy, printed on page 409.]

[Annex 50]

Statement by the United Kingdom Delegation on Annex 6 B

[Text is the same, *mutatis mutandis*, as the statement of the United Kingdom Delegation in Annex 35 to the Report of the Economic Commission for Italy, printed on page 408.]

[Annex 51]

Statement by the French Delegation on Annex 6 B

[Text is the same, *mutatis mutandis*, as the statement of the French Delegation in Annex 36 to the Report of the Economic Commission for Italy, printed on page 409.]

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Report of the Military Commission on the Military, Naval, and Air Clauses of the Draft Peace Treaty With Bulgaria

C.P.(Plen)Doc. 19

PARIS, October 7, 1946.

I. INTRODUCTORY

The Commission held nine Meetings on the Clauses of the Draft Peace Treaty with Bulgaria. It submits to the Plenary Conference recommendations concerning Articles 9 to 18 and Annexes 2 and 3 of the Treaty. The Commission considered proposals for amendments put forward by the Delegations of Belgium, Greece and Yugoslavia, which are designated by the following letters and numbers: C.P.(Gen) Doc.C.3; C.P.(Gen) Doc.1J21, 1J22, 1J23, 1J24, 1J36; and C.P.(Mil) Doc.15 and 18.

It heard the representatives of Bulgaria and considered their written and oral observations.

All the Articles of the Draft Peace Treaty, which were examined by the Commission, had been approved by the Council of Foreign Ministers. The United States Delegation had made a reservation with respect to an article concerning War Graves; but it withdrew the reservation.

II. DECISIONS ON ARTICLES

A. ARTICLES ADOPTED WITHOUT CHANGE

The following Articles of the Draft Peace Treaty were adopted without change and unanimously: 9, 10, 11, 14, 15, 16, 17 and 18, Annexes 2 and 3.

B. DRAFTING AMENDMENT ADOPTED

The French version of Article 13 was redrafted in order to bring the last sentence into line with the English and Russian texts. As revised, the Article in French reads as follows:

“La Bulgarie ne devra pas conserver, fabriquer ou acquérir par d’autres moyens, de matériel de guerre en excédent de ce qui est nécessaire au maintien des forces armées autorisées par l’article 9 du présent Traité. Elle ne conservera pas d’installations en excédent de celles nécessaires à l’armement des forces armées autorisées par l’article 9 du présent Traité.”

C. AMENDMENT OF SUBSTANCE ADOPTED

Article 12.

A Belgian amendment to add "any atomic weapon" to those prohibited to Bulgaria was adopted. Some other technical changes were made in the Article, which now reads as follows, and was adopted unanimously, subject to the statements given in Report II⁵⁴ on the point raised in sub-paragraph (f) below :

"Bulgaria shall not possess, construct or experiment with *any atomic weapon*, any self-propelled or guided missiles or apparatus connected with their discharge (*other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty*), sea-mines or torpedoes of non-contact types actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft or specialised types of assault craft."

The representatives of Byelorussia, Czechoslovakia, Poland, the Ukraine, Yugoslavia and the U.S.S.R. state that in their opinion the wording of this Article was adopted unanimously without any reference to the future decisions of the question about motor torpedo boats.

D. AMENDMENTS WHICH WERE REJECTED OR WITHDRAWN

The Greek Delegation submitted a series of amendments to Articles 9, 12 and 14 of the Draft Treaty, and some in the form of new Articles to be added to the Military Clauses.

The amendments concerning the reduction of the Bulgarian armed forces, the proportion of officers and N.C.O.'s in the armed forces, and the training and instruction of reserve officers and N.C.O.'s, were withdrawn. The Greek Delegation withdrew also its amendment concerning the Gendarmerie (part of Doc. 1.J.21), after having heard the declaration stating that there was no Gendarmerie Corps in Bulgaria, and the declarations of the U.S.A. and U.K. Delegations summarised in sub-paragraph (e).

An amendment proposing the reduction of the naval forces was rejected by 10 votes to 6, with 5 abstentions; the amendment concerning the limitation of the number of aircrew and rate of replacement of aircraft was rejected by 13 votes to 3, with 5 abstentions.

The Greek Delegation withdrew an amendment, in the form of a new article, concerning the destruction of permanent Bulgarian fortifications to the north of the Greco-Bulgarian frontier, after having agreed that there are no fortifications on the Bulgarian side.

The Greek Delegation withdrew an amendment to Article 14 concerning the disposal of war material, after a declaration was made by the U.S. Delegation, supported by the Delegation of the U.S.S.R.,

⁵⁴ *Post*, p. 523.

that the interpretation given to the word "property" in Article 65 of the Draft Treaty with Italy should be applied to Article 21 of the Draft Treaty with Bulgaria, so as to cover the restitution of war material removed from any of the United Nations.

The Greek Delegation withdrew also an amendment, in the form of a new article, concerning mine clearance by Bulgaria in the areas occupied by her on Greek territory.

E. DECLARATIONS MADE

Declarations were made by the Delegations of the United Kingdom and the U.S.A. with regard to the establishment in Bulgaria of a Frontier Militia which had been provided by a law introduced since the Peace Conference started its work. The declaration of the United Kingdom states that in their view, the Frontier Militia comes within the provisions of Article 9 limiting the strength of the Bulgarian armed forces. The declaration of the U.S.A. states that, if the Frontier Militia is not included in the total armed strength, then, under Article 11, it will be illegal for Bulgaria to have such a force with military training. The U.S.S.R. Delegation declared on behalf of Byelorussia, Czechoslovakia, Poland, Yugoslavia and the Ukraine, that there was no reason to insert these declarations because this question was fully clarified at the meetings of the Commission.

A declaration was made by the U.S. Delegate, on behalf of the Three Powers who prepared the Draft Peace Treaty with Bulgaria, that excess war material of Bulgarian and German origin, surrendered by Bulgaria, would be placed in its entirety at the disposal of the U.S.S.R., U.S.A. and U.K.; but in the disposition to be made of this material by joint decision of the Three Powers, the latter would take into consideration any request made by the other Allied and Associated Powers, in particular by the Powers from which material had been taken by Bulgaria.

The Greek Delegation asked for their view to be recorded that the Bulgarian army and air forces, as provided by the Draft Peace Treaty, and the fact that these forces will be in possession of armaments not specifically designated, without, moreover, any real form of military supervision of the application of the Military Clauses of the Treaty, constitute a threat to Greek security.

F. AMENDMENTS WHICH WERE NOT UNANIMOUSLY ADOPTED

1. An amendment prohibiting the construction of permanent fortifications to the north of the Greco-Bulgarian frontier, where weapons capable of firing into Greek territory can be placed, obtained a simple majority of 11 votes to 7, with 3 abstentions. The majority was composed of Australia, Belgium, Canada, France, Greece, India, Netherlands, New Zealand, South Africa, U.K. and the U.S.A. The minority

was composed of Brazil, Poland, Czechoslovakia, Yugoslavia, Ukraine, Byelorussia and the U.S.S.R. (See the Reports of the majority and minority attached hereto—Additional Report I).

2. An amendment to Article 12, about the addition of Motor Torpedo Boats, obtained 13 votes to 6, with 2 abstentions. The majority was composed of Australia, Belgium, Brazil, Canada, China, Greece, India, Netherlands, New Zealand, Norway, South Africa, U.K. and the U.S.A. The minority was composed of Byelorussia, Czechoslovakia, Poland, Ukraine, U.S.S.R. and Yugoslavia.

In the latter case, the question whether the two [-thirds] majority or a simple majority was obtained arose on account of the abstentions, and the Commission decided to apply the resolution of the Secretary General—C.P.(Sec)NS131—and to present two separate Reports of the majority and of the minority on these questions. (See the Reports of the majority and minority attached hereto—Additional Report II).

CONCLUSION

The Military Commission has the honour to recommend to the Plenary Conference:

(i) to decide upon the fresh draft of the clauses set out in paragraphs II *b.* and *c.* above; namely Article 12 and Article 13 (French text);

(ii) to consider Additional Reports I and II of the majority and minority and decide upon the amendments.

[Annex 1]

ADDITIONAL REPORT I FOR THE LIMITATION OF FORTIFICATIONS ON THE GRECO-BULGARIAN FRONTIER

A. VIEWS OF THE MAJORITY

1. An amendment prohibiting the construction of certain permanent fortifications to the north of the Greco-Bulgarian frontier obtained, in the following form, a majority of 11 votes to 7, with 3 abstentions:

“(a) The following construction to the north of the Greco-Bulgarian frontier is prohibited: permanent fortifications where weapons capable of firing into Greek territory can be emplaced; permanent military installations capable of being used to conduct or direct fire into Greek territory; and permanent supply and storage facilities emplaced solely for the use of the said fortifications.

(b) This prohibition does not include the other types of non-permanent fortifications or surface accommodations and installations which are designed to meet only requirements of an internal character and of local defence of the frontiers.”

2. The recommendation of the majority in favour of the limitation of fortifications on the Greco-Bulgarian frontier was influenced by the following arguments:

a. Greece having suffered from unprovoked aggression by Bulgaria three times in one generation, and her own frontier fortifications having been destroyed during the last Bulgarian occupation, was entitled to security.

b. Since the Greek territory east of Salonika is long and narrow, and its lateral communications are in places within field artillery range of the Bulgarian frontier, a prohibition against permanent mountings for weapons, capable of firing into Greek territory, will assist in the maintenance of Greek communications during the early stages of a defensive war; and so increase her security.

c. The proposed measures do not restrict Bulgarian right

(i) to construct permanent fortifications not capable of directing fire into Greek territory or territorial waters, or non-permanent fortifications of whatever type, or

(ii) to station troops or air forces on or near the frontier.

The proposed measures, therefore, do not deny to Bulgaria the right to organise the local defence of her frontiers.

d. Similar measures have been agreed upon for the Franco-Italian and Yugoslav-Italian frontiers, and it was deemed unjust, in principle, to deny to a small Ally what had been given to bigger Allies.

3. It was not until representations had been made by France and Yugoslavia that, in the interests of their security, restrictions were placed on the frontier fortifications of Italy. The U.S.A., U.K. and French Delegations, therefore, considered it just that the Greek request should be given similar consideration to that already accorded to the like requests of France and Yugoslavia.

4. The U.S.A., French and U.K. Delegations were further influenced by the fact that since no such Greek request had been received by the C.F.M., the question of restricting Bulgaria's fortifications on the Greek frontier had never been specifically discussed by that body.

Delegations of:

Australia,	Netherlands,
Belgium,	New Zealand,
Canada,	South Africa,
France,	U.K.,
Greece,	U.S.A.
India,	

B. VIEWS OF THE MINORITY

The Military Experts of the Council of Foreign Ministers studied for a long time and thoroughly the question of the limitation of frontier fortifications for the Balkan ex-enemy States and Finland in order to find such a general formula of the limitations of fortifications, which would meet the tasks of an internal character and local defence of frontiers of each of these States.

As a result of this, a general formula, acceptable to all experts of the Four Powers, was found, which imposes sufficient and, at the same time, justified limitations on frontier fortifications. It reads in identical language for Article 9 of the Draft Peace Treaty with Bulgaria, Article 11—with Roumania, Article 10—with Hungary, and Article 13 with Finland, as follows:

“Maintenance of land, sea and air armaments and fortifications shall be closely restricted to meeting tasks of an internal character and local defence of frontiers.”

These articles were approved by the Council of Foreign Ministers and adopted unanimously by the Military Commission. It was thought that the limitations on frontier fortifications provided for in these articles, are sufficient enough.

However, for reasons which cannot be justified either from the formal point of view or from the point of view of substance, some members of the Military Commission eagerly try to impose upon Bulgaria some considerable additional limitations. The limitations adopted by simple majority of the Commission read as follows:

“3. (a) The following construction to the north of the Greco-Bulgarian frontier is prohibited: permanent fortifications where weapons capable of firing into Greek territory can be emplaced; permanent military installations capable of being used to conduct or direct fire into Greek territory; and permanent supply and storage facilities emplaced solely for the use of the said fortifications and installations.

(b) This prohibition does not include the other types of non-permanent fortifications or surface accommodations and installations which are designed to meet only requirements of an internal character and of local defence of the frontiers.”

Such limitations have not been imposed upon any other ex-enemy Balkan States or Finland, but for some unknown reason, they try to impose these limitations upon Bulgaria, and by doing so, to put Bulgaria into an exceptional position in comparison with the other Balkan States and Finland, and to break the very basic principle, which had been established for all these States when the experts of the Council of Foreign Ministers worked out the Draft Peace Treaties as well as during the discussion of the limitations to be imposed upon these States in the Military Commission.

Such an exceptional situation has been created only for Bulgaria. This neither represents justice nor is it necessitated by anything.

Bulgaria is a democratic, peace-loving, and territorially small State. The Experts of the Council of Foreign Ministers adhered to a right principle of not imposing such limitations upon small States, inasmuch

as these States should be allowed to possess the necessary means of defence of their territories, which is in complete order with justice.

Bulgaria has no frontier fortifications, and this fact has been confirmed by the Greek Delegate at the Military Commission. Therefore, her frontiers are absolutely open and unprotected, which is contrary to the principle of the assurance of the internal security and of local defence of frontiers as it is supposed to be provided for in Article 9.

Bulgaria sincerely endeavours to be in peace with her neighbours. The representatives of Bulgaria have confirmed these peaceful aims of the Bulgarian people when they made their observations at the Commission. It is because of these peaceful aims of the Bulgarian people that it would be a great injustice to impose such limitations only upon Bulgaria alone.

The Delegates of Brazil, Poland, Czechoslovakia, Byelorussia, Ukraine and U.S.S.R. firmly believe such limitations to be unjust and apply the same limitations to Bulgaria as adopted for other Balkan States and Finland. They are certain that the Plenary Conference will demonstrate its justice in respect to Bulgaria and reject the Greek amendment to Article 9 of the Draft Peace Treaty with Bulgaria. They hope that the Plenary Conference will fully adopt the wording of this Article, proposed by the Council of Foreign Ministers.

Delegates of:

Brazil,

Poland,

Czechoslovakia,

Yugoslavia,

Ukraine,

Byelorussia,

U.S.S.R.

[Annex 2]

ADDITIONAL REPORT II ON AMENDMENT TO ARTICLE 12 ABOUT PROHIBITION OF MOTOR TORPEDO BOATS

A. VIEWS OF THE MAJORITY

1. At the 27th Meeting of the Military Commission on 27th September, that part of this amendment which relates to prohibition against possession or construction of or experimentation with Motor Torpedo Boats by Bulgaria was carried by a vote of 13 to 6, with 2 abstentions.

2. The majority of the Commission based their recommendation on the principle that since M.T.B's were considered primarily offensive and were consequently prohibited weapons, in the case of Italy, they should be so prohibited in the case of all ex-enemy States. Their decision was also based on the opinion that M.T.B's are not required by Bulgaria for local defence and internal security purposes.

3. In order to implement the principle that there should be no discrimination between ex-enemy States in the matter of prohibitions against offensive weapons, the Commission unanimously adopted the following resolution tabled by the United States Delegation:

“The Commission agrees that the Articles on prohibitions in the Balkan and Finnish Treaties (Article 12 of the Bulgarian Treaty, Article 14 of the Roumanian Treaty, Article 13 of the Hungarian Treaty, and Article 16 of the Finnish Treaty) should be in identical language, i.e. that decided upon for Article 12 of the Bulgarian Treaty.”

Delegations of:

Australia,	Netherlands,
Belgium,	New Zealand,
Brazil,	Norway,
Canada,	South Africa,
China,	U.K.,
Greece,	U.S.A.
India,	

B. VIEWS OF THE MINORITY

Report to the Plenary Session of the Paris Peace Conference on the Amendment of the Greek Delegation to Article 12 of the Draft Peace Treaty with Bulgaria, Prohibiting the Latter to Have Motor Torpedo Boats Among the Units of Her Navy.

The naval, military and air experts of the Council of Foreign Ministers, after a long and careful consideration of the question of limitation of the war navies of the former ex-enemy Balkan powers and Finland, arrived at a formula acceptable to all the experts of the Four Powers, which imposes sufficient and at the same time just limitations on the above-mentioned navies.

In accordance with this formula, certain limitations were laid down in regard to naval tonnage and the number of navy personnel for each of these countries and the prohibition of special weapons was formulated. Especially so far as Bulgaria was concerned, submarines, specialised types of landing craft and other special weapons were prohibited. Besides, the tonnage allowed Bulgaria, which is limited to 7,250 tons, does not enable her to have any capital ships (cruisers, battleships and others) which were not prohibited to Italy.

All considered that the prohibitions and limitations imposed on the navies were sufficient and just.

They were approved and recommended by the Council of Foreign Ministers. However, some of the members of the Military Commission, for motives independent of the substance of the matter, are attempting to impose upon Bulgaria a considerable supplementary limitation, forbidding her to have motor torpedo boats.

It is brought forward as an argument in favour of the acceptance of the Greek proposal, that because similar limitations are imposed upon Italy, they should also apply to other countries, and that motor torpedo boats are offensive vessels. These arguments are without foundation, as they are not in harmony with the spirit of the limitations imposed on the Bulgarian navy. It is obvious that within the limits of the small tonnage allowed her—7,250 tons—only a limited number of small vessels can be built.

The contention that motor torpedo boats are offensive vessels and must therefore be prohibited is without foundation. Any ship can be used for defensive or offensive operations. This fact alone shows that motor torpedo boats are not exclusively offensive vessels. In this sense we can only talk of the superiority of the offensive power of one class of ships over other classes of ships.

However, even a superficial comparison of motor torpedo boats with the battleships and cruisers left to Italy shows that the latter can boast of an offensive potential many times superior, as they have a wider range of action, more fire power, heavier armour, good survival chances, etc.

But since no one prohibits Italy from having battleships and cruisers because they are offensive vessels, there is all the less reason to prohibit Bulgaria having motor torpedo boats.

The formal principle of automatic extension of the limitations applied to Italy, to the Balkan countries and Finland in the same degree, is also unjustified, for in this case, according to this principle, there would be no reason not to extend the limitations imposed upon the Balkan countries and Finland to Italy in the same degree.

It would thus be necessary to forbid Italy from having battleships and cruisers, since the limitation of tonnage allowed prevents the Balkan countries and Finland from having them.

Motor torpedo boats, besides, do not belong to the specialised types of assault craft as is already laid down in point 2 of Article 50 of the Peace Treaty with Italy, adopted by the Military Commission.

In view of the above, it would evidently be unjust and unjustified for the Plenary Session of the Paris Peace Conference to impose on Bulgaria an additional limitation making it impossible for her to have motor torpedo boats.

Besides, by a resolution adopted on the proposal of the U.S.A. Delegation on 28th September of this year, the Military Commission unanimously decided the articles concerning prohibitions in the Treaties with the Balkan countries and Italy will be drafted in the same terms as laid down by the decision concerning Article 12 of the Peace Treaty with Bulgaria.

Since Article 12, as recommended by a decision of the Council of Foreign Ministers, contains no prohibition for Bulgaria to have motor torpedo boats, and since the Military Commission has already taken a unanimous decision concerning the adoption of this Article in the form it was written into the Minutes of the 27th Meeting of the 27 September, 1946—the adoption of the amendment of the Greek Delegation would be in open contradiction with decisions already adopted.

The representatives of the Delegations of Byelorussia, Czechoslovakia, Poland, Ukraine, Yugoslavia and the U.S.S.R. are convinced that the Plenary Session of the Conference will manifest the necessary spirit of justice as far as Bulgaria is concerned by rejecting the Greek amendment to Article 12 of the Peace Treaty with Bulgaria, and adopting this article in the draft which was unanimously adopted by the Military Commission.

Representatives of the Delegations:

Byelorussia,
Czechoslovakia,
Poland,
Ukraine,
Yugoslavia,
U.S.S.R.

REPORTS ON THE DRAFT PEACE TREATY WITH HUNGARY

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Report of the Political and Territorial Commission for Hungary

C.P. (Plen) Doc. 27

PARIS, October 7, 1946.

Rapporteur: Professor M. V. Ptuckha.

1. The Political and Territorial Commission for Hungary under the chairmanship of M. S. Stankovich, Delegate of Yugoslavia, held 20 meetings.

The Commission which comprised representatives of Australia, Byelorussia, Canada, Czechoslovakia, France, India, New Zealand, Ukraine, Union of South Africa, United Kingdom, United States of America, U.S.S.R. and Yugoslavia, elected Mr. A. Stirling, Delegate of Australia, as Vice-Chairman, and as Rapporteur the representative of Czechoslovakia, who after his refusal to accept nomination, was replaced by the representative of the Ukraine.

The task of the Commission was to study certain sections of the Draft Peace Treaty between the Allied and Associated Powers, on the one hand, and Hungary, on the other, and to submit, where necessary, recommendations to the Plenary Conference.

The following sections of the Draft Peace Treaty came within the purview of the Commission:

Preamble.

Part I. Frontiers (Article 1, Annex 1)

Part II. Political Clauses (Articles 2, 3, 4, 5, 6, 7, 8 and 9)

Part IV. Withdrawal of Allied Forces (Article 20)

Part VIII. Final Clauses (Articles 34, 35, 36 and 37)

Nineteen amendments were submitted to the Commission, namely:

To the Preamble—an Australian amendment (C.P.(Gen)Doc.1 B)

To Article 1—a Czechoslovak amendment declaring null and void the consequences of the Vienna Award (C.P.(Gen)Doc.1Q2) and a Czechoslovak amendment concerning the cession to Czechoslovakia of five Hungarian villages in the region of Bratislava (C.P.(Gen)Doc.1.Q.3.)

To Article 2—an Australian amendment on Human rights (C.P.(H/P)Doc. 6; a Yugoslav amendment on the right to be taught in the mother tongue (C.P.(Gen)Doc.1.U.30).

To Article 3—a Yugoslav amendment to prohibit persecution on political grounds (C.P.(Gen)Doc.1.U.31)

To Article 4—a Czechoslovak amendment to prohibit revisionist activity and propaganda (C.P.(Gen)Doc.1Q.4)

—a Czechoslovak amendment concerning the transfer of 200,000 Hungarians to Hungary (C.P.(Gen)Doc.1Q5)

—a Czechoslovak amendment to insert after Article 6 a new article concerning the date of the outbreak of war between Hungary and Czechoslovakia (C.P.(Gen)Doc.1.Q.6)

—an Australian amendment to insert after Article 8 a new article about the admission of Hungary into international organisations (C.P.(H/P)Doc.8)

—a Czechoslovak amendment to insert after Article 6 a new article 9a on the transfer of populations and 9b on the return by Hungary to Yugoslavia of cultural property and archives (C.P.(Gen)Doc.I.U.32)

To Article 34—a Czechoslovak amendment on the participation of representatives of the interested Allied and Associated Powers in the consideration by the Ambassadors of the relevant questions (C.P.(Gen)Doc.1.Q.15)

—an Australian amendment concerning a Treaty Executive Council (C.P.(H/P)Doc.9)

To Article 35—an Australian amendment to modify the wording of the U.S.A. and U.K. amendments about the interpretation of the Treaty in connection with the Australian proposals for a Treaty Executive Council (C.P.(H/P)Doc.9)

—an Australian amendment to insert in the Treaty after Article 35 a new article on Treaty revision (C.P.(H/P)Doc.9);

—an Australian proposal for the inclusion in the Treaty of a new part dealing with the establishment of an European Court of Human Rights (C.P.(H/P)Doc.9);

—Draft Yugoslav Annexes—No. 7 on a transfer of populations between Yugoslavia and Hungary (C.P.(Gen)Doc.1.U.38).

The Commission discussed the U.K. Delegations's proposal of 5th September on Article 2 of the Draft Treaty concerning the prohibition of racial discrimination (C.P.(HP)Doc.10).

The Hungarian Delegation tabled its observations on a number of Articles (C.P.(Gen)Doc.5) and also addressed a number of letters to the Chairman of the Commission.

In connection with Article I, paragraph 2, on the frontiers between Hungary and Rumania, there was a joint meeting with the Political and Territorial Commission for Rumania at which the views of the Hungarian and Rumanian delegations on the frontier between Hungary and Rumanian were heard. The Hungarian Delegation was also given opportunities to be heard orally on other paragraphs of the Draft Treaty.

The Articles referred to the Commission for consideration had been agreed by the Council of Foreign Ministers with the exception of Article 35 for which there were two proposals, one by the U.S.A. and the U.K. and the other by U.S.S.R.

As a result of its discussions the Commission came to the following conclusions:

1.—Article 1, paragraph 1, 2. and 3, Articles 3 and 4 (together with the Czechoslovak Delegation's amendment), 5, 6, 7, 8, 9, 20, 34, 36 and 37 were unanimously agreed.

The Commission recommends the Plenary Conference to adopt these Articles.

2.—The Preamble was adopted by 11 votes with 2 abstentions together with two modifications proposed by the Australian Delegation.

a). In the 4th paragraph of the Preamble after the words "whereas the Allied and Associated Powers and Hungary are respectively desirous of concluding a Treaty of Peace. . ."; the words "conforming to the principles of justice" were added.

b). In the same paragraph the two phrases which follow the words "conforming to the principles of justice" have been transposed so that this paragraph should read: "Whereas the Allied and Associated Powers and Hungary are respectively desirous of concluding a treaty of Peace, which, conforming to the principles of justice, *will settle questions still outstanding as a result of the events hereinbefore recited and form the basis of friendly relations between them.*

The Commission submits the text of the Preamble with the above-mentioned amendments in the form of a recommendation for the approval of the Plenary Conference.

3.—The Czechoslovak amendments to paragraph 4 of Article 2 on the annulment of the Vienna Award (C.P.(Gen)Doc.1Q2) and on the alteration of the frontier in the area of Bratislava (C.P.(Gen)

Doc.1Q3) were referred to a sub-committee specially set up for this purpose, on the proposal of the Australian Delegation, which included representatives of Australia, Canada, New Zealand, Czechoslovakia and the Ukraine.

The Sub-Committee submitted a report to the Commission on the first amendment, the first 4 paragraphs of which (general part) were unanimously approved by the Commission. The Commission decided unanimously to refer paragraph 5, which contained the proposal of a majority of four members of the Sub-Committee from which Australia had abstained, to the Economic Commission for the Balkans and Finland, recommending the inclusion of this amendment in the economic section of the Treaty, if it did not conflict with other economic provisions of the Draft Peace Treaty.

The Sub-Committee submitted a report from which Australia abstained to the Commission on the second amendment, which was unanimously approved, together with a new text, of paragraph 4 of Article 1, Paragraph 4 of Article 1 was agreed as follows:

a). The decisions of the Vienna Award of November 2, 1938, are declared null and void.

b). The frontier between Hungary and Czechoslovakia from the point common to the frontier of those two States and Austria to the point common to those two States and the Union of Soviet Socialist Republics, is hereby restored as it existed on January 1, 1938, with the exception of the change resulting from the stipulations of the following paragraph.

c). Hungary shall cede to Czechoslovakia the villages of Horvathjarfalu, Oroszvar and Dunacsun, together with their cadastral territory to the extent indicated on Map No. 1a^{54a} annexed to the present Treaty. Accordingly, the Czechoslovak frontier on the sector shall be fixed as follows: from the point common to the three frontiers of Austria, Hungary and Czechoslovakia, as they existed on 1st January 1938, the present Hungaro-Austrian frontier shall become frontier between Austria and Czechoslovakia as far as a point roughly 500 meters north of hill 134 (3 km.5 north-west of the church of Rajka), this point now becoming common to the frontiers of the three named countries; thence the new frontier between Czechoslovakia and Hungary shall go eastwards along the northern cadastral boundary of the village of Rajka to the right bank of the Danube at a point approximately 2 kilometers north of hill 128 (3.5 Kms. east of the church of Rajka), where . . . the new frontier will, in the principal channel of navigation on the Danube, join the Czechoslovak-Hungarian frontier as it existed on 1st January 1938; the dam and spillway within the village limits of Rajka will remain on Hungarian territory.

d) The exact line of the new frontier between Hungary and Czechoslovakia laid down in the preceding paragraph shall be determined on the spot by a boundary Commission composed of the representatives of the two governments concerned. The Commission shall complete its duties within two months from the coming into force of the present Treaty.

^{54a} Not reproduced.

e) In the event of a bilateral agreement not being concluded between Hungary and Czechoslovakia concerning the population of the ceded area, Czechoslovakia guarantees them full human and civic rights. All the guarantees and prerogatives stipulated in the Czechoslovak-Hungarian Treaty of February 27, 1946, on the exchange of populations, will be applicable to those who leave Czechoslovakia voluntarily.

The Commission recommends the Plenary Conference to approve Paragraph 4 of Article 1.

4.—Article 2 of the Draft Peace Treaty in the form approved by the Council of Foreign Ministers was unanimously adopted.

The Delegation of Great Britain proposed the addition of the following new paragraph to Article 2 of the Treaty :

“Hungary further undertakes that the laws in force in Hungary shall not, either in their content or in the application discriminate or entail any discrimination between persons of Hungarian nationality on the ground of their race, sex, language or religion, whether in reference to their persons, property, business, professional or financial interests, status, political or civic rights or any other matters.”

Eight votes were cast in favour of this proposal (U.S.A., Australia, Canada, Great Britain, France, India, New Zealand and Union of South Africa) and three against it (Byelorussia, Ukraine and U.S.S.R.), with two abstentions (Czechoslovakia and Yugoslavia).

The Commission decided that both points of view be recorded in the general report, in order to avoid the submission of two separate reports.

The aim of this proposal, as was explained by the British Delegation, was to relieve the suffering of Jews in Eastern European States which were satellites of the Axis, by means of defining the obligations imposed on the Hungarian Government, regarding the adherence to the principle abolishing discrimination between Hungarian nationals.

In the opinion of the minority, this new proposal is redundant. On the one hand its purpose is already covered by Articles 2 and 3 of the Draft Peace Treaty, and on the other hand Hungarian legislation provides for and applies the principles cited in this proposal, and no reason is foreseen to distrust the Hungarian Government on this matter.

The majority not denying the fact that Articles 2 and 3 of the Draft Peace Treaty cover, to a large extent, the problem raised by the British proposal, assert that the additional provision is not redundant and serves to amplify these articles.

It adds that although Hungarian laws at present in force hinder any kind of discrimination against any categories of Hungarian nationals, it would be useful to confirm the existing legal position by the inclusion of a special Treaty obligation in the text of the Treaty.

The Commission submits the above-mentioned view of the majority and the minority to the Plenary Conference for its consideration.

5.—Article 4 was unanimously adopted with the addition of the Czechoslovak amendment, which reads as follows: insert the words “including revisionist propaganda” between the words “propaganda” and “hostile”.

6.—The Czechoslovak Delegation proposed that a special Article should be inserted into the Peace Treaty after Article 4 to provide for the transfer to Hungary from Czechoslovakia of some 200,000 Hungarians (C.P.(Gen) Doc.1.Q.5).

After discussion this question was referred to the first Sub-Commission.

The report of the Sub-Commission, together with this new article, which is to be inserted after Article 4 was unanimously approved. The new Article was adopted in the following wording:

“Hungary shall enter into bilateral negotiations with Czechoslovakia in order to solve the problem of those inhabitants of Magyar ethnic origin, residing in Czechoslovakia, who will not be settled in Hungary within the scope of the Treaty of February 27, 1946 on exchange of populations.

“In the event of no agreement being reached within a period of six months of the coming into force of the present treaty, Czechoslovakia shall have the right to bring this question before the Council of Foreign Ministers and to request the assistance of the Council in effecting a final solution.”

The Commission recommends that the Plenary Conference should approve this article.

7.—The Yugoslav Delegation proposed the inclusion in the Peace Treaty of a new Article 9*b*. covering the transfer by Hungary to Yugoslavia and Czechoslovakia of cultural property and archives pertaining to these states. (C.P.(Gen) Doc.1.U.32 and C.P.(H/P) Doc.17.)

After preliminary consideration, this question was referred to a special Sub-Commission composed of the representatives of India, the Union of South Africa and Yugoslavia.

The report of the Sub-Commission together with the draft of the new Article was unanimously adopted by the Commission, after the Article had been modified, the final wording being as follows:

1) Hungary shall hand over to the Federal Peoples Republic of Yugoslavia and to the Republic of Czechoslovakia, within a period of not more than 18 months from the coming into force of this Treaty, objects of the following categories constituting the cultural patrimony of Yugoslavia and Czechoslovakia which had originated from these territories and which had, after 1848 come into the possession of the Hungarian State or of Hungarian public institutions as a consequence of Hungarian domination over those territories prior to 1919:

- a) Historical archives which came into being as integral wholes in Yugoslav or Czechoslovak territories;
- b) Libraries, historical documents, antiquities and other cultural objects which belonged to institutions in Yugoslav or Czechoslovak territories or to historical personalities of the Yugoslav and Czechoslovak peoples;
- c) Original artistic, literary and scientific objects which are the work of Yugoslav or Czechoslovak artists, writers and scientists.

2) Objects acquired by purchase, gifts or legacies and original works of Hungarians are excluded from the provisions of Paragraph 1.

3). Hungary shall also hand over to Yugoslavia the archives relating to the 18th century of the Illyrian Deputation, the Illyrian Commission and Illyrian Chancellery.

4). The Hungarian Government shall, on the coming into force of the present Treaty, give the authorised representatives of Yugoslavia and Czechoslovakia all necessary assistance in finding these objects and making them available for examination. Thereafter, but not later than one year after the coming into force of this Treaty, the Yugoslav and Czechoslovak Governments shall hand the Hungarian Government a list of the objects claimed under this article. Should the Hungarian Government within three months of the receipt of the list, present observations against the inclusion therein of certain objects, and in the event of no agreement being reached between the Governments concerned within a further month, the dispute shall be settled in accordance with the provisions of Article 35 of this Treaty."

The Commission recommends that the Plenary Conference should approve this Article.

8.—In regard to Article 35 there is no agreed proposal by the Council of Foreign Ministers. There are two Drafts for this Article—1) by the U.S.A. and U.K. Delegations and—2) by the Soviet Delegation.

There were 8 votes in favour of the U.S. and U.K. proposal and 5 against (Byelorussia, Czechoslovakia, Ukraine, Soviet Union and Yugoslavia).

There were 5 votes in favour of the Soviet proposal and 8 against (Australia, Canada, France, U.K., India, New Zealand, Union of South Africa and U.S.A.).

Thus, none of these proposals secured a two-thirds majority and therefore, in accordance with the Rules of Procedure of the Commission, the latter submits to the Conference the views of the majority and of the minority.

The U.S.A. and U.K. proposals are as follows:

"Except where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be referred to the three Heads of

Mission acting as provided under Article 34 and, if not resolved by them within a period of two months, shall, at the request of any party to any dispute, be referred to the International Court of Justice. Any dispute still pending at, or arising after the date when the Heads of Mission terminate their functions under Article 34, and which is not settled by direct diplomatic negotiations, shall equally, at the request of any party to the dispute, be referred to the International Court of Justice."

The U.S.A. and U.K. proposals are based on the conception that disputes in regard to the interpretation or application of the Treaty should be submitted in the first place to the three Heads of Mission in Budapest. The U.S.A. and U.K. Delegations consider that the Heads of the Three Missions may be unable to reach agreement on certain questions under dispute. They therefore propose that such disputes as cannot be settled by the three Ambassadors, or those which cannot be settled by direct diplomatic negotiations, after the three Ambassadors have ceased to exercise their functions, should be referred to an International Court of Justice.

The Soviet proposal is:

"Save where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be settled by direct diplomatic negotiations and, in case the disputes are not settled in this way, they shall be referred to the three Heads of Mission acting as provided under Article 34, except that in this case the Heads of Mission will not be restricted by the time-limit provided in that Article."

In submitting this draft, the Soviet Delegation has the following considerations in mind:

1) The basic principle of the Statute of the International Court is that its jurisdiction is not obligatory on parties to a dispute. The proposal of the U.S.A. and U.K. would make this jurisdiction compulsory and unlimited in time.

2) The International Court is an organisation set up in order to safeguard the normal and peaceful conduct of international relations, and not for the purpose of undertaking the special duties of ensuring the execution of Treaties which put an end to a state of war.

3) At the moment Hungary is not a member of the United Nations. Therefore, her right of access to the International Court is dependent on the granting of special approval by the Security Council, that is to say, it is tied up with special procedure which further complicates the situation.

4) The draft proposal of the Soviet Delegation gives every opportunity to arrive at a settlement in the case of all disputes and it has the advantage that the Heads of the Diplomatic Missions in Budapest are on the spot and are well informed in regard to the concrete conditions in which any particular dispute has arisen.

The following amendments were withdrawn by the Australian, Yugoslav and Czechoslovak Delegations:

Australian amendments to the Preamble (C.P.(Gen.)Doc.1B1) with the exception of two proposals which as stated above were adopted by the Commission.

The first and third parts of the Australian amendment to Article 2 on Human Rights (C.P.(H/P)Doc.6); the Yugoslav amendment on the right to be taught in their mother tongue (C.P.(Gen)Doc.1U.30)

Yugoslav amendment to Article 3 on persecution on account of political views (C.P.(Gen.)Doc.1.U.31)

Czechoslovak amendment on the inclusion of a new article, after Article 6 on the date of the commencement of a state of war between Hungary and Czechoslovakia (C.P.(Gen)Doc.1.Q.6)

Australian amendment on the inclusion of a new article after Article 8 on Hungary's entrance into international organizations (C.P.(H/P)Doc.8).

Yugoslav amendment on the inclusion of a new article 9 α after Article 9 on the exchange of population (C.P.(Gen)Doc.1U.32).

Czechoslovak amendment to Article 34 on the participation of diplomatic representatives of the Allied and Associated Powers concerned in the discussion of pertinent matters (C.P.(Gen)Doc.1.Q.15); the Australian amendment on the Treaty's Executive Council (C.P.(H/P)Doc.9).

Australian amendment on the alteration of the wording of the U.S.A. and United Kingdom's proposal for Article 35 (C.P.(H/P)Doc.9).

The Australian proposal on the inclusion of a new article after Article 35 on the revision of the Treaty (C.P.(H/P)Doc.9).

The Australian proposal to include in the Treaty a new clause for the setting up of a European Court of Human Rights (C.P.(H/P)Doc.9).

The Yugoslav proposal to insert in the Treaty an annex No. 7 on the exchange of population between Yugoslavia and Hungary (C.P.(Gen)Doc.1.U.38).

The second part of the Australian amendment on Human Rights (C.P.(H/P)Doc.6) was rejected by the Commission by 12 votes to 1.

Statements were made in connection with the withdrawal of Australian amendments C.P.(H/P)Doc.8 and C.P.(H/P)Doc.9 and the Yugoslav amendment C.P.(Gen.)Doc.1.U.31. Those statements were annexed to the records of decisions of the Commission.

The views presented by the Hungarian Delegation although considered by the Commission were not formally supported by any of the Delegations and for that reason could not be considered by the Commission as proposed amendments.

This constitutes a short Report on the work of the Political and Territorial Commission for Hungary.

On behalf of the Political and Territorial Commission for Hungary, I have the honour to submit the present Report to the Plenary Conference, for its consideration and for the approval of the recommendations contained therein.

If the Conference decides to support the views of our Commission, I have the honour to propose in the name of the Commission that the Conference should:

1) Approve the recommendations of the Commission in respect of the texts which have been adopted either unanimously or by a majority of two-thirds or more namely:

The Preamble

Articles 1, 2, 3 and 4.

A new Article covering the transfer of Hungarians from Czechoslovakia.

Articles 5, 6, 7, 8 and 9.

A new Article covering the transfer by Hungary to Czechoslovakia and Yugoslavia of cultural property and archives.

Articles 20, 34, 36 and 37.

Annex 1 to Article 1.

2) To take a vote on the addition of a new paragraph to Article 2 proposed by the U.K. Delegation, which secured 8 votes in favour, 3 against with 2 abstentions; and also in regard to Article 35 in respect of which there are two proposals; one by the U.S.A. and U.K. which secured 8 votes in favour and 5 against, and the other by the Soviet Delegation which secured 5 votes in favour and 8 against.

PROFESSOR M.V. PRUCKHA.

CFM Files

Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty With Hungary

C.P.(Plen) Doc. 34

PARIS, October 11, 1946.

MR. CHAIRMAN: The Economic Commission for the Balkans and Finland considered the draft Peace Treaty with Hungary in the course of 3 meetings.

The Commission comprises representatives of Australia, Byelorrussia, Canada, Czechoslovakia, France, Greece, India, New Zealand, Ukraine, Union of South Africa, U.K., U.S.A., U.S.S.R., and Yugoslavia.

The meetings of the Commission were presided over by the representative of Czechoslovakia, M. Korbel.

The Vice-Chairmen were the Australian representatives Mr. Beasley and Senator Grant.

The representative of the Soviet Delegation, M. Gerashchenko, was elected Rapporteur.

The task of the Commission was to consider the economic and related provisions of the draft Peace Treaties with Roumania, Bulgaria, Hungary and Finland which were drawn up by the Council of Foreign Ministers and also to submit eventual recommendations for modifications or additions to these provisions.

The Commission examined the following Sections and Articles of the draft Peace Treaty with Hungary :

Part V.	Reparation and Restitution (Articles 21 and 22).
Part VI.	Economic Clauses (Articles 23, 24, 25, 26, 27, 28, 29, 30, 31 and 32).
Part VII.	Clauses relating to the Danube (Article 33).
Annex 4.	Special Provisions relating to certain kinds of property.
Annex 5.	Contracts prescriptions and negotiable instruments.
Annex 6.	Judgments.

The Commission considered amendments submitted by the Delegations of Australia (Gen. Doc. 1.B.50, 1.B.51, 1.B.52, 1.B.53, 1.B.54), Czechoslovakia (Gen. Doc. 1.Q.9 to 1.Q.14), Poland (Gen. Doc. 1.O.10, 1.O.11).

In the course of its work, the Commission received a series of supplementary proposals and amendments from Member Delegations. These will be mentioned below and inserted in the text of the report.

The Commission also decided to ask Hungarian Government representatives to submit to it a detailed memorandum concerning the Articles and Annexes of the draft Peace Treaty with Hungary which were referred to the Commission for consideration.

This memorandum was transmitted to the General Secretariat of the Conference under number (C.P. Gen. Doc. 5) and bore the title "Observations of the Hungarian Government concerning the draft Peace Treaty with Hungary". This document also contained the observations of the Hungarian Government concerning Articles 22, 23, 24, 26, 28, 30, 32, 32*a* and 32*b*, together with a series of amendments submitted by the Hungarian Delegation. In addition, the Hungarian Delegation subsequently submitted the following documents:

1. Observations concerning Article 23 of the draft Peace Treaty (C.P.(B&F/EC)Doc.58).
2. Observation concerning Article 25 of the draft Peace Treaty (C.P.(B&F/EC)Doc.63).
3. Observations concerning Article 26 of the draft Peace Treaty (C.P.(B&F/EC)Doc.44).
4. Observations on amendments submitted by some Delegations to the Economic Clauses of the draft Peace Treaty (C.P.(B&F/EC)Doc.50).

5. Observations on Annexes 4, 5, 6 of the draft Peace Treaty (C.P. (B&F/EC) Doc.59).

In connection with the observations and proposals of the Roumanian Delegation concerning the draft Peace Treaty with Hungary (C.P. (B&F/EC) Doc.24, 25*a* and 25*b*), the Hungarian Delegation also submitted its observations (C.P.(B&F/EC) Doc.62).

All these documents were considered by the Commission which took cognizance of them.

In the case of proposals and amendments which have not received a two-thirds majority, the Commission, according to the Rules of Procedure, has to submit two or more reports. The Commission, however, agreed that the Rapporteur should state all the points of view which had not been agreed in the General Report so as to avoid the presentation of two or more reports. As a result of its consideration of the Articles, proposals and amendments submitted, the Commission came to the following conclusions.

PART V. REPARATION AND RESTITUTION

Article 21. Reparation. The Polish Delegation withdrew its amendment to this Article (C.P.(Gen) Doc.1.O.10).

The U.S. Delegation submitted a proposal to reduce the total amount of reparation to 200 million United States dollars, reducing the amount of reparations due to the U.S.S.R. to 133 million United States dollars and the amount of reparation due to Czechoslovakia and Yugoslavia to 67 million United States dollars.

The proposal of the U.S. Delegation was rejected by 7 votes (Byelorussia, Czechoslovakia, France, U.S.S.R., U.K., Ukraine, Yugoslavia) to 5 (Australia, Canada, New Zealand, Union of South Africa, U.S.A.) with 2 abstentions (Greece, India).

In the vote on the Article in the text as submitted by the Council of Foreign Ministers, 8 Delegations (Byelorussia, Czechoslovakia, France, Greece, Ukraine, U.K., U.S.S.R., Yugoslavia) voted in favour and 5 Delegations against (Australia, Canada, New Zealand, Union of South Africa, U.S.A.), 1 Delegation abstained (India).

The Czechoslovak Delegation withdrew its amendment to Article 21 (C.P.(Gen) Doc.1.Q.9) considering that the Commission, by a majority of 8 votes with 6 abstentions, agreed with the interpretation of Article 21 submitted by the Czechoslovak Delegation and reading as follows:

“The Czechoslovak Delegation considers that the alteration from six to eight years in the date of payment of reparations is bound to have no other effect on the provisions of the bilateral agreement on reparations concluded between Hungary and Czechoslovakia than that of obliging Czechoslovakia to extend correspondingly the payment terms fixed by this Agreement.”

Article 21 bis. On the proposal of the Czechoslovak Delegation, the Commission unanimously adopted a new Article 21 bis reading as follows:

The annulment of the Vienna Award of November 2, 1938, as provided in Article 1, paragraph 4, implies in itself the annulment of the accords, as well as their legal consequences, ensuing therefrom in respect of matters of finance and public and private insurance concluded between or on behalf of the two states concerned or between Czechoslovak and Hungarian moral persons on the basis of the Vienna Award and in respect of the material handed over by the Protocol of May 22, 1940. This annulment shall not apply in any way to relations between physical persons. The details of the above-mentioned settlement will be arranged by bilateral agreements between the governments concerned, within a period of six months from the time of entry into force of this Treaty.

In connection with the adoption of the Article, the Czechoslovak Delegate answered several questions (see Annex ⁵⁵).

Article 22. This article was unanimously adopted by the Commission, in the wording proposed by the Council of Foreign Ministers, with the following additions:

1. In paragraph 1, add the words "in the shortest possible time". Thus this paragraph reads as follows: "Hungary accepts the principle of the United Nations declaration of January 5, 1943, and will return in the shortest possible time property removed from United Nations' territories."

2. Paragraph 2: Add the following sub-paragraph proposed by the Czechoslovak Delegation:

"If in particular cases, it is impossible for Hungary to make restitution of objects of artistic, historic or archeological value belonging to the cultural heritage of the United Nations from which such objects were removed, by force or unless by Hungarian forces and authorities or by Hungarian nationals, Hungary undertakes to transfer to the United Nations concerned objects of the same kind and of substantially equivalent value to the objects removed, in so far as such objects are obtainable in Hungary."

The Yugoslav Delegation withdrew its amendments C.P.(Gen) 1.U.33 and 1.U.34; the Polish Delegation withdrew its amendment C.P.(Gen)Doc.1.O.11 and the Czechoslovak Delegation withdrew its amendment C.P.(Gen)Doc.1.Q.10 and the second part of 1.Q.11.

PART VI. ECONOMIC CLAUSES

Article 23.—A. The Australian Delegation withdrew its amendments (C.P.(Gen)Doc.1.B.52 and 1.B.53) and the Yugoslav Delegation withdrew its amendment (C.P.(Gen)Doc.1.U.35).

⁵⁵ Annex 1, p. 554.

Paragraphs 1 and 2 of Article 23 were unanimously adopted in the wording as proposed by the Council of Foreign Ministers; on the proposal of the Polish Delegation the dates given in this Article were altered, i.e. in both paragraphs the dates "April 10, 1941" are altered to "September 1, 1939".

B. Paragraph 3. The Commission considered the text of paragraph 3 of this Article as proposed by the Council of Foreign Ministers. The Commission unanimously adopted this Article with an addition reading as follows:

"In the case of Czechoslovak nationals, this paragraph shall also include transfers after November 1, 1939 which resulted from force or duress or from measures taken under discriminatory internal Legislation by the Hungarian Government or its agencies in Czechoslovak territory annexed by Hungary."

In view of this addition the Czechoslovak Delegation withdrew its amendment C.P.(Gen)Doc.1.Q.12.

C. Paragraph 4. In the course of consideration of this paragraph the proposal for full compensation was put to the vote. 6 Delegations voted for full compensation (Australia, Canada, Greece, New Zealand, Union of South Africa, U.K.), 6 voted against (Byelorussia, Czechoslovakia, Ukraine, U.S.A., U.S.S.R., Yugoslavia), 2 Delegations abstained (France, India).

The proposal of the U.S.A. Delegation seconded by the U.S.S.R. Delegation, for 25% compensation was then put to the vote. This proposal obtained 5 votes in favour (Byelorussia, Ukraine, U.S.A., U.S.S.R. and Yugoslavia) and 9 against (Australia, Canada, Czechoslovakia, France, Greece, India, New Zealand, Union of South Africa, U.K.).

The proposal of the French Delegation for 75% compensation obtained 9 votes (Australia, Canada, Czechoslovakia, France, Greece, India, New Zealand, Union of South Africa, U.K.). 5 Delegations (Byelorussia, Ukraine, U.S.S.R., U.S.A., and Yugoslavia) voted against this proposal.

The U.K. and Greek Delegations stated that while voting for partial compensation, they reserved their right to raise the question of total compensation at the Plenary Meeting of the Conference.

D. The Commission considered the text of paragraph 4 submitted by the U.S.A. and reading as follows:

"(a) The Hungarian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Hungarian Government com-

compensation in Hungarian local currency to the extent of _____ per cent of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favourable treatment with respect to compensation than that accorded Hungarian nationals.

“(b) United Nations nationals who have ownership interests, held directly or indirectly in corporations or associations which are not United Nations nationals within the meaning of paragraph 8(a) of this Article, but which have suffered a loss by reason of injury or damage to property, shall receive compensation in accordance with sub-paragraph (a) above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.

“(c) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Hungary but shall be subject to the foreign exchange control regulations which may be in force in Hungary from time to time.

“(d) The Hungarian Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such materials and will in no event discriminate in these respects against such nationals as compared with Hungarian nationals.

“(e) The Hungarian Government agrees similarly to compensate in Hungarian local currency United Nations nationals whose property has suffered loss or damage as a result of special measures taken against their property during the war which were not applied to Hungarian property.”

The U.S.S.R. Delegation proposed an amendment to sub-paragraph “a” of the U.S. proposal to replace the last sentence of this sub-paragraph by the following text :

“In no event shall United Nations nationals, including those having ownership interests, held directly or indirectly, in corporations or associations, receive less favorable treatment with respect to compensation than that accorded Hungarian nationals.”

5 Delegations (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia) voted in favour of this amendment and 9 Delegations voted against (Australia, Canada, France, Greece, India, New Zealand, Union of South Africa, U.K., U.S.A.)

9 Delegations voted in favour of sub-paragraph “a” of the U.S. proposal (Australia, Canada, France, Greece, India, New Zealand, Union of South Africa, U.K., U.S.A.) 4 Delegations voted against (Byelorussia, Ukraine, U.S.S.R., Yugoslavia) and 1 Delegation abstained (Czechoslovakia).

Sub-paragraphs “b”, “c”, “d” of the U.S. proposal obtained 9 votes in favour (Australia, Canada, France, Greece, India, New Zea-

land, Union of South Africa, U.K., U.S.A.) and 5 against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., and Yugoslavia).

The French Delegation tabled an amendment to sub-paragraph "e" reading as follows:

"The Hungarian Government shall grant nationals of the United Nations an indemnity in Hungarian local currency sufficient to compensate, at the date of payment, the losses and damage due to the special measures applied to their property during the war, and which were not applicable to Hungarian property."

This amendment obtained 8 votes in favour (Australia, Canada, France, Greece, India, New Zealand, Union of South Africa, U.K.) and 6 votes against (Byelorussia, Czechoslovakia, Ukraine, U.S.A., U.S.S.R., and Yugoslavia).

In view of the result of the voting on the French amendment, sub-paragraph "e", in the drafting proposed by the U.S.A., was not put to the vote.

E. On the proposal of the Delegations of U.S.A., France, U.K., and U.S.S.R, it was unanimously agreed to insert after paragraph 4, a new paragraph 4*a* reading as follows:

"It shall be understood that the provisions of paragraph 4 of this Article shall apply to Hungary in so far as the action which may give rise to a claim for damage to property in Northern Transylvania of the United Nations or their nationals took place during the period when this territory was subject to Hungarian authority."

Paragraphs 5, 6 and 7 of Article 23 were unanimously adopted by the Commission in the wording proposed by the Council of Foreign Ministers.

The Yugoslav Delegation withdrew its amendment C.P.(Gen) Doc.1.U.35.

Paragraph 8 was unanimously adopted by the Commission with the amendment proposed for sub-paragraph "b". This amendment consists in defining the word "owner" not only as a United Nations national but also as a United Nation. The Commission agreed to include this amendment in sub-paragraph "b", after the Czechoslovak Delegation had given the necessary explanations concerning property which had belonged to former Czechoslovak citizens.

In view of the adoption of the above-mentioned amendment, sub-paragraph "b" of paragraph 8 was adopted in the following drafting:

"b. 'Owner' means a *United Nation* or the United Nations national, as defined in sub-paragraph (a) above, who is entitled to the property in question, and includes a successor of the owner, provided that the successor is also a *United Nation* or a United Nations national as defined in sub-paragraph (a). If the successor has purchased the property in its damaged state, the transferor shall retain his rights to compensation under this article, without prejudice to obligations between the transferor and the purchaser under domestic law."

In connection with the amendments made in sub-paragraph "b", the Czechoslovak Delegation considers that by the inclusion of the words "a United Nation" into the text of sub-paragraph (b) of paragraph 8, Article 23, Czechoslovakia will not be precluded by the time periods of sub-paragraph (a), paragraph 8, Article 23, from being the beneficiary of the rights ensuing from Article 23 in place of her former citizens, who were Czechoslovak citizens before her occupation and who ceased to be Czechoslovak citizens since Czechoslovakia's liberation.

All the Members of the Commission agreed with this interpretation by the Czechoslovak Delegation.

The French Delegation proposed adding to Article 23 a new paragraph 9 reading as follows:

"The Hungarian Government undertakes to enter into negotiations with the other Governments concerned, the Danube-Sava-Adriatica Railway Company and the Committee of Bondholders of the Company, with a view to determining the method of applying the provision of the Rome Agreement of March 29, 1923, laying down the statute of the Company and the modifications required in this Agreement, and making an equitable settlement of the amounts owing to the company's bondholders. ["]

9 votes were cast in favour of this paragraph and 4 against, with 1 abstention.

New Article (to follow Article 23) :

The Commission considered proposals by the U.K. and U.S. Delegations for the insertion of a new Article to follow Article 23, dealing with the restoration of property which was confiscated in Hungary during the war because of the racial origin or religion of its owners. The U.K. Delegation proposed a text for this additional Article, reading as follows:

"1. Hungary undertakes that in all cases where the property, legal rights or interests of persons under Hungarian jurisdiction has, since September 1st, 1939, been the subject of measures of sequestration, confiscation or control on account of the racial origin or religion of such persons, the said property, legal rights and interests shall be restored together with their accessories or, if restoration is impossible, that full compensation shall be made therefor.

"2. The Hungarian Government undertakes within twelve months after the date of coming into force of the present Treaty to transfer to the International Refugee Organisation (or any other organisation designated by the Economic and Social Council of the United Nations) for purposes of relief and rehabilitation within Hungary all property, rights and interests in Hungary owned by persons; organisations and communities which, individually or as members of groups, were the object of racial, religious or other Fascist measures of persecution or discrimination, including property, rights and interests re-

quired to be restored under this Article, and which for a period of six months after the date of coming into force of the present Treaty have remained ownerless, heirless or unclaimed.”

The U.S. Delegation suggested discussing the following two provisions:

“1. Hungary undertakes that in all cases where the property, legal rights or interests in Hungary of persons, organisations or communities which were the object of racial, religious or other Fascist measures of persecution or discrimination (other than those entitled to the benefits of Article 23) have been subjected since September 1, 1939 to measures of seizure, sequestration or control or to transfer by force or duress, such property shall be returned, such legal rights and interests shall be restored and such forced transfers shall be invalidated. In the event such return or restoration is impossible, compensation shall be paid in local currency on a basis no less favourable than that accorded to Hungarian nationals generally for any losses suffered in Hungary as a result of the war.”

“2. All property, rights and interests passing under this Article shall be restored free of all encumbrance and charges of any kind to which they may have become subject since the date of seizure, sequestration, control or transfer, and no charges shall be imposed in connection with their return.”

2 Delegations (U.S.A. and France) voted for the U.S. proposal, and 11 Delegations voted against (Australia, Byelorussia, Canada, Greece, India, New Zealand, Ukraine, Union of South Africa, U.K., U.S.S.R. and Yugoslavia), and 1 Delegation (Czechoslovakia) abstained.

The U.K. Delegation's proposal was voted for in two parts. 8 votes were cast in favour of paragraph 1 of the proposal (Australia, Canada, France, Greece, India, New Zealand, Union of South Africa, U.K.) and 5 votes against (Byelorussia, Ukraine, U.S.A., U.S.S.R., Yugoslavia) with 1 abstention (Czechoslovakia). For paragraph 2 of the proposal there were 8 votes in favour (Australia, Canada, Greece, India, New Zealand, Union of South Africa, U.K., U.S.A.) and 4 against (Byelorussia, Ukraine, U.S.S.R., and Yugoslavia), with 2 abstentions (Czechoslovakia and France).

The U.S.S.R. Delegation declared that there was no need to include in the text of this Treaty with Hungary a special Article: the U.S.S.R. Delegation would submit its observations on this question.

Article 24. The Commission unanimously adopted this Article in the wording as proposed by the Council of Foreign Ministers, deleting from the French text the words “qui ont été” before the word “transférés” so as to bring the French text into harmony with the Russian and English texts.

Article 25. No recommendation was adopted by the Commission on this Article as the two proposals set out in the draft Peace Treaty—one

by the U.S., U.K. and France, and the other by the U.S.S.R. Delegation—failed, on a vote being taken, to secure a two-thirds majority.

4 votes were cast in favour of the U.S.S.R. Delegation's proposal (Byelorussia, Ukraine, U.S.S.R., Yugoslavia); 7 Delegations voted against (Australia, Canada, France, Greece, Union of South Africa, U.K., U.S.A.) and 3 Delegations (Czechoslovakia, India, New Zealand) abstained.

In a vote taken on the proposal submitted by the U.S., U.K. and French Delegations, paragraphs 1, 2 and 3 obtained 7 votes in favour (Australia, Canada, France, Greece, Union of South Africa, U.K., U.S.A.); 4 votes were cast against (Byelorussia, Ukraine, U.S.S.R., Yugoslavia) and 3 Delegations (Czechoslovakia, India, New Zealand) abstained.

The Australian Delegation tabled amendments to the wording of paragraphs 4 and 5 of Article 24 [25] as proposed by the U.S., U.K., and French Delegations. The Australian Delegation suggested deleting in paragraph 4 the words "literary and artistic" and the words "literary or artistic" and inserting in paragraph 5 after sub-paragraph (d), a new sub-paragraph (e) reading as follows: "Literary and artistic property rights".

The Australian amendment to paragraph 4 secured 8 votes (Australia, Byelorussia, Canada, Greece, India, New Zealand, Union of South Africa, Yugoslavia); 3 Delegations voted against the amendment (Franco, U.K., U.S.A.) and 3 Delegations (Czechoslovakia, Ukraine, U.S.S.R.) abstained.

The Australian amendment to paragraph 5 secured 6 votes (Australia, Canada, Greece, India, New Zealand, Union of South Africa) and 4 against (Byelorussia, France, U.K., U.S.A.) with 4 abstentions (Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

Paragraph 4 of Article 25, with the inclusion of the above Australian amendment, secured 7 votes for (Australia, Canada, Greece, India, New Zealand, Union of South Africa, U.S.A.); 4 were cast against (Byelorussia, Ukraine, U.S.S.R., Yugoslavia) and there were 3 abstentions (Czechoslovakia, France, U.K.).

Paragraph 5 of Article 25 in the wording proposed by the U.S., U.K. and French Delegations, minus the above Australian amendment, obtained 7 votes for (Australia, Canada, France, Greece, Union of South Africa, U.K., U.S.A.) and 3 against (Ukraine, U.S.S.R., Yugoslavia) with 4 abstentions (Byelorussia, Czechoslovakia, India, New Zealand).

The Czechoslovak Delegation withdrew its amendment to Article 25 (C.P.(Gen)Doc.1.Q.13).

Article 26. No recommendation on this Article of the Draft Treaty was adopted by the Commission.

The U.S.S.R. Delegation tabled an amendment to its proposal as set out in the draft Peace Treaty. It suggested replacing the second sentence in paragraph 1 of Article 26 of the draft by the following text: "The rights of Hungarian owners with respect to the disposal of the property in question shall be restored in so far as no other joint decisions are taken in this connection by the powers signatories to the Armistice terms or to the terms of the capitulation". 5 votes were cast for and 9 against the U.S.S.R. Delegation's proposal for Article 26 (including the above amendment).

The proposal of the U.K., U.S. and French Delegations obtained 9 votes for and 5 votes against.

Article 27. This Article was unanimously adopted by the Commission in the wording as proposed by the Council of Foreign Ministers. The Yugoslav Delegation withdrew its amendment (C.P. (Gen) Doc. 1.U.36).

Article 28. Article 28 of the draft Treaty was unanimously adopted by the Commission in the wording as proposed by the Council of Foreign Ministers and with an amendment tabled by the Norwegian Delegation to Paragraph 3 of this Article. This amendment proposed that the words "which severed diplomatic relations with Hungary and took action . . ." should be replaced by the words "whose diplomatic relations with Hungary have been broken off during the war and which took action . . ." Thus, paragraph 3 was approved in the following wording "Hungary likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Hungarian Government or Hungarian nationals against any of the United Nations whose diplomatic relations with Hungary have been broken off during the war and which took action in co-operation with the Allied and Associated Powers."

Article 29. The Yugoslav Delegation withdraws its amendment to this Article (C.P.(Gen)Doc.*1.U.39), and the Czechoslovak Delegation withdraws its amendment (C.P.(Gen)Doc.1.Q.14) and proposes the insertion of a new Article 29*a* similar to the new Article included in the Peace Treaty with Bulgaria after Article 28.

Sub-paragraphs (*a*) and (*b*) of paragraph 1 of Article 29 of the draft Treaty were unanimously approved by the Commission in the wording proposed by the Council of Foreign Ministers.

For the text of sub-paragraph (*c*) of paragraph 1 of this Article in the wording as proposed by the U.S.S.R. Delegation, 5 votes were cast for and 9 votes against. For the alternative text for sub-paragraph 1 of this Article as drafted by the U.K., U.S., and French Delegations, 9 votes were cast in favour and 5 votes against.

*1.U.37 and [footnote in the source text].

The U.S. Delegation's proposal, supported by the U.K. Delegation, regarding civil aviation, was put to the vote in the following amended form: "It is further understood that the foregoing provisions of paragraph (c) shall not apply to civil aviation, but that Hungary will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic and will afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Hungarian territory." On a vote 9 Delegations voted in favour and 5 against this proposal.

The French Delegation proposed replacing the last paragraph of the above proposal by the following text: "It is further understood that the foregoing provisions of paragraph (c) shall not apply to civil aviation, but that Hungary will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic, will afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Hungarian territory, and *will grant to any United Nation on a basis of reciprocity and without discrimination with regard to the operation of civil aircraft in international traffic the right to fly over Hungarian territory without landing and to make landing in Hungarian territory for non-commercial purposes.*"

This amendment by the French Delegation obtained 7 votes in favour to 5 against, with 2 abstentions.

The text proposed by the U.S.S.R. delegation for paragraph 2 of Article 29 of the draft Treaty was supported by 5 and opposed by 9 Delegations, and the text proposed by the U.K., U.S. and French Delegations secured 9 votes in favour and 5 votes against.

On 2nd October, 1946, the U.S. Delegation tabled a proposal (C.P.(B&F/EC)Doc.66) for the inclusion in the Peace Treaty with Hungary of an additional Article reading as follows:

"The Hungarian Government undertakes to pay fair prices by reference to world conditions for commodities delivered by way of reparation obtained from United Nations nationals as defined in Article 23. Any dispute between the Hungarian Government and such United Nations nationals relating to prices shall be dealt with in accordance with the provisions of Article 30."

Basing himself on a ruling obtained from the Secretary-General of the Conference, the Chairman of the Commission pointed out that the U.S. Delegation's proposal had been tabled too late in view of the time-limits fixed for the tabling of amendments and the date fixed for the completion of the Commission's work.

Therefore the Chairman put to a vote the question of whether the amendment submitted by the U.S.A. Delegation should be considered. Seven Delegations voted in favour, five against, with two abstentions.

After having consulted the Secretary-General, the Chairman decided that the American amendment would not be put on the Agenda.

New Article. The French Delegation proposed the insertion after Article 29 of the draft Treaty of a new Article reading as follows:

“Hungary shall facilitate as far as possible railway traffic in transit through its territory at reasonable rates and shall negotiate with neighbouring States all reciprocal agreements necessary for this purpose.”

11 votes were cast for and 3 against this proposal.

Article 30. No recommendation was adopted by the Commission on this Article, as neither of the two proposals contained in the draft Peace Treaty—one by the U.K. Delegation and the other by the U.S.S.R. Delegation—secured a two-thirds majority, however it was unanimously agreed to include the words “21 bis” before the numeral “22” in Article 30.

9 votes were cast for and 5 votes against the U.K. Delegation’s proposal, while 5 votes were cast for and 9 against the U.S.S.R. Delegation’s proposal.

The U.S. Delegation withdrew its amendment to Article 30, as set out in the draft Peace Treaty with Hungary submitted by the Council of Foreign Ministers.

In this connection, and in accordance with a declaration made by the Chairman of the Commission, it was agreed that the observation of the French Delegation may be regarded as no longer necessary.

Article 31. This Article was unanimously approved by the Commission in the wording proposed by the Council of Foreign Ministers, with the following modification introduced on the basis of an amendment by the Norwegian Delegation:

For the words: “which have broken off diplomatic relations with Hungary”, read: “whose diplomatic relations with Hungary have been broken off during the war”.

Thus, Article 31 of the Draft Treaty was adopted in the following wording: “Articles 22 and 23 and Annex 6 of this Treaty shall apply to the Allied and Associated Powers and France and to those of the United Nations whose diplomatic relations with Hungary have been broken off during the war.”

Article 32. Article 32 was unanimously adopted in the wording as proposed by the Council of Foreign Ministers.

PART VII—CLAUSES RELATING TO THE DANUBE

Article 33. The Commission received two proposals from the Council of Foreign Ministers, the first emanating from the United Kingdom and U.S.A. Delegations, to include Article 33 in the form in which it appears in the draft Peace Treaty, and to which an addition was

made by the United Kingdom Delegation; the second, that of the U.S.S.R. Delegation which was against the inclusion of the Article in the Treaty, for reasons which were likewise set out in the Draft.

The Soviet Delegation's proposal was put to the vote; 5 votes were cast in favour of it (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., and Yugoslavia) and 9 against (Australia, Canada, France, Greece, India, New Zealand, Union of South Africa, United Kingdom, and U.S.A.).

Both the United Kingdom and the U.S.A. Delegations withdrew their previous proposals and accepted the new proposal tabled by the French Delegation, which words Article 33 as follows:

"1. Navigation on the Danube River shall be free and open on terms of entire equality to the nationals, vessels of commerce and goods of all states.

"2. With a view to ensuring the practical application of this principle, Hungary undertakes to take part, together with France, the U.S.S.R., the United Kingdom, the United States of America, and the Danubian States in a Conference which shall be convened within six months of the entry into force of this Peace Treaty, with the object of establishing a new International Regime for the Danube."

The Commission cast 8 votes for this proposal (Australia, Canada, France, Greece, New Zealand, Union of South Africa, U.K. and U.S.A.) and 5 against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia) with 1 abstention (India).

[Statements or reservations in connection with this article were made by the following delegations: Belgium, Poland, Greece, United Kingdom, France, and Yugoslavia. (See Annex)]⁵⁶

Therefore, the Commission is unable to submit a recommendation for the inclusion of Article 33 in the Draft Peace Treaty and refers this question to the Plenary Conference for their decision.

ANNEX IV. SPECIAL PROVISIONS RELATING TO CERTAIN KINDS OF PROPERTY

SECTION A. INDUSTRIAL, LITERARY AND ARTISTIC PROPERTY

(1) The Commission unanimously recommends the adoption of paragraphs 1, 2, 3, 5, 6 and 8 of this Section without modification of the wording as set out in the Draft Peace Treaty with Hungary.

(2) The Commission unanimously recommends replacing paragraph 4 of Section A by a new text reading as follows:

"The foregoing provisions concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Hungary and its nationals but nothing in these provisions shall entitle Hungary or its nationals to more favourable treatment in the territory of any

⁵⁶ Brackets appear in the source text.

of the Allied or Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Hungary be required thereby to accord to any of the Allied or Associated Powers or its nationals more favourable treatment than Hungary or its nationals receive in the Territory of such Power in regard to the matters dealt with in the foregoing provisions."

In view of the above, the observations of the U.S.S.R. and U.S. Delegations reproduced in the draft Peace Treaty under this paragraph become unnecessary.

(3) The Commission unanimously recommends the adoption of paragraph 7 of Section A in the following wording:

"Hungary shall extend the benefits of Section A of this Annex to France and to the other United Nations, other than Allied and Associated, whose diplomatic relations with Hungary have been broken off during the war and which undertake to extend to Hungary the benefits accorded to Hungary under Section A. of this Annex."

The unanimous approval by the Commission of this text also implies the deletion of the U.S.S.R. Delegation's observation on this paragraph as reproduced in the text of the Draft Peace Treaty.

SECTION B. INSURANCE

In place of the proposal contained in the draft Peace Treaty with Hungary submitted to the Commission, the French Delegation introduced a new proposal reading as follows:

"1. The Hungarian Government shall grant every facility to insurers who are nationals of the United Nations to resume possession of their former portfolios in Hungary.

"2. Should an insurer being a national of any of the United Nations wish to resume his professional activities in Hungary, and should the value of guarantee deposits or reserves required for the operation of insurance concerns in Hungary be found to have decreased as a result of the loss or depreciation of the securities which constituted such deposits or reserves, the Hungarian Government undertakes to accept such securities as still remain (for a period of three years) as fulfilling the legal requirements in respect of deposits and reserves."

4. The Soviet Delegation proposed not to include the section B in the Peace Treaty and on a vote being taken 5 Delegations voted for this proposal and 9 against.

On a vote being taken on the French proposal, 9 Delegations voted for and 5 against.

On this question, therefore, the Commission has not adopted any recommendation.

ANNEX V. CONTRACTS, PRESCRIPTIONS AND NEGOTIABLE INSTRUMENTS

The Commission has no recommendations to submit regarding the inclusion of this Annex in the draft Treaty as none of the Sections of the Annex secured a two-thirds majority.

I. CONTRACTS

The U.S.S.R. Delegation proposed that this Section should not be included in the draft Peace Treaty. 4 Delegations voted in favour and 4 against this proposal, with 6 Delegations abstaining.

The U.K. Delegation proposed the inclusion in the draft Peace Treaty of a Section on contracts with the text as set out in the draft Treaty of Peace with Hungary, subject to a modification of paragraph 1. This paragraph was submitted to the Commission for consideration in the following terms:

“Any contract concluded between enemies shall be deemed to have been dissolved as from the time when any of the parties became an enemy, except in respect of any debt accrued or money paid or other pecuniary obligation arising out of any act done thereunder, subject to the exceptions set out in the following paragraph *and subject to the repayment of amounts paid as advance or on account in respect of which no counterpart exists*. The provisions of this paragraph shall not apply to contracts of insurance and re-insurance which shall be subject to a separate agreement.”

The U.K. Delegation's proposal to include in the draft Peace Treaty a section on contracts with an amended text for paragraph 1, was supported by the 5 Delegations; 6 Delegations voted against the proposal and 3 Delegations abstained.

The U.S. Delegation tabled a proposal for the inclusion in Annex V of an additional Section V with the following tenour:

“Having regard to the legal system of the United States of America, the provisions of this Annex shall not apply as between the United States of America and Hungary.”

7 votes were cast in favour of this proposal by the U.S. Delegation and 4 against, with 3 abstentions.

II. PERIODS OF PRESCRIPTION

The U.S.S.R. Delegation proposed the inclusion in the draft Peace Treaty of a section on periods of prescription worded as follows:

“(1) All periods of prescription or limitation of rights of action in regard to mutual relations with reference to property, between Hungarian physical or juridical persons on the one hand, and United Nations physical or juridical persons on the other hand irrespective of whether these periods commenced before or after the outbreak of war, shall be regarded as having been suspended in Hungarian territory for the duration of the war on condition that the United Nation concerned will also on condition of reciprocity regard these periods of prescription in respect of the mutual relations stated above as having been suspended in the [*its*] territory.

They will begin to run again three months after the entry into force of the present treaty.”

“(2) The provisions of Article 1 of the present Annex will be applicable in regard to the periods fixed for the redemption of securities or their coupons thereon and likewise any transactions relating to such securities.”

The Soviet Delegation accepted :

(a) A Yugoslav amendment to add after the words of the first line: “right of action” the words “or of undertaking an act or formality of conservation”;

(b) an amendment by the French Delegation to add after the words: “mutual relations with reference to” the words: “persons and . . .”

6 Delegations voted in favour of the U.S.S.R. Delegation’s proposal and 6 Delegations against: 2 Delegations abstained.

The U.K. Delegation proposed the inclusion in the draft Peace Treaty with Hungary of a section on contracts as worded in the draft Peace Treaty submitted, with the addition of a paragraph 8 reading as follows:

“8. *For the purposes of those Sections of the present Annex relating to periods of prescription and negotiable instruments, the parties to a contract shall be regarded as enemies when trading between them shall have been prohibited by or otherwise become unlawful under laws, orders or regulations to which one of these parties or the contract was subject. They shall be deemed to have become enemies from the date when such trading was prohibited or otherwise become unlawful.*”

This proposal by the U.K. Delegation was supported by 5 Delegations; 5 Delegations voted against and 4 Delegations abstained.

III. NEGOTIABLE INSTRUMENTS

The U.S.S.R. Delegation proposed that no section on negotiable instruments should be included in the draft Peace Treaty. This proposal was supported by 5 Delegations; 7 Delegations voted against and 2 Delegations abstained.

The U.K. Delegation proposed the inclusion in the Peace Treaty with Hungary of a section on negotiable instruments in the wording as set out in its proposal reproduced in the draft Peace Treaty. This proposal was supported by 7 Delegations; 4 Delegations voted against and 3 Delegations abstained.

IV. MISCELLANEOUS

The U.S.S.R. Delegation proposed that no such section should be included in the Peace Treaty. 6 Delegations voted in favour of this proposal. 6 Delegations voted against and 2 Delegations abstained.

The U.K. Delegation proposed the inclusion in the Peace Treaty with Hungary of a Section 4 of Annex V. In the wording as proposed

by the U.K. Delegation and set forth in the Draft Peace Treaty. 6 votes were cast for this proposal. 6 Delegations voted against and 2 Delegations abstained.

ANNEX 6. JUDGMENTS

The Commission adopted no recommendations concerning this Annex, for which three proposals had been submitted by the Council of Foreign Ministers.

The proposal of the United States Delegation, seconded by the U.S.S.R. Delegation obtained 7 votes; 5 Delegations voted against and 2 Delegations abstained from voting.

The proposal of the French Delegation obtained one vote; 10 Delegations voted against and 3 Delegations abstained from voting.

The proposal of the U.K. Delegation obtained 5 votes; 6 Delegations voted against and 3 Delegations abstained from voting.

Accordingly, the Commission submits to the consideration of the Conference:

- 1) The proposal of the U.S.A. Delegation, seconded by the U.S.S.R. Delegation, which received 7 votes.
- 2) The proposal of the U.K. Delegation which received 5 votes.

CONCLUSIONS

This, Mr. Chairman, is a brief account of the work of our Commission and of the results it has achieved in the case of the Peace Treaty with Hungary.

I have the honour, on behalf of the Economic Commission for the Balkans and Finland, to submit the present report to the Conference for its consideration, for the approval of our conclusions and for the adoption of recommendations on those clauses regarding which the Commission was unable to reach a definite decision.

I would ask the Conference to approve the Commission's recommendations to accept the following articles adopted by the Commission, either unanimously or by a majority of two-thirds or over:

a) Articles and paragraphs of the draft Treaty which were unanimously approved without amendment.

Article 22, paragraphs 3, 4, 5, 6 & 7

Article 23, paragraphs 5, 6, 7, 8*a*, 8*c*

Article 24, as a whole

Article 27, as a whole

Article 28, paragraphs 1, 2, 4, 5

Article 29, paragraph 1 with sub-paragraphs "a" and "b"

Article 32, as a whole,

Annex IV Section A, paragraphs 1, 2, 3, 5, 6, 8

b) Modifications and additions to the draft Treaty adopted unanimously.

Article 21 bis
 Article 22, paragraphs 1 and 2
 Article 23, paragraphs 1, 2, 3, 8*b*
 Article 28, paragraph 3
 Article 31
 Annex IV, Section A, paragraphs 4, 7
 Article 30.

c) Articles and paragraphs of the Draft Treaty, adopted by a two-thirds majority or over.

Article 29 bis

I would ask the Conference to take a separate vote on the following provisions in regard to which the Commission has not made any recommendations:

Article 21, Reparation in the text as submitted by the Council of Foreign Ministers, which obtained 8 votes to 5 with 1 abstention.

Article 21, proposal of the U.S.A. Delegation to reduce the amount of reparation payable to the U.S.S.R., Czechoslovakia and Yugoslavia, which obtained 5 votes to 7 with 2 abstentions.

Article 23, U.K. proposal for full compensation which obtained 6 votes to 6 with 2 abstentions.

Article 23, U.S.-Soviet proposal for 25 compensation, which received 5 votes to 9.

Article 23, French proposal for 75 compensation which received 9 votes to 5.

Article 23, Paragraph 4, sub-paragraph *a*, in the U.S. Draft, which obtained 9 votes to 4 with 1 abstention.

Article 23, U.S. proposal for paragraph 4, sub-paragraphs *b*, *c*, *d* which obtained 9 votes to 5.

Article 23, paragraph 4, sub-paragraph *e*, which received 8 votes to 6.

Article 23, paragraph 9, in the draft submitted by the French Delegation, which obtained 9 votes to 4 with 1 abstention.

Article 23 bis, paragraph 1, which obtained 8 votes to 5 with 1 abstention.

Article 23 bis, paragraph 2, which obtained 8 votes to 4 with 2 abstentions

Article 25, paragraphs 1, 2, 3 in the draft submitted by the Delegations of the U.S.A., U.K. and France, which obtained 7 votes to 4 with 3 abstentions.

Article 25, paragraph 4, with amendment submitted by the Australian Delegation, which received 7 votes to 4 with 3 abstentions.

Article 25, paragraph 5, sub-paragraphs *a*, *b*, *c*, *d*, which obtained 7 votes to 3, with 4 abstentions.

Article 25, paragraph 5, Australian proposal for the addition of a sub-paragraph *e*, which obtained 6 votes to 4 with 4 abstentions.

Article 25, proposal of the U.S.S.R. Delegation, which obtained 4 votes to 7 with 3 abstentions.

Article 26, proposal of the U.S.S.R. Delegation, which obtained 5 votes against 9.

Article 26, proposal of the U.S.A., U.K. and French Delegations, which obtained 9 votes to 5.

Article 29, paragraph 1, sub-paragraph *c*, in the draft proposed by the U.S.S.R. Delegations, which obtained 5 votes to 9.

Article 29, paragraph 1, sub-paragraph *c*, in the draft proposed by the U.S.A., U.K., and French Delegations, which obtained 9 votes to 5.

Article 29, U.S. proposal for the addition to sub-paragraph *c* paragraph 1, of a provision regarding civil aviation, which obtained 9 votes to 5.

Article 29, French proposal, for the addition to sub-paragraph *c* paragraph 1 of a provision regarding civil aviation, which obtained 7 votes to 5 with 2 abstentions.

Article 29, paragraph 2, in the draft submitted by the Soviet Delegation, which obtained 5 votes to 9.

Article 29, paragraph 2, in the draft submitted by the U.S.A., U.K. and French Delegations, which obtained 9 votes to 5.

Article 30, in the draft submitted by the U.K. Delegation, which obtained 9 votes to 5 with an amendment to the list of articles (inclusion of Article 21 bis).

Article 30, in the draft submitted by the U.S.S.R. Delegation, which obtained 5 votes to 9 with an amendment to the list of articles (inclusion of Article 21 bis).

Article 33, which obtained 8 votes to 5 with 1 abstention.

Annex IV, Section B, which obtained 9 votes to 5.

Annex V, Section I, which obtained 5 votes to 6 with 3 abstentions.

Annex V, Section II, in the draft submitted by the U.S.S.R. Delegation which obtained 6 votes to 6 with 2 abstentions.

Annex V, Section II, in the draft submitted by the U.K. Delegation, which obtained 5 votes to 5 with 4 abstentions.

Annex V, Section III, in the draft submitted by the U.K. Delegation, which obtained 7 votes to 4 with 3 abstentions.

Annex V, Section IV, in the draft submitted by the U.K. Delegation, which obtained 6 votes to 6 with 2 abstentions.

Annex V, proposal of the U.S.A. Delegation to include a Section V, which obtained 7 votes to 4 with 3 abstentions.

Annex VI, proposal of the U.S.A. Delegation, seconded by the U.S.S.R. Delegation, which obtained 7 votes to 5 with 2 abstentions.

Annex VI, proposal of the U.K. Delegation, which obtained 5 votes to 6 with 3 abstentions.

Annex VI, proposal of the French Delegation, which obtained 1 vote to 10 with 5 abstentions.

[Annex 1]

Statement by the Czechoslovak Delegation on Article 21

“The Czechoslovak Delegation considers that the alteration from six to eight years in the date of payment of reparations is bound to have no other effect on the provisions of the bilateral agreement on reparations concluded between Hungary and Czechoslovakia than that of obliging Czechoslovakia to extend correspondingly the payment terms fixed by this Agreement.”

[Annex 2]

Statement by the United States Delegation on Article 21

Under its reservation of the right to re-open at the Peace Conference the question of the magnitude of the reparation burden to be imposed on Hungary, the U.S. Delegation introduced an amendment reducing the total amount of reparation to be paid by Hungary to \$200 million. This amendment was rejected by non-unanimous vote.

The U.S. Delegation is convinced on the basis both of its analysis of the economic situation of Hungary and of the statements submitted to the Conference by the Delegation of Hungary that the economic burdens laid upon Hungary by the various provisions of the Armistice and the Treaty of Peace are beyond the capacity of Hungary to pay. It estimates these burdens to be about 35% of Hungary's national income, even before any allowance is made for the reduction in Hungary's economic potential which results from the removal from Hungary of industrial plant and equipment as war booty or for restitution.

Accordingly, the U.S. Delegation maintains that the burden of reparation to the amount of \$300 million, which would be equivalent to \$450 million if the goods to be delivered on reparation account are valued at current prices, is too great and must be reduced. Upon examination of the relative capacity to pay off Hungary and Roumania, the U.S. Delegation has concluded that \$200 million is the largest burden which can be placed upon Hungary; and that even this burden cannot be borne unless constructive steps are taken to rehabilitate the Hungarian economy.

Consistently with this position on reparation the U.S. Delegation has recommended that the rate at which Hungary should make compensation for United Nations property damaged upon the territory of Hungary should be 25%.

[Annex 3]

*Record of Replies by the Czechoslovak Delegation to Questions by the United Kingdom and United States Delegations Concerning an Additional Article 21b**The Delegate of the United Kingdom:*

I should like to know, firstly, if this Article covers tangible property and assets removed to Hungary in pursuance of the Vienna Award, or if its scope is limited to identifiable property.

Secondly, in cases where property cannot be returned because it cannot be identified, will Hungary have to replace this property over a number of years?

In our view, this text should provide for an arbitration clause as we are in favour of friendly relations between States, and we want to avoid a clause which would result in a state of instability prevailing in the future.

The Delegate of Czechoslovakia:

The Czechoslovak Delegation is prepared to accept the U.K. Delegation's suggestion about arbitration. It considers that the best procedure to adopt would be the insertion of the number of the additional article in the text of Article 30, thereby including it in the list of Articles subject to arbitration under Article 30.

If the U.K. Delegation agrees, we agree also on the question of arbitration. As for the first question, this amendment not only applies to identifiable objects but also to those which cannot be identified, because the other question is covered by Article 22. This is what is generally described as "restitution sui generis".

The Delegate of the United States:

I should like to put a question to the Delegate of Czechoslovakia in order to see whether I have got a correct idea of the problem. I should like to know if this goes further than a mere restitution of identifiable property; whether the principle embodied in the Czechoslovak proposal—that is the annulment of the Vienna Award and the consequences thereof—would also apply to the special agreements concluded between Hungary and Czechoslovakia as a result of the Vienna Award.

In other words, I would like to know whether these agreements will fall within the general framework of the annulment which we are asked to endorse, and if arbitration procedure will only operate after such an annulment.

I should like to know if my impression of the problem is exact.

I will now turn to questions of another kind—those relating to the drafting of this text.

I must say that this text is not absolutely clear in English and this is comprehensible if we realize that this is not a text revised by one person or drawn up by a Delegation—that of Czechoslovakia—but that it has been drawn up and revised by a sub-committee of five.

I would therefore like to know the exact meaning of this text. Does it also provide for the annulment of the agreements concluded as a

sequel to the Vienna Award and for the annulment of the consequences of these agreements?

Is this what the Czechoslovak Delegation proposed to the Sub-Commission?

The Delegate of Czechoslovakia:

Mr. Chairman, I will first of all reply to the second question and say that I am quite willing to meet the U.S. Delegate by proposing an alteration in the drafting of the 3rd line of the second paragraph of this proposal. Instead of "annulment of the consequences" we could insert "annulment of the agreements and their consequences".

With regard to the first question, in the first instance the answer is affirmative.

This is a kind of restitution which must be carried out. In other words, we must make the legal consequences of these agreements absolutely null and void. This amounts to restoring the position as it was in 1938, i.e. that all property transferred to Hungary in pursuance of the Vienna Award must be returned to Czechoslovakia.

[Annex 4]

*Declaration by the Soviet Delegation Concerning Article 23,
Paragraph 4*

The Soviet Delegation considers that the claim for full compensation for damage caused to United Nations property in Hungary is both unreasonable and improper. In settling the amount of compensation for damage to property of the United Nations in Hungary, account must be taken of the fact that Hungary not only withdrew from the war against the United Nations but declared war on Germany and suffered losses while fighting on the side of the United Nations.

The Soviet Delegation, therefore, considers that compensation should be made only in part to the extent of one-third of the damage.

[Annex 5]

Statement by the United States Delegation on Article 23, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 13 to the Report of the Economic Commission for Italy, printed on page 394, with the exceptions shown in annotations thereto.]

[Annex 6]

*Statement by the United Kingdom Delegation on Article 23,
Paragraph 4*

[Text is essentially the same, *mutatis mutandis*, as the statement by the United Kingdom Delegation in Annex 12 to the Report of the Economic Commission for Italy, printed on page 393.]

[Annex 7]

Statement by the French Delegation on Article 24, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement by the French Delegation in Annex 15 to the Report of the Economic Commission for Italy, printed on page 397.]

[Annex 8]

Statement by the Czechoslovak Delegation on Article 23, Paragraph 8b

“The Czechoslovak Delegation considers that by the inclusion of the words ‘a United Nation’ into the text of sub-paragraph *b*) of paragraph 8, Article 23, Czechoslovakia will not be precluded by the time periods of sub-paragraph *a*) paragraph 8, Art. 23 from being the beneficiary of the rights ensuing from Article 23 in place of her former citizens, who were Czechoslovak citizens before her occupation and who ceased to be Czechoslovak citizens since Czechoslovakia’s liberation.”

[Annex 9]

French Delegation Proposal on the Danube-Sava-Adriatic Company

The Danube-Sava-Adriatic Company’s regime was based on the Rome Agreements concluded in March 1923 under Articles 301 and 304 of the Trianon and St-Germain treaties. In 1942, Germany, by an instrument known as the Brioni Agreement, compelled the Company to alter its Articles of Association.

The French Delegation deems it necessary, on the one hand, that the Treaty repudiate the validity of the Brioni Agreement, and is convinced on the other hand that the Rome Agreements, by virtue of the intervening territorial changes, no longer correspond to actual requirements. For these reasons France thinks that a new arrangement should be negotiated and considers it essential that a provision to that effect be made in the Peace Treaty.

[Annex 10]

Statement by the United States Delegation on Article 23 bis

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 6 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 461.]

[Annex 11]

Statement by the United States Delegation on Article 25

This was an agreed article in the Italian and Rumanian treaties; however in the Hungarian treaty the U.S.S.R. had proposed that the rights of the Government and nationals of Hungary with regard to Hungarian property and assets on the territory of Allied and Associated Powers should be restored.

The U.S. Delegation is unable to perceive any argument in support of such a proposal except the contention that the claims of Allied and Associated Powers against Hungary are very slight. This however is not a persuasive consideration since Article 24 merely entitles the Allied and Associated Powers to seize and liquidate Hungarian assets on their territory to the extent necessary to satisfy their claims against Hungary and it stipulates that any excess of the value of such assets of the total of claims shall be returned to Hungary.

Therefore the U.S. Delegation supports the U.S., U.K. and French proposal with respect to Article 24 and opposes the Soviet proposal.

[Annex 12]

Statement by the United Kingdom Delegation on Article 25

The United Kingdom Delegation see no reason why Hungarian external assets should not be realised and set off against claims, including debts.

So far as war claims are in question, the cost to each Allied or Associated Power in manpower, money and in loss generally has been incurred in a common effort against a common enemy. So far as outstanding contractual indebtedness is concerned there is no doubt that the Hungarian Government and Hungarian nationals owe far more in accrued interest alone than their external assets would realise if sold.

The suggestion that the Hungarian Government should resume and that Hungarian nationals should retain, as of right, property consti-

tuted in the territories of the Allied and Associated Powers appears to the United Kingdom Delegation to be a complete reversal of the ordinary conceptions of justice. It would mean that the war makers retain assets while the Allied Powers bear all losses. The United Kingdom Delegation see no reason why the principles accepted in the cases of Italy and Roumania should not be followed.

So far as the United Kingdom is concerned the Hungarians owe some £11,600,000 in respect of debts accrued due while their total property in the United Kingdom is of the order of £1,500,000.

[Annex 13]

Statement by the United States Delegation on Article 26

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 10 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 463.]

[Annex 14]

Statement by the United Kingdom Delegation on Article 26

[Text is the same, *mutatis mutandis*, as the statement of the United Kingdom Delegation in Annex 11 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 464.]

[Annex 15]

Statement by the Soviet Delegation on Article 29

[Text is virtually the same, *mutatis mutandis*, as the statement by the Soviet Delegation in Annex 21 to the Report of the Economic Commission for Italy, printed on page 402.]

[Annex 16]

Statement by the United States Delegation on Article 29

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 12 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 464.]

[Annex 17]

Statement by the United States Delegation on Article 29

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 22 to the Report of the Economic Commission for Italy, printed on page 402.]

[Annex 18]

Statement by the United States Delegation on Article 29

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 15 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 465.]

[Annex 19]

Statement by the United Kingdom Delegation on Article 29

[Text is the same, *mutatis mutandis*, as the statement by the United Kingdom Delegation in Annex 16 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 466.]

[Annex 20]

Statement by the French Delegation on Article 29, Sub-paragraph c

[Text is the same, *mutatis mutandis*, as the statement by the French Delegation in Annex 17 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 466.]

[Annex 21]

Statement by the French Delegation on French Proposal Concerning Rail Transit

[Text is identical with the French Delegation statement in Annex 19 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Bulgaria, printed on page 510.]

[Annex 22]

Statement by the United States Delegation on Article 30

[Text is identical with the statement by the United States Delegation in Annex 20 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 467.]

[Annex 23]

Statement by the United Kingdom Delegation on Article 30

The United Kingdom Delegation wish to place on record their conviction that the Treaty must provide definite machinery for the final settlement of any disputes which may arise.

[Annex 24]

Statement by the United States Delegation on Article 33

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 22 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 468.]

[Annexes 25 and 26]

Statements by the Yugoslav Delegation on Article 33

[Texts are identical with the statements by the Yugoslav Delegation in Annexes 28 and 29 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 471.]

[Annex 27]

Declaration by the United Kingdom Delegation on Article 33

[Text is identical with the declaration by the United Kingdom Delegation in Annex 26 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 470.]

[Annex 28]

Statement by the Polish Delegation on Article 33

[Text is the same, *mutatis mutandis*, as the statement by the Polish Delegation in Annex 24 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 469.]

[Annex 29]

Statement by the Belgian Delegation on Article 33

[Text is identical with the statement by the Belgian Delegation in Annex 23 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 469.]

[Annex 30]

Statement by the Greek Delegation on Article 33

[Text is identical with the statement by the Greek Delegation in Annex 25 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 470.]

[Annex 31]

Statement by the French Delegation on Article 33

[Text is identical with the statement by the French Delegation in Annex 27 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 470.]

[Annex 32]

Statement by the United States Delegation on the Amendment Proposed by the United States Regarding the Inapplicability of Annex 5 as Between the United States and Hungary

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 33 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 473.]

[Annex 33]

Statement by the United States Delegation on Annex 5, Part I

The United States opposed the U.K. proposals on contracts, primarily because it regards paragraph 2(f) as unreasonable.

[Annex 34]

Statement by the United Kingdom Delegation on Annex 5, Section I

[Text is identical with the statement by the United Kingdom Delegation in Annex 25 to the Report of the Economic Commission for Italy, printed on page 404.]

[Annex 35]

Statement by the United States Delegation on the United Kingdom Proposal for Annex 5, Part II

[Text is identical with the statement by the United States Delegation in Annex 29 to the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 36]

Statement by the United States Delegation on the Soviet Proposal for Annex 5, Part II

[Text is identical with the statement by the United States Delegation in Annex 28 to the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 37]

Statement by the United Kingdom Delegation on Annex 5, Section II

[Text is identical with the statement by the United Kingdom Delegation in Annex 27 to the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 38]

Statement by the United Kingdom Delegation on Annex 5, Section III

[Text is identical with the statement by the United Kingdom Delegation in Annex 31 to the Report of the Economic Commission for Italy, printed on page 406.]

[Annex 39]

Statement by the United States Delegation on Annex 5, Part IV

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 33 to the Report of the Economic Commission for Italy, printed on page 407.]

[Annex 40]

Statement by the United Kingdom Delegation on Annex 5, Section IV

[Text is the same, *mutatis mutandis*, as the statement by the United Kingdom Delegation in Annex 32 to the Report of the Economic Commission for Italy, printed on page 407.]

[Annex 41]

Statement by the United States Delegation on the United States Proposal for Annex 6 B

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 34 to the Report of the Economic Commission for Italy, printed on page 408.]

[Annex 42]

Statement by the United States Delegation on the United Kingdom Proposal for Annex 6 B

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 38 to the Report of the Economic Commission for Italy, printed on page 410.]

[Annex 43]

Statement by the United States Delegation on the French Proposal for Annex 6 B

[Text is the same, *mutatis mutandis*, as the statement of the United States Delegation in Annex 37 to the Report of the Economic Commission for Italy, printed on page 409.]

[Annex 44]

Statement by the United Kingdom Delegation on Annex 6 B

[Text is the same, *mutatis mutandis*, as the statement of the United Kingdom Delegation in Annex 35 to the Report of the Economic Commission for Italy, printed on page 408.]

[Annex 45]

Statement by the French Delegation on Annex 6 B

[Text is the same, *mutatis mutandis*, as the statement of the French Delegation in Annex 36 to the Report of the Economic Commission for Italy, printed on page 409.]

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Report of the Military Commission on the Military Clauses of the Draft Peace Treaty With Hungary

C.P. (Plen) Doc. 20

PARIS, October 5, 1946.

I. INTRODUCTORY

The Commission considered at three Meetings the military clauses in the Draft Peace Treaty with Hungary. It submits to the Plenary Conference recommendations concerning Articles 10 to 19 and Annexes 2 and 3 of the Treaty. It considered proposals for amendments put forward by the Delegation of Belgium, Czechoslovakia and Poland. These proposals are designated by the following letters and numbers: C.P. (Gen) Doc. 1.C.4, C.P. (Gen) Doc. 1.Q.7 & 1.Q.8, C.P. (Gen) Doc. 1.O.9.

The Commission heard the representatives of Hungary and considered their observations.

All the Articles of the Draft Peace Treaty which the Commission examined had been approved by the Council of Foreign Ministers. The United States Delegation had made a reservation with respect to an Article covering War Graves; but it withdraw the reservation.

II. DECISIONS ON ARTICLES

A. ARTICLES ADOPTED WITHOUT CHANGE

Articles 10, 11, 12, 15, 16, 17, 18 and 19, Annexes 2 and 3 were adopted without change.

B. DRAFTING AMENDMENT ADOPTED

The French version of Article 14 was redrafted in order to bring the last sentence into line with the English and Russian texts. The revised Article in French reads as follows:

“La Hongrie ne devra pas conserver, fabriquer ou acquérir par d’autres moyens, de matériel de guerre en excédent de ce qui est nécessaire au maintien des forces armées autorisées par l’Article 10 du présent Traité; *elle ne conservera pas d’installations en excédent de celles nécessaires à l’armement des forces armées autorisées par l’Article 10 du présent Traité.*”

C. AMENDMENT OF SUBSTANCE ADOPTED: ARTICLE 13

A Belgian amendment to add “any atomic weapon” to those prohibited to Hungary was adopted. Article 13 was redrafted and runs as follows:

“Hungary shall not possess, construct or experiment with *any atomic weapon*, any self-propelled or guided missile or apparatus connected with their discharge (*other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty*), sea-mines or *torpedoes* of non-contact types actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft or specialised types of assault craft.”

The following resolution was adopted unanimously:

“The Commission agrees that the Articles on prohibitions in the Balkan and Finnish Treaties (Article 12 of the Bulgarian Treaty, Article 14 of the Roumanian Treaty, Article 13 of the Hungarian Treaty and Article 16 of the Finnish Treaty should be in identical language, i.e. that decided upon for Article 12 of the Bulgarian Treaty.”

The representatives of Byelorussia, Czechoslovakia, Poland, the Ukraine, Yugoslavia and the U.S.S.R. state that in their opinion the Commission has not reached unanimous agreement on the inclusion of M.T.B.’s in the Peace Treaties with Bulgaria, Roumania, Hungary and Finland and that the unanimous decision reached on the 28th September, 1946, regarding the similarity of Article 12 and the corresponding Articles in the Peace Treaties with the Balkan States and Finland, refers to the decision already taken by the Military Commission (see amended text of Article 12 in the Commission’s Record of Decisions of the 27 September, 1946), and not to future decisions. The French and Russian texts of this resolution confirm this declaration.

III. ARTICLES IN RESPECT OF WHICH A DECLARATION WAS RECORDED

Article 10.

The Czechoslovak Delegation had proposed an amendment to Article 10 to reduce the numbers of the Hungarian Army and its equipment, and an additional Article prohibiting the maintenance and construction of fortifications within a distance of 20 kilometers from any point of the frontier. The Delegation withdrew the two amendments, but recorded a declaration:

“Czechoslovakia—desiring to resume friendly, neighbourly and mutual collaboration with Hungary, and to give proofs of its sentiments

of reconciliation with democratic Hungary—withdraws its amendments to the Military Clauses of the Treaty with Hungary.”

Article 15.

The Polish Delegation withdrew an amendment about its claims to restitution of war material.

A declaration was made by the U.S. Delegate on behalf of the Three Powers who prepared the Draft Peace Treaty with Hungary, that the excess war material of Hungarian and German origin surrendered by Hungary would be placed in its entirety at the disposal of the U.S.S.R., U.S.A. and U.K.; but in the disposition to be made of this material by joint decision of the Three Powers, the latter would take into consideration any request made by the other Allied and Associated Powers, in particular by the Powers from which material had been taken by Hungary.

CONCLUSION

The Commission at its 31st Meeting unanimously adopted all the Military Clauses of the Draft Peace Treaty with Hungary, as indicated above.

The Commission has the honour to recommend to the Plenary Conference that it should:

Decide on the next text of the Military Clauses as set out above (viz. Article 13, and Article 14 (French text)).

REPORTS ON THE DRAFT PEACE TREATY WITH FINLAND

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Report of the Political and Territorial Commission for Finland

C.P. (Plen) Doc. 16

PARIS, [October 14, 1946].

MR. CHAIRMAN: The Political and Territorial Commission for Finland has held 8 meetings under the Chairmanship of Mr. Beasley, Delegate for Australia.

The Commission consisted of Delegates from the following countries: U.S.A. (who however did not attend any meetings), Australia, Byelorussia, Canada, Czechoslovakia, France, India, New Zealand, United Kingdom, Ukraine, U.S.S.R., and the Union of South Africa. M. Fisa, Delegate of Czechoslovakia, was appointed Vice-Chairman, and Viscount Hood, United Kingdom Delegate, Rapporteur.

The task of the Commission was to examine certain parts of the draft Peace Treaty between the Allied and Associated Powers and Finland which had been drawn up by the Council of Foreign Ministers, and ultimately to make recommendations to the Plenary Conference.

Those parts of the draft Treaty which were referred to the Commission were:

Preamble	
Part I.	Territorial clauses, Articles 1 and 2
Part II.	Section I, Articles 3, 4, 5, Section II, Articles 6, 7, 8, 9, Section III, Articles 10, 11, 12,
Part VI.	Final clauses, Articles 32, 33, 34.

In the course of its work, the Commission examined proposed amendments by the Australian Delegation numbered C.P. (Gen.) Doc.-1B60, B61, B62, B65, B69, B71, B73, and referred to in documents C.P. (P/P) Doc.2, Doc.3, Doc.4, together with the observations submitted by the Finnish Government (C.P. (Gen.) Doc.6), in so far as they related to Articles within the Commission's competence, or were endorsed by one of the Delegations members of the Commission.

As a result of this examination, the Commission :

I. As regards the Preamble,

A. Unanimously recommends to the Plenary Conference that paragraphs 1, 2 and 3 be adopted without alteration ;

B. With reference to paragraph 4, having before it an amendment B60 proposed by the Australian Delegate, with the object of

(a) including after the words "a treaty of peace which", the words "conforming to the principles of justice" ;

(b) including in the fourth paragraph, after the words "principles of justice", the words "and securing to all persons in territories affected by this treaty, the enjoyment of human rights and fundamental freedoms without distinction as to race, sex, language or religion" ;

(c) altering, in the fourth paragraph, the order of the two propositions, so that, after the words "language or religion", the text of the Preamble should read as follows: "will settle questions still outstanding as a result of the events hereinbefore recited and form the basis of friendly relations between them, thereby enabling, etc. . . ." the remaining words being identical with the text of the draft.

1. Informs the Plenary Conference that it unanimously decided to adopt parts "a" and "c" of the Australian amendment ;

2. informs the Plenary Conference that part "b" was withdrawn by the Australian Delegation as a result of a negative vote in the Commission concerning the proposal to establish a "Court of Human Rights" ;

And, in consequence :

Unanimously recommends to the Plenary Conference that paragraph 4 should be drafted as follows :

"Whereas the Allied and Associated Powers and Finland are respectively desirous of concluding a Treaty of *Peace which, conforming to the principles of justice, will settle questions still outstanding as a result of the events hereinbefore recited and will form the basis of friendly relations between them,* thereby enabling the Allied and Associated Powers to support Finland's application to become a Mem-

ber of the United Nations and also to adhere to any Convention concluded under the United Nations Charter.”

C. Unanimously recommends to the Plenary Conference the adoption of paragraph 5 without alteration.

II. Unanimously recommends to the Plenary Conference the adoption of Article 1 (together with Annex I) and Articles 2, 3, 4 and 5.

III. With reference to Article 6, after the rejection, by 9 votes to 2 (Australia and New Zealand), of an amendment number C.P. GEN. Doc. 1 B 62, submitted by the Australian Delegation, recommends to the Plenary Conference the adoption without alteration of the text of the draft prepared by the Council of Foreign Ministers.

IV. Unanimously recommends to the Plenary Conference that Articles 7, 8, 9, 10 and 11 of the draft prepared by the Council of Foreign Ministers should be adopted without alteration.

V. Informs the Plenary Conference that an amendment submitted by the Australian Delegation, numbered C.P. GEN. Doc. 1 B 65, proposing the insertion, between Articles 11 and 12, of a new Article, providing for the membership of Finland in the Food and Agricultural Organisation of the United Nations, the International Wheat Council, the International Health Organisation, and such other economic and social organisations as shall be brought into relationship with the United Nations, was rejected by 9 votes to 1 (Australia), with 1 abstention (New Zealand).

VI. Unanimously recommends to the Plenary Conference that the text of Article 12 of the draft Treaty prepared by the Council of Foreign Ministers should be adopted without alteration.

VII. Informs the Plenary Conference that an amendment numbered C.P.(Gen.)Doc.1B69, submitted by the Australian Delegation and proposing to insert a new Part VI relating to the establishment of a European Court of Human Rights, was withdrawn after the following report from the Legal and Drafting Commission had been approved by 9 votes to 2 (Australia and New Zealand), the Australian Delegation reserving the right, however, to raise this question before the appropriate organ of the Conference:

“The Legal and Drafting Commission has considered the question referred to it by the Political Commission for Finland concerning the Australian Delegation’s amendment providing for the insertion in the Peace Treaty with Finland of a clause on a European Court of Human Rights.

“It notes that:

1) The implementation of human rights is a task of universal import which, under the Charter of the United Nations, is entrusted to the Economic and Social Council which has set up a Commission of Human Rights. These two bodies have power both to formulate the principles and to decide on the steps to be taken to ensure that they are respected.

(See, *inter alia*, the Charter of the United Nations, Article 1, para. 3; Articles 55 (c) and 56; Article 62; Article 68 and the Resolution of the Economic and Social Council of 21st June 1946 E/56/Rev./2, 1st July, 1946).

2) As long as no fundamental understanding has been arrived at on the principles involved, it is impossible in the present state of international law to compel a State to accept the decisions of an international legal body in this matter.

3) Any difficulties which may arise in the interpretation or application of Article 6 of the Peace Treaty with Finland will be covered by the procedure provided for in Article 32 of this Treaty.

“For the above reasons the Legal and Drafting Commission considers that, as things are at present, the amendment of the Australian Delegation to the Peace Treaty with Finland should not be accepted.”

VIII. As regards Article 32, having rejected by 9 votes to 1 (Australia) with 1 abstention (New Zealand) an amendment numbered C.P.(Gen)Doc.1B71, submitted by the Australian Delegation and relating to the establishment of a Treaty Executive Council, recommends the adoption without modification of the text of Article 32 of the draft treaty drawn up by the Council of Foreign Ministers.

IX. As regards Article 33:

1. Informs the Plenary Conference that an amendment numbered C.P.(Gen)Doc.1E72, submitted by the Australian Delegation, was withdrawn after the rejection of the amendment to Article 32, submitted by that Delegation;

2. Submits to the Plenary Conference 2 draft versions, in accordance with the Rules of Procedure established by this Conference;

(a) the first submitted by the U.K. Delegation, 7 votes being cast in favour (Australia, Canada, France, United Kingdom, India, New Zealand, Union of South Africa) and 4 against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R.) reads as follows:

“Except where any other procedure is specifically provided under any article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be referred to the two Ministers acting as provided under Article 32 and, if not resolved by them within a period of 2 months, shall, at the request of any party to any dispute, be referred to the International Court of Justice. Any dispute still pending at, or arising after, the date when the Ministers terminate their functions under Article 32, and which is not settled by direct diplomatic negotiations, shall equally, at the request of any party to the dispute, be referred to the International Court of Justice.”

The following supporting reasons were advanced by the U.K. Delegation:

“The U.K. proposal provides that disputes arising in relation to the interpretation or execution of the Treaty shall be referred to the Ministers in Helsinki of the U.S.S.R. and the U.K. in

accordance with the responsibility which is laid on them under Article 32 to represent the Allied and Associated Powers in dealing with the Finnish Government in all matters concerning the interpretation and execution of the Treaty.

“The two Ministers may, however, be unable to reach agreement on certain disputes, more especially if the U.S.S.R. or the U.K. should be one of the contending parties. It seems necessary, therefore, to the U.K. Delegation to provide for an ultimate and impartial arbiter in order to prevent disputes continuing indefinitely. The most suitable arbiter in the opinion of the U.K. Delegation is the International Court of Justice. The U.K. Delegation therefore proposes that disputes, which the two Ministers are unable to settle, or which, after the Ministers have ceased their functions cannot be settled by direct diplomatic negotiations, shall, at the request of any party to the dispute, be referred to the International Court of Justice as laid down in Article 36 of the Statute of the International Court. In this way parties to the Treaty will have the assurance of a final and impartial settlement of any disputes which may arise.”

(b) the second submitted by the Delegation of the U.S.S.R., 4 votes being cast in favour (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R.) and 7 against (Australia, Canada, France, India, New Zealand, United Kingdom, Union of South Africa) and reads as follows:

“Save where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be settled by direct diplomatic negotiations and, in case the disputes are not settled in this way, they shall be referred to the two Ministers acting as provided under Article 32, except that in this case the Ministers will not be restricted by the time limit provided in that Article.”

The following supporting reasons were advanced by the Soviet Delegation:

“The draft resolution proposed by the United Kingdom Delegation is unacceptable to the minority for the following reasons:

I. The basic principle of the Statute of the International Court of Justice lies in the fact that submission to its jurisdiction is the option of the parties to a dispute. In the present resolution such submission is obligatory and without time limit.

II. The International Court of Justice is an organisation intended for the normal peaceful course of international life and not for the special task of safeguarding the execution of the treaties which terminate a war.

III. Finland is not as yet a Member of the United Nations Organisation. Consequently, her admission to the International Court of Justice is dependent upon the special consent of the Security Council, that is upon a new procedure which makes the situation even more complicated.

IV. The draft Article proposed by the Soviet Delegation opens wide possibilities for the settlement of all disputes and has the

advantage that the heads of the Diplomatic Missions in Helsinki are on the spot and are conversant with the actual circumstances in which a disagreement has arisen.[”]

X. Informs the Plenary Conference that when a draft amendment submitted by the Australian Delegation (C.P.(Gen.)Doc.1 B 73) proposing the insertion of a new Article 34 was withdrawn, the Australian Delegation put forward a draft amendment in the following terms:

“This Commission recognises the necessity for inclusion in the draft Treaty with Finland of an Article providing means for agreed revision of the terms of the Treaty and notes that the Australian Delegation reserves the right to put forward a specific proposal for this purpose at an appropriate stage.”

This was rejected by 9 votes to 1 (Australia) with 1 abstention (New Zealand). The Commission therefore,

Recommends unanimously to the Plenary Conference the adoption without alteration, the text of Article 34 of the draft Peace Treaty prepared by the Council of Foreign Ministers.

Such, Mr. Chairman, is a brief report of the work of our Commission and of the conclusions reached.

I have the honour to table this report on behalf of the Political and Territorial Commission for Finland for consideration and for approval of its conclusions.

If the Conference is prepared to accept our view, I have the honour to make the following suggestions on behalf of the Commission:

1. that a separate vote should be taken on Article 33, the text of which, proposed by the United Kingdom Delegation, obtained 7 votes to 4, a simple majority, while the text submitted by the Soviet Delegation obtained 4 votes in favour and 7 against;

2. that the Commission's recommendations concerning the texts adopted by majorities of two-thirds or greater, should be adopted, namely:

paragraphs 1, 2, 3 and 5 of the Preamble; Articles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 32, 34, Annex I.

the fourth paragraph of the Preamble the alterations to which were unanimously adopted.

CFM Files

Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty With Finland

C.P.(Plen) Doc. 39

PARIS, October 8, 1946.

MR. CHAIRMAN: The Economic Commission for the Balkans and Finland considered the draft of the Peace Treaty with Finland at one meeting.

The Commission was composed of the Delegates of the U.S.A., Australia, Byelorussian S.S.R., Canada, France, U.K., Greece, India, New Zealand, Czechoslovakia, Ukrainian S.S.R., Union of South Africa, U.S.S.R. and Yugoslavia.

The Commission met under the chairmanship of the Czechoslovak Delegate, M. Korbel. The Vice-Chairmen of the Commission were the Australian Delegates Mr. Beasley and Senator Grant. The representative of the U.S.S.R., M. Gerashchenko, was elected Rapporteur to the Commission.

The task of the Commission was to examine the economic and related provision in the draft Peace Treaties with Roumania, Bulgaria, Hungary and Finland, which were prepared by the Council of Foreign Ministers and likewise to submit any possible recommendations for alterations or additions to these provisions.

The Commission considered the following parts and articles of the draft Peace Treaty with Finland.

- Part IV. Reparation and restitution (Articles 22 and 23)
- Part V. Economic clauses (Articles 24, 25, 26, 27, 28, 29, 30
 & 31)
- Annex 4. Special provisions relating to certain kinds of
 property
- Annex 5. Contracts, prescriptions and negotiable instruments
- Annex 6. Prize courts and judgments

In the course of its work, the Commission considered the amendments proposed by the Australian Delegation (C.P.(Gen)Doc.1.B.64, 1.B.66, 1.B.67 and 1.B.68) and the U.K. Delegation (C.P.(Gen)Doc. 1.P.1). The Commission received a number of additional proposals and amendments from the Delegations who were members of the Commission and these will be referred to in the text of the report and will be quoted.

The Commission decided likewise to request the representatives of the Finnish Government to submit to it a detailed memorandum in regard to those articles and provisions of the Peace Treaty with Finland which were referred to this Commission.

This memorandum was submitted to the Secretariat General of the Conference under the heading "Observations submitted by the Finnish Government on the draft Peace Treaty with Finland" (C.P.(Gen)Doc.61).

On proposals and amendments which did not secure a majority of two-thirds of the votes, the Commission, in accordance with the Rules of Procedure, should submit two or more reports. However, the Commission agreed that the Rapporteur should set out all the views which have not been agreed in the general report in order to avoid the necessity of having two or several reports.

As a result of consideration of articles, proposals and amendments listed above, the Commission came to the following conclusions.

PART IV. REPARATION AND RESTITUTION

Article 22—Reparation. With regard to this Article, the Australian Delegation withdrew its amendments (C.P.(Gen)Doc.1.B.64, C.P.(Gen)Doc.1.B.67, C.P.(Gen)Doc.1.B.68).

The U.S.A. Delegation introduced an amendment to reduce the sum of reparation to 200,000,000 American dollars. At the meeting it declared that this amendment was based on the observations of the Finnish Government.

After consultation with the Deputy General Secretary the President declared that the U.S.A. amendment had been submitted contrary to the decision on final date, which had been taken with regard to the submission of amendments, and was also not in accordance with the timetable of work which the Commission had adopted, and in view of this the Chairman declined to include the American amendment on the agenda.

In the course of the voting on the Article in the wording set out by the Council of Foreign Ministers, 9 Delegations (Byelorussia, France, U.K., Greece, India, Czechoslovakia, Ukrainian S.S.R., U.S.S.R. and Yugoslavia) voted in favour and 4 Delegations (U.S.A., Canada, New Zealand, Union of South Africa) voted against. One Delegation (Australia) abstained.

Article 23. Article 23 was unanimously adopted by the Commission in the wording proposed by the Council of Foreign Ministers.

PART V. ECONOMIC CLAUSES

Article 24. Paragraphs 1, 2, 3, 5, 6, 7 and 8 of this article were unanimously adopted by the Commission in the wording proposed by the Council of Foreign Ministers.

With regard to paragraph 4 of this article, the Commission makes no recommendation as none of the proposals secured the necessary majority of two-thirds.

In the consideration of paragraph 4, a vote was taken first on the suggestion that full compensation should be paid. The vote resulted in 6 Delegations being in favour of compensation in full (Australia, Canada, U.K., Greece, New Zealand, South Africa). 6 Delegations voted against (U.S.A., Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia). 2 Delegations abstained (France and India). Thereafter a vote was taken on the proposal by the U.S.A. Delegation which was supported by the Delegation of the U.S.S.R. that compensation should be to the extent of 25%. There were 6 votes in favour of this proposal (U.S.A., Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) and 8 against (Australia, Canada, France,

U.K., Greece, India, New Zealand, Union of South Africa). A vote was then taken on the proposal of the French Delegation that compensation should be to the extent of 75%. This proposal secured 8 votes (Australia, Canada, France, U.K., Greece, India, New Zealand, South Africa) against 6 (U.S.A., Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia). In view of the results of the voting, the Commission did not adopt any recommendation regarding extent of compensation.

The U.K. and Greek Delegations stated that their participation in the votes on the various proposals for partial compensation would imply no change in their position as regards the question of compensation, and that they reserved their right to present their views when the subject came before the Plenary Conference.

The Commission considered the text of paragraph 4 proposed by the Delegation of the U.K. to be inserted in place of the proposal given in the draft Peace Treaty with Finland. The text of this proposal is as follows:

“(a) The Finnish Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Finnish Government compensation in Finnish marks to the extent of . . . percent of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favourable treatment with respect to compensation than that accorded Finnish nationals.

“(b) United Nations nationals who have ownership interests, held directly or indirectly in corporations or associations which are not United Nations nationals within the meaning of paragraph 8(a) of this Article, but which have suffered a loss by reason of injury or damage to property, shall receive compensation in accordance with subparagraph (a) above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.

“(c) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Finland but shall be subject to the foreign exchange control regulations which may be in force in Finland from time to time.

“(d) The Finnish Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such materials and will in no event discriminate in these respects against such nationals as compared with Finnish nationals.

“(e) The Finnish Government agrees similarly to compensate in Finnish marks United Nations nationals whose property has suf-

ferred loss or damage as a result of special measures taken against their property during the war which were not applied to Finnish property.”

With regard to sub-paragraph (a), the Soviet Delegation suggested an amendment to the effect that the last sentence of sub-paragraph (a) should be altered to read as follows :

“In no event shall United Nation’s nationals, including those having ownership interests held directly or indirectly in corporations or associations, receive less favourable treatment with respect to compensation than that accorded Finnish nationals.”

When this amendment was put to the vote, there were 5 in favour and 9 against.

Sub-paragraph (a) of this proposal secured 9 votes in favour (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, South Africa) and 5 against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

Sub-paragraphs (b), (c) and (d) of the proposal of the United States Delegation secured 9 votes in favour (U.S.A., Australia, Canada, France, U.K., Greece, India, New Zealand, South Africa) and 5 against (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia).

In regard to sub-paragraph (e), the French Delegation proposed an amendment as follows :

“The Finnish Government shall grant nationals of the United Nations an indemnity in Finnish marks sufficient to compensate, at the date of payment, the losses and damage due to the special measures applied to their property during the war, and which were not applicable to Finnish property.”

This amendment secured 8 votes in favour (Australia, Canada, France, U.K., Greece, India, New Zealand, South Africa) and 6 against (U.S.A., Byelorussia, Czechoslovakia, Ukraine, U.S.S.R. and Yugoslavia) and in consequence sub-paragraph (e) of the proposal of the U.K. Delegation was not put to the vote.

Article 25. The Commission unanimously adopted this article subject to deletion in the French text of the words “qui ont été” before “transférés” so as to bring the French text into harmony with the Russian and English texts.

Article 26. The Commission unanimously adopted paragraphs 1 and 2 of this article in the wording proposed in the draft Peace Treaty.

The U.K. proposal to delete paragraph 3 of this Article was put to the vote. 7 votes were cast in favour of deletion, 5 against with 2 abstentions.

Article 27. Article 27 of the draft Peace Treaty was adopted unanimously by the Commission in the wording proposed by the Council

of Foreign Ministers with the proposal submitted by the Norwegian Delegation to paragraph 3 of this Article. In accordance with this amendment, the words: "which severed diplomatic relations with Finland and took action" were replaced by the words: "whose diplomatic relations with Finland have been broken off during the war and which took action". Therefore paragraph 3 was accepted in the following wording: "Finland likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Finnish Government or Finnish nationals against any of the United Nations whose diplomatic relations with Finland have been broken off during the war and which took action in co-operation with the Allied and Associated Powers."

Article 28. Paragraph 1 with sub-paragraphs (a) and (b) of this article was adopted by the Commission unanimously in the wording proposed by the Council of Foreign Ministers.

The text of sub-paragraph (c) of this article in the wording proposed by the U.S.S.R. Delegation secured 5 votes in favour and 9 against. When a vote was taken on the text of subparagraph (c) of paragraph 1 of this article in the wording proposed by the U.K. Delegation, there were 9 votes in favour and 5 votes against.

The proposal of the U.K. Delegation on the subject of civil aviation was put to the vote in an amended text as follows:

"It is further understood that the foregoing provisions of paragraph (c) shall not apply to civil aviation, but that Finland will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic and will afford all the United Nations equality of opportunity for obtaining international commercial aviation rights in Finnish territory."

Voting on this proposal resulted in 9 votes in favour and 5 against. The French Delegation proposed to replace the above proposal by the following text:

"It is further understood that the foregoing provisions of paragraph (c) shall not apply to civil aviation, but that Finland will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic, will afford all the United Nations equality of opportunity for obtaining international commercial aviation rights in Finnish territory, and will grant to any United Nation on a basis of reciprocity, and without discrimination, with regard to the operation of civil aircraft in international traffic, the right to fly over Finnish territory without landing and to make landings in Finnish territory for noncommercial purposes."

This proposal of the French Delegation secured 7 votes in favour, 5 against and 2 abstentions.

With regard to paragraph 2 of Article 28, the text proposed by the U.S.S.R. Delegation secured 5 votes in favour with 9 against and the

text proposed by the U.K. Delegation received 9 votes in favour with 5 votes against.

Article 29. On this article the Commission did not take any recommendation as neither of the two proposals which are quoted in the Draft Peace Treaty, one proposed by the U.K. and the other by the U.S.S.R. Delegation, secured a majority of two-thirds of the votes. There were 9 votes (U.S.A., Australia, Canada, France, Greece, U.K., India, New Zealand, South Africa) in favour of and 5 votes (Byelorussia, Czechoslovakia, Ukraine, U.S.S.R., Yugoslavia) against the U.K. proposal. The proposal of the U.S.S.R. Delegation secured 5 votes in favour and 9 votes against.

Article 30. This article was adopted unanimously by the Commission in the wording proposed by the Council of Foreign Ministers with the following proposal submitted by the Norwegian Delegation: that instead of the words "which have broken off diplomatic relations with Finland", it should read "whose diplomatic relations with Finland have been broken off during the war."

Therefore, Article 30 of the Draft Peace Treaty was adopted in the following wording:

"Articles 23, 24 and Annex 6 of the present Treaty shall apply to the Allied and Associated Powers and France and to those of the United Nations whose diplomatic relations with Finland have been broken off during the war."

Article 31. Article 31 was unanimously adopted in the wording proposed by the Council of Foreign Ministers.

ANNEX 4. SPECIAL PROVISIONS RELATING TO CERTAIN KINDS OF PROPERTY

SECTION A. INDUSTRIAL, LITERARY AND ARTISTIC PROPERTY

1. The Commission unanimously recommends the adoption of paragraphs 1, 2, 3, 5, 6 and 8 of this section without alteration as set out in the draft Peace Treaty with Finland.

2. The Commission unanimously recommends the replacement of paragraph 4 of Section A by a new text reading as follows:

"The foregoing provisions concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Finland and its nationals, but nothing in these provisions shall entitle Finland or its nationals to more favourable treatment in the territory of any of the Allied or Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Finland be required thereby to accord to any of the Allied or Associated Powers or its nationals more favourable treatment than Finland or its nationals receive in the territory of such Power in regard to the matters dealt with in the foregoing provisions."

In view of the above, the Note by the U.S.S.R. Delegation which is contained in the draft Peace Treaty under this paragraph is now unnecessary.

3. The Commission unanimously recommends the adoption of paragraph 7 of Section [A] in the following wording:

“Finland shall extend the benefits of Section A of this Annex to France and to other United Nations, other than Allied or Associated Powers, whose diplomatic relations with Finland have been broken off during the war and which undertake to extend to Finland the benefits accorded to Finland under Section A of this Annex.”

The unanimous adoption of this text by the Commission means that the Note of the U.S.S.R. Delegation in regard to it, as given in the text of the draft Peace Treaty, ceases to apply.

SECTION B. INSURANCES

The U.K. Delegation proposed the replacement of the wording given in the draft Peace Treaty with Finland by a new text as follows:

“1. The Finnish Government shall grant every facility to insurers who are nationals of the United Nations to resume possession of their former portfolios in Finland”.

“2. Should an insurer being a national of any of the United Nations, wish to resume his professional activities in Finland, and should the value of guarantee deposits or reserves required for the operation of insurance concerns in Finland be found to have decreased as a result of the loss or depreciation of the securities which constituted such deposits or reserves, the Finnish Government undertakes to accept such securities as still remain (for a period of three years) as fulfilling the legal requirements in respect of deposits and reserves.”

The Commission did not make any recommendation on this subject as the proposal to include this section in the wording proposed by the U.K. Delegation secured 9 votes in favour and 5 votes against, whereas the proposal by the U.S.S.R. Delegation to omit Section B from the Treaty secured 5 votes in favour with 8 votes against and one abstention.

ANNEX 5. CONTRACTS, PRESCRIPTIONS AND NEGOTIABLE INSTRUMENTS

The Commission does not make any recommendation with regard to the inclusion of this Annex in the draft Treaty as none of the sections of this Annex secured a two-thirds majority.

I. CONTRACTS

The U.S.S.R. Delegation proposed to omit this section from the draft Peace Treaty. This proposal secured 5 votes in favour with 5 votes against and 4 abstentions. The U.K. Delegation proposed the inclusion in the draft Peace Treaty of a section dealing with contracts in the

wording given in the draft Peace Treaty with Finland with an alteration of paragraph 1 of this Section. This proposal was submitted in the following wording :

“Any contract concluded between enemies shall be deemed to have been dissolved as from the time when any of the parties became an enemy, except in respect of any debt accrued or money paid or other pecuniary obligation arising out of any act done thereunder, subject to the exceptions set out in the following paragraph and subject to the repayment of amounts paid as advances or on account and in respect of which no counterpart exists.

“The provisions of this paragraph shall not apply to contracts of insurance and reinsurance which shall be subject to a separate agreement.”

The proposal of the U.K. Delegation to include in the draft Peace Treaty a section on contracts with the amended text of paragraph 1 received 5 votes in favour with 7 against and 2 abstentions.

II. PERIODS OF PRESCRIPTION

The U.S.S.R. Delegation proposed to insert into the Draft Peace Treaty a paragraph concerning periods of prescription worded as follows :

“1. All periods of prescription or limitation of rights of action in regard to mutual relations with reference to property between Finnish physical or juridical persons on the one hand, and United Nations physical or juridical persons on the other hand, irrespective or [*of?*] whether these periods commenced before or after the outbreak of war, shall be regarded as having been suspended in Finnish territory for the duration of the war on condition that the United Nation concerned will also, on condition of reciprocity, regard these periods of prescription in respect of the mutual relations stated above, as having been suspended in its territory.

They will begin to run again three months after the entry into force of the present treaty.

“2. The provisions of Article 1 of the present Annex will be applicable in regard to the periods fixed for the redemption of securities or their coupons and likewise to any transactions relating to such securities.”

The Soviet Delegation accepted :

a) A Yugoslav Amendment to add after the words of the first line “rights of action” the words “or of undertaking an act or formality of conservation”;

b) An amendment by the French Delegation to add after the words “with reference to” the words “persons and . . .”.

6 Delegations voted in favour of the U.S.S.R. proposal and 6 Delegations against, 2 Delegations abstained.

The U.K. Delegation proposed the inclusion in the Draft Peace Treaty with Finland of a section on prescriptions as worded in the

draft Peace Treaty submitted with the addition of a paragraph 8 reading as follows:

“8. For the purposes of these Sections of the present Annex relating to periods of prescription and negotiable instruments, the parties to a contract shall be regarded as enemies when trading between them shall have been prohibited by or otherwise become unlawful under laws, orders or regulations to which one of these parties or the contract was subject. They shall be deemed to have become enemies from the date when such trading was prohibited or otherwise became unlawful”.

This proposal by the U.K. Delegation was supported by 6 delegations, 6 delegations voted against, and 2 delegations abstained.

III. NEGOTIABLE INSTRUMENTS

The U.S.S.R. Delegation proposed that no section on negotiable instruments should be included in the draft Peace Treaty. This proposal was supported by 5 Delegations, 7 Delegations voted against and 2 abstained.

The U.K. Delegation proposed the inclusion in the Peace Treaty with Finland of a section on negotiable instruments in the wording as set out in the draft Peace Treaty. This proposal was supported by 7 delegations, 5 delegations voted against, and 2 abstained.

IV. MISCELLANEOUS

The U.S.S.R. Delegation proposed that no such section should be included in the Peace Treaty, 6 delegations voted in favour of this proposal, 6 delegations voted against, and 2 abstained.

The U.K. Delegation proposed the inclusion in the Peace Treaty with Finland of a Section IV to Annex 5 in the wording as proposed by the U.K. Delegation and set forth in the draft Peace Treaty submitted. 6 votes were cast for this proposal, 6 delegations voted against and 2 delegations abstained.

ANNEX 6—PRIZE COURTS AND JUDGMENTS

I. The Commission unanimously recommended the adoption of Section A (Prize Courts) without alteration.

II. The Commission did not make any recommendations concerning the text of Section B (Judgments) which had been submitted by the Council of Foreign Ministers in two draftings.

1) The proposal of the U.S.S.R. Delegation obtained 7 votes, 5 Delegations voted against, and 2 Delegations abstained.

2) The proposal of the U.K. Delegation obtained 5 votes, 6 Delegations voted against, and 3 Delegations abstained.

Accordingly, the Commission submits for the consideration of the Conference:

- 1) the proposal of the U.S.S.R. Delegation which received 7 votes.
- 2) the proposal of the U.K. Delegation which received 5 votes.

CONCLUSIONS

This, Mr. Chairman, is a brief account of the work of our Commission and of the results achieved by it with regard to the Peace Treaty with Finland.

I have the honour, on behalf of the Economic Commission for the Balkans and Finland, to submit the present Report to the Conference for its consideration, for the approval of our conclusions, and for the adoption of recommendations on those clauses regarding which the Commission was unable to reach a definite conclusion.

I would ask the Conference to approve the Commission's recommendations to accept the following Articles approved by the Commission either unanimously or by a two-thirds majority or over.

a) Articles and paragraphs of the Draft Treaty which were unanimously approved without amendments

Article 23 as a whole

Article 24 paragraphs 1, 2, 3, 5, 6, 7 and 8

Article 25 as a whole

Article 26 paragraphs 1 and 2

Article 27, paragraphs 1, 2, 4

Article 28, paragraph 1, with sub-paragraphs "a" and "b".

Article 31 as a whole

Annex 4 "A", paragraphs 1, 2, 3, 5, 6, 8

Annex 6, Section "A"

b) Modifications and additions to the Draft Treaty unanimously adopted.

Article 27, paragraph 3

Article 30

Annex 4 "A", paragraphs 4 and 7

I would also ask the Conference to take a separate vote on the following provisions to which the Commission has not made any recommendations.

Article 22—Reparation—proposal submitted by the Council of Foreign Ministers which obtained 9 votes to 4 with 1 abstention.

Article 24—U.K. proposal of full compensation which received 6 votes to 6 with 2 abstentions.

Article 24—Soviet proposal of a 25% compensation which received 6 votes to 8.

Article 24—French proposal of a 75% compensation which received 8 votes to 6.

Article 24—U.K. proposal for paragraph 4, sub-paragraphs *a*, *b*, *c*, *d*, which received 9 votes against 5.

Article 24—paragraph 4, sub-paragraph "e" which received 8 votes to 6.

Article 26—paragraph 3. The proposal of the U.K. Delegation for deletion of this paragraph which received 7 votes in favour, 5 against with 2 abstentions.

- Article 28—paragraph 1, sub-paragraph “c” in the wording submitted by the U.S.S.R. Delegation which received 5 votes to 9.
- Article 28—paragraph 1, sub-paragraph “c” in the drafting submitted by the U.K. Delegation which received 9 votes to 5.
- Article 28—U.K. proposal for the addition to sub-paragraph “c”, paragraph 1, of a provision on Civil Aviation which received 9 votes to 5.
- Article 28—French proposal for the addition to sub-paragraph “c”, paragraph 1, of a provision on Civil Aviation which received 7 votes to 5 and 2 abstentions.
- Article 28—paragraph 2 in the drafting submitted by the Soviet Delegation which received 5 votes to 9.
- Article 28—paragraph 2 in the drafting submitted by the U.K. Delegation which received 9 votes to 5.
- Article 29—in the drafting proposed by the U.K. Delegation which received 9 votes to 5.
- Article 29—in the drafting proposed by the U.S.S.R. Delegation which received 5 votes to 9.
- Annex 4, Section B—U.K. proposal which received 9 votes to 5.
- Annex 5, Section I—U.K. proposal which received 5 votes to 7 with 2 abstentions.
- Annex 5, Section II—in the drafting substituted by the U.S.S.R. Delegation which received 6 votes to 6 with 2 abstentions.
- Annex 5, Section II—in the drafting proposed by the U.K. Delegation which received 6 votes to 6 with 2 abstentions.
- Annex 5, Section III—in the drafting proposed by the U. K. Delegation which received 7 votes to 5 with 2 abstentions.
- Annex 5, Section IV—proposed by the U.K. Delegation which received 6 votes to 6 with 2 abstentions.
- Annex 6, Section B—proposal of the U.S.S.R. Delegation which received 7 votes to 5 with 2 abstentions.
- Annex 6, Section B—proposal of the U.K. Delegation which received 5 votes to 6 with 3 abstentions.

Rapporteur [V.S.] GERASHCHENKO

[Annex 1]

Declaration by the Soviet Delegation on Article 24, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement of the Soviet Delegation in Annex 4 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 459.]

[Annex 2]

Statement by the United States Delegation on Article 24, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 13 to the Report of the Economic Commis-

sion for Italy, printed on page 394, with the exceptions shown in annotations thereto.]

[Annex 3]

*Statement by the United Kingdom Delegation on Article 24,
Paragraph 4*

[Text is the same, *mutatis mutandis*, as the statement by the United Kingdom Delegation in Annex 12 to the Report of the Economic Commission for Italy, printed on page 393.]

[Annex 4]

Statement by the French Delegation on Article 24, Paragraph 4

[Text is the same, *mutatis mutandis*, as the statement by the French Delegation in Annex 15 to the Report of the Economic Commission for Italy, printed on page 397.]

[Annex 5]

Statement by the United States Delegation on Article 26, Paragraph 3

Paragraph 3 of Article 26 is comparable to non-agreed provisions in certain of the Balkan treaties. It entitles Finland to the restitution of any identifiable looted Finnish property in Germany, such restitution to be carried out under the direction of the Powers occupying Germany.

The position of the U.S. Delegation is that there is no just or equitable alternative to a complete waiver of claims against Germany by a defeated satellite. Under the terms of the Paris Agreement on Reparations the Allied and Associated Powers had already made such a renunciation of claims against Germany and the comparable article in the Italian treaty had provided for a complete renunciation by Italy. There would be no basis for defending a mode of treatment which would accord to some ex-enemy states rights which were denied to another ex-enemy state and which had been waived by the Allied Powers.

[Annex 6]

Statement by the United States Delegation on Article 28

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 12 to the Report of the Economic Com-

mission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 464.]

[Annex 7]

Statement by the United States Delegation on Article 28

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 22 to the Report of the Economic Commission for Italy, printed on page 402.]

[Annex 8]

Statement by the United States Delegation on Article 28

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 15 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 465.]

[Annex 9]

Statement by the United States Delegation on Article 28

[Text is the same, *mutatis mutandis*, as the statement by the United Kingdom Delegation in Annex 16 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 466.]

[Annex 10]

Statement by the Soviet Delegation on Article 29 [28?]

[Text is the same, *mutatis mutandis*, as the statement by the Soviet Delegation in Annex 21 to the Report of the Economic Commission for Italy, printed on page 402.]

[Annex 11]

Statement by the United States Delegation on Article 29

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 20 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 467.]

[Annex 12]

Statement by the United Kingdom Delegation on Article 29

The United Kingdom Delegation wish to place on record their conviction that the Treaty must provide definite machinery for the final settlement of any disputes which may arise.

[Annex 13]

Statement by the United States Delegation on the Amendment Proposed by the United States Regarding the Inapplicability of Annex 5 as Between the United States and Finland

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 33 to the Report of the Economic Commission for the Balkans and Finland on the Draft Peace Treaty with Rumania, printed on page 473.]

[Annex 14]

Statement by the United States Delegation on Annex 5, Section I

The United States opposed the U.K. proposals on contracts, primarily because it regards paragraph 2(f) as unreasonable.

[Annex 15]

Statement by the United Kingdom Delegation on Annex 5, Section I

[Text is identical with the statement by the United Kingdom Delegation in Annex 25 to the Report of the Economic Commission for Italy, printed on page 404.]

[Annex 16]

Statement by the United States Delegation on the United Kingdom Proposal for Annex 5, Section II

[Text is identical with the statement of the United States Delegation in Annex 29 to the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 17]

Statement by the United States Delegation on the Soviet Proposal for Annex 5, Section II

[Text is identical with the statement by the United States Delegation in Annex 28 to the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 18]

Statement by the United Kingdom Delegation on Annex 5, Section II

[Text is identical with the statement by the United Kingdom Delegation in Annex 27 to the Report of the Economic Commission for Italy, printed on page 405.]

[Annex 19]

Statement by the United Kingdom Delegation on Annex 5, Section III

[Text is identical with the statement by the United Kingdom Delegation in Annex 31 to the Report of the Economic Commission for Italy, printed on page 406.]

[Annex 20]

Statement by the United States Delegation on Annex 5, Part IV

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 33 to the Report of the Economic Commission for Italy, printed on page 407.]

[Annex 21]

Statement by the United Kingdom Delegation on Annex 5, Section IV

[Text is the same, *mutatis mutandis*, as the statement by the United Kingdom Delegation in Annex 32 of the Report of the Economic Commission for Italy, printed on page 407.]

[Annex 22]

Statement by the United States Delegation on the United States Proposal for Annex 6, Section B

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 34 to the Report of the Economic Commission for Italy, printed on page 408.]

[Annex 23]

Statement by the United States Delegation on the United Kingdom Proposal for Annex 6, Section B

[Text is the same, *mutatis mutandis*, as the statement by the United States Delegation in Annex 38 to the Report of the Economic Commission for Italy, printed on page 410.]

[Annex 24]

Statement by the United States Delegation on the French Proposal for Annex 6, Section B

[Text is the same, *mutatis mutandis*, as the statement of the United States Delegation in Annex 37 to the Report of the Economic Commission for Italy, printed on page 409.]

[Annex 25]

Statement by the United Kingdom Delegation on Annex 6, Section B

[Text is the same, *mutatis mutandis*, as the statement of the United Kingdom Delegation in Annex 35 to the Report of the Economic Commission for Italy, printed on page 408.]

[Annex 26]

Statement by the French Delegation on Annex 6, Section B

[Text is the same, *mutatis mutandis*, as the statement of the French Delegation in Annex 36 to the Report of the Economic Commission for Italy, printed on page 409.]

CFM Files

Report of the Military Commission on the Military, Naval, and Air Clauses of the Draft Peace Treaty With Finland

C.P.(Plen)Doc. 21

PARIS, October 5, 1946.

I. INTRODUCTORY

The Commission held two meetings on the military clauses of the Draft Peace Treaty with Finland. It submits to the Plenary Conference recommendations concerning Articles 13 to 21 and Annexes 2 and 3 of the Treaty. The Commission considered proposals for amendments put forward by the Delegations of Belgium and the United Kingdom (see C.P.(Gen)Doc.1C5 and Records of 30th and 31st Meetings).

It heard the Representatives of Finland who submitted written observations.

All the Articles of the Draft Treaty which the Commission examined had been approved by the Council of Foreign Ministers.

A new Article was added.

II. DECISIONS ON ARTICLES

A—ARTICLES ADOPTED WITHOUT CHANGE

Articles 13, 14, 15, 18, 19, 20 and 21, and annexes 2 and 3.

B—DRAFTING AMENDMENTS ADOPTED

The French version of Article 17 was redrafted in order to bring the last sentence into line with the English and Russian texts. The revised French Article reads:

“La Finlande ne devra pas conserver, fabriquer ou acquérir par d’autres moyens, de matériel de guerre en excédent de ce qui est nécessaire au maintien des forces armées autorisées par l’Article 13 du présent Traité. Elle ne conservera pas d’installations en excédent de celles nécessaires à l’armement des forces armées autorisées par l’Article 13 du présent Traité.”

C—AMENDMENTS OF SUBSTANCE ADOPTED

Article 16.

1. The Belgian amendment to add “any atomic weapon” to those prohibited to Finland was adopted; and the Article was redrafted and runs as follows:

“Finland shall not possess, construct or experiment with *any atomic weapon*, any self-propelled or guided missiles or apparatus connected with their discharge (*other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty*), sea-mines or torpedoes of non-contact types actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft or specialised types of assault craft.”

The following resolution was adopted unanimously.

“The Commission agrees that the Article on prohibitions in the Balkan and Finnish Treaties (Article 12 of the Bulgarian Treaty, Article 14 of the Roumanian Treaty, Article 13 of the Hungarian Treaty and Article 16 of the Finnish Treaty) should be in identical language, i.e., that decided upon for Article 12 of the Bulgarian Treaty.”

The Representatives of Byelorussia, Czechoslovakia, Poland, the Ukraine, Yugoslavia and the U.S.S.R. state that in their opinion the Commission has not reached unanimous agreement on the inclusion of M.T.B.’s in the Peace Treaties with Bulgaria, Roumania, Hungary and Finland, and that the unanimous decision reached on the 28th September, 1946, regarding the similarity of Article 12 and the corresponding Articles in the Peace Treaties with the Balkan States and Finland, refers to the decision already taken by the Military Commission (see amended text of Article 12 in the Commission’s Record of Decisions of the 27th September 1946), and not to future decisions. The

French and Russian texts of this resolution confirm this declaration.

2. A new Article, proposed by the United Kingdom Delegation, was adopted unanimously as 13 A.

Article 13 A.

1. *As from the entry into force of the Treaty, Finland will be invited to join the Barents, Baltic, and Black Sea Zone Board of the International Organisation for Mine Clearance of European Waters, and she undertakes to maintain at the disposal of the Central Mine Clearance Board the whole of her minesweeping forces until the end of the post-war mine clearance period, as determined by the Central Board.*

2. *During this post-war mine clearance period, Finland may retain additional naval units employed only for the specific purpose of minesweeping, over and above the tonnage permitted in Article 13, Clause 1 (b).*

Such units are to be handed over to their owners, or to be demilitarised with a view to civilian use, within two months of the end of the said period.

3. *Finland is also authorised to employ 1,500 additional officers and men for minesweeping over and above the numbers permitted in Article 13 (1.b). Two months after the completion of minesweeping, the excess personnel is to be disbanded or absorbed within the numbers permitted in the said Article.*

CONCLUSION

The Commission, at the 31st Meeting, unanimously adopted all the Military Clauses of the Draft Peace Treaty with Finland as indicated above.

The Commission has the honour to recommend to the Plenary Conference that it should:

Decide on the new text of the Military Clauses, as set out above, viz. Articles 13 A, 16 and 17 (French text).

IV. REPORTS ON THE TRIESTE STATUTE

CFM Files

Report to the Paris Conference From the Special Commission on the Statute of the Free Territory of Trieste

C.P.(IT/P)Doc.40

PARIS, September 13, 1946.

(This document has already been published as a document of the Council of Foreign Ministers under reference C.F.M.(46)253, on August 9, 1946).

In accordance with the decision of the Council of Foreign Ministers of July 3, 1946, there was established a special Commission consisting of representatives of the U.S.S.R., U.K., U.S.A. and France to examine the whole subject of the Free Territory of Trieste and to make preliminary suggestions to the Peace Conference. (The text of this decision is included under Article 16 of the Draft Peace Treaty with Italy).

The Commission has consulted the representatives of Yugoslavia and Italy on this subject in accordance with the instructions of the Council of Foreign Ministers.

The Commission held a number of meetings which were devoted to a discussion of the principles which should underlie the permanent Statute for the Free Territory of Trieste and of the basic organs of governments which should be established in the Free Territory. In view of the differences which have arisen on a number of questions, the Commission considers it appropriate to submit to the Conference four separate drafts of the permanent Statute of the Free Territory. Each of the four representatives on the Commission has accompanied his draft with a brief explanatory memorandum.

DRAFT PERMANENT STATUTE FOR THE FREE TERRITORY OF TRIESTE

Memorandum by the U.S.S.R. Representative

The Draft Permanent Statute of the Free Territory of Trieste prepared by the U.S.S.R. Representative is based on these general principles which under the decision of the Council of Foreign Ministers should be the basis of the Permanent Statute.

These principles are as follows:

1. The Governor shall be appointed by the Security Council after consultation with Yugoslavia and Italy.
2. Legislative and executive authority shall be established on a democratic basis including universal suffrage.
3. Rights of the population shall be ensured in respect to human rights and fundamental freedoms, particularly including religion, language, press, schools and access to public services.
4. Annual reports shall be submitted by the Governor to the Security Council.

The Draft Permanent Statute provides for the establishment of legislative and executive authority on a democratic basis. Legislative authority shall be exercised by the Popular Assembly elected by means of universal, equal, direct and secret suffrage. In order to ensure that all main political organisations are represented in the Popular Assembly it is suggested that elections be carried out on the basis of a proportionate system.

Full executive authority shall be vested in the Council of Government which shall be formed by the Popular Assembly and shall be responsible for its activities to this Assembly.

All branches of government shall be concentrated in these two organs. The questions of international relations and the conclusion of international agreements shall be within the competence of the Popular Assembly.

As to the Governor, his main duty shall be to supervise the observance of the Statute. In this connection the Governor shall be given the right to require the review of the laws adopted by the Popular Assembly.

The Draft Statute contains also detailed rules regarding the circle of persons who are citizens of the Free Territory of Trieste.

In order to ensure the economic development of the Free Territory the Draft Statute provides for a customs union of the Free Territory with Yugoslavia as well as Yugoslavia's participation in the administration of the railways of the Free Territory.

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DRAFT PERMANENT STATUTE FOR THE FREE TERRITORY OF
TRIESTE

Proposal by the U.S.S.R. Representative

SECTION I. GENERAL PROVISIONS

Article 1—The City of Trieste and the Territory adjacent thereto within the boundaries indicated on the map annexed to the present Statute shall constitute the Free Territory of Trieste. The boundaries of the Free Territory of Trieste shall be the following: (description of the boundary line)

The exact boundary of the Free Territory of Trieste shall be demarcated on the ground in the manner specified in Article 5 of the Peace Treaty with Italy.

Article 2—The integrity and independence of the Free Territory shall be assured by the Security Council of the United Nations.

Article 3—The Free Territory of Trieste shall be neutral and demilitarised.

No military, naval or air forces, installations or equipment shall be maintained, built or manufactured in the Free Territory. No para-military formations, exercises or activities shall be permitted within the Free Territory.

No military, naval or air forces of any State shall enter the territory, territorial waters or air space of the Free Territory. Likewise the Government of the Free Territory shall not make or discuss any military arrangements or undertakings with any State.

Article 4—The governmental structure of the Free Territory shall be defined by the Constitution of the said Territory.

The Constitution of the Free Territory shall be in conformity with the provisions of the present Statute.

The Constitution shall be established in accordance with democratic principles and ratified by the Popular Assembly.

SECTION II. METHODS OF APPOINTMENT OF GOVERNOR

Article 5—The Governor shall be appointed by the Security Council after consultation with the Governments of Yugoslavia and Italy.

The Governor shall be appointed for a term of five years and may be re-appointed. If, however, the Security Council determines that the Governor has failed to carry out his duties, it may, having appointed a Deputy Governor, suspend the Governor and under appropriate safeguards of investigation and hearing, may dismiss him from his office.

Article 6—In the performance of his duties, the Governor shall not seek or receive instructions from any Government or from any other authority external to the Security Council. He shall refrain from any action which might reflect on his position as an international official responsible only to the Security Council.

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Article 7—The Governor shall submit to the Security Council annual reports on the execution of the present Statute and the discharge of his duties.

SECTION III. LEGISLATIVE AND EXECUTIVE POWERS

Article 8—The legislative authority in the Free Territory is the Popular Assembly consisting of a single Chamber elected by universal, equal, direct and secret suffrage on a proportional basis.

Article 9—Legislation may be initiated by members of the Popular Assembly or the Council of Government. A draft law duly passed by the Popular Assembly shall become law after it has been promulgated by the President of the Popular Assembly. Before promulgation, the text of any law passed by the Popular Assembly shall be communicated by the President of the Assembly to the Governor for information. The Governor may within a period of 10 days return a law to the Popular Assembly with his comments or recommendation if in his opinion it is contrary to the present Statute. If the Popular Assembly refuses to withdraw the law, the Governor must immediately report on the matter to the Security Council whose ruling of the dispute shall be final. Any draft law which is not returned to the Popular Assembly within 10 days shall thereafter have the force of law.

Article 10—Executive authority shall be vested in the Council of Government of the Free Territory.

The Council of Government shall be constituted by the Popular Assembly and be responsible to the latter for its actions.

Article 11—The Constitution of the Free Territory shall provide for the establishment of local government organs on democratic principles, including universal, equal, direct and secret suffrage.

SECTION IV. FOREIGN RELATIONS

Article 12—Questions affecting the international relations of the Free Territory, the protection in foreign countries of the interests of citizens of the Free Territory and the conclusion of international treaties on political, economic, cultural, social or health questions shall fall within the province of the Popular Assembly.

Article 13—The Free Territory shall accept consular representatives of other States who receive an exequatur from the Council of Government of the Free Territory.

Agreed
U.K. Art. 30
U.S. Art. 32
French Art. 11

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The Free Territory may maintain consuls in foreign towns or ports where the interests of citizens of the Free Territory require to be protected.

SECTION V. JUDICIARY

Agreed
U.K. Art. 19(a).
U.S. Art. 17
French Art 21-
1st.

Article 14—Judicial authority in the Free Territory shall be exercised by tribunals established pursuant to the legislation of the Free Territory.

Agreed
U.K. Art. 19(b).
U.S. Art. 18
French Art. 21-
2nd.

Article 15—The Constitution of the Free Territory shall guarantee the complete freedom and independence of the Judiciary and shall provide for appellate jurisdiction.

Article 16—The method of appointing and removing members of the Judiciary shall be defined by the Constitution of the Free Territory.

SECTION VI. CITIZENSHIP AND RIGHTS OF CITIZENS

Article 17—Italian citizens who have been permanently resident within the boundaries of the Free Territory before June 10, 1940 and are still resident in such territory on the date of entry into force of the Peace Treaty with Italy, shall lose their Italian citizenship and become citizens of the Free Territory as from the date of entry into force of the Peace Treaty.

The provisions of the present Article shall not apply to active supporters of the Fascist regime in Italy, active members of the Fascist party, war criminals, persons who served in the Italian police, and Government officials who arrived from Italy after 1922.

Article 18—The various persons referred to in the first part of Article 17 who are over 18 years of age (and married persons below this age) shall have the right to opt for the Italian citizenship, which they formerly possessed, within a period of one year from the entry into force of the Peace Treaty. Any person so opting shall retain this former citizenship and shall not be deemed to have acquired the citizenship of the Free Territory.

Article 19—Option by the husband shall not constitute option on the part of the wife. Option by a father, or if the father is deceased, by a mother, shall automatically include all unmarried children under the age of 18 years.

Article 20—The Free Territory may require any persons who have exercised the right of option to move to

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the State for whose citizenship they have opted within a year from the date when the option was exercised.

Article 21—Former Austro-Hungarian nationals who were resident within the Free Territory before its occupation by the Italian armed forces in 1918, and who thereafter left that Territory as also the children of such persons, shall be deemed to be nationals of the Free Territory on their making such declaration. Declarations to this effect may be made within three years from the entry into force of the Peace Treaty.

Agreed
U.K. Art. 4
U.S. Art. 4
French Art. 10

Article 22—The Constitution of the Free Territory shall ensure to all persons under the jurisdiction of the Free Territory, without distinction as to ethnic origin, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including the freedom of religious worship, language, speech and publication, education, assembly and association. Citizens of the Free Territory shall be assured equality of access to public office.

U.S. Art. 34

Article 23—The official languages of the Free Territory shall be Italian, Slovene and Croat.

SECTION VII. ECONOMIC CLAUSES

Agreed
U.K. Art. 34
U.S. Art. 29
French Art. 22

Article 24—The Free Territory shall have its own monetary system.

Article 25—The Railways of the Free Territory shall be under the joint administration of the Free Territory and of Yugoslavia.

Article 26—An agreement for a customs union shall be concluded between the Free Territory and Yugoslavia to be valid for a period of five years, with the right of promulgation by their mutual agreement.

Article 27—Citizens of the Free Territory shall have the right of free settlement and employment on the territory of Yugoslavia and Yugoslav nationals shall have identical rights in the Free Territory.

Article 28—The supply of water and electric power, local transport and other similar public services shall fall within the exclusive province of the Government of the Free Territory.

The use of the sources of water supply and electric power, situated on the territory of Yugoslavia, shall be regulated under bilateral agreements concluded between Yugoslavia and the Free Territory.

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Article 29—In the Free Territory a Free Port in the City of Trieste shall be established and shall be administered on the basis of a special Provision.

The Government of the Free Territory shall enact any necessary laws and take any necessary steps for the execution of the rules of this provision.

SECTION VIII. IMPLEMENTATION AND AMENDMENT OF THE STATUTE

Article 30—This Statute may be amended by a decision of the Security Council.

Article 31—The present Statute shall come into force on a date which shall be determined by the Security Council.

Agreed
U.K. Art. 40
U.S. Art. 38
French Art. 26

DRAFT PERMANENT STATUTE FOR THE FREE TERRITORY OF TRIESTE

Memorandum by the United Kingdom Representative

The United Kingdom Delegation have had two main objects in drafting the Permanent Statute for the Free Territory of Trieste:

- (a) The ensuring of peace and stability within the Free Territory, and
- (b) The grant of the greatest measure of democratic self-government consistent with ensuring peace and stability.

It has been guided by the decision of the Council of Foreign Ministers of 3rd July wherein the Council, while prescribing that the legislative and executive authority should be on democratic lines, placed in the hands of the Security Council of the United Nations the responsibility of appointing the Governor and of assuring the independence and the integrity of the territory and the observance of the terms of the Statute.

The area comprised by the Free Territory since its liberation from the Germans in May 1945 has laid under serious tension owing to the conflicting nationalisms of the Italian and Slovene elements. The U.K. Delegation believes that these rivalries and the bitterness accompanying them may take some years to be fully eradicated. It is therefore essential for the Government of the Free Territory to include an impartial element invested with sufficient powers to enable them to assure the observance of the Statute and the protection of minorities. Such an impartial element can only at present be certainly found outside the Free Territory and outside Yugoslavia and Italy.

In general the U.K. Delegation seeks to define in its Statute the basic responsibilities and powers of the Security Council, the Governor and

the elected representatives of the people. It leaves to the people through their elected representatives the task of laying down in the Constitution the full organization of government within the limits prescribed by the Statute.

In detail the Statute proposed by the U.K. Delegation provides that:

(a) the Governor should not be a citizen of the Free Territory, Yugoslavia or Italy;

(b) the Governor should have a power of veto on all legislation and reserve powers to take any measures necessary for the observance of the Statute and the maintenance of order;

(c) the Governor and two other international officers should have seats in the Council of Government;

(d) subject to (a), (b) and (c), the people of the territory should have the right of self-government.

It is evident that there can be no true enjoyment of democratic self-government until peace and stability are fully established. The U.K. Delegation therefore attach great importance to adequate powers being granted to the Governor and a due measure of supervision being exercised by the Security Council of the United Nations. The Statute which they propose includes express provisions for its own amendment, so that adjustments between the powers of the Governor and of the elected representatives of the people of the Free Territory can readily be made as soon as conditions within the Free Territory so warrant.

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DRAFT PERMANENT STATUTE FOR THE FREE TERRITORY OF
TRIESTE

Proposal by the United Kingdom Representative

SECTION I. GENERAL PROVISIONS

U.S. Art. 1

Article 1—The area lying between the Adriatic Sea and the land boundaries described in Article _____ of the Peace Treaty with Italy as the boundaries between Italy and Yugoslavia respectively and the Free Territory of Trieste and defined on the ground by a Demarcation Commission in accordance with Article—of the said Treaty is constituted the Free Territory of Trieste.

Article 2(a)—The integrity and independence of the Free Territory shall be assured by the Security Council of the United Nations which shall take all measures necessary for this purpose and for insuring the observance of the present Statute and the maintenance of public order.

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U.S. Art. 3

(b)—The Security Council shall take all such military and other measures as may be necessary to give effect to sub-paragraph (a) above.

Article 3—The Free Territory shall be demilitarised. Without prejudice to the responsibilities of the Security Council under the Charter of the United Nations and under the terms of the present Statute :—

(a) No military, naval, or air forces, installations or equipment shall be maintained, built or manufactured in the Free Territory. No para-military formations, exercises or activities shall be permitted within the Free Territory.

(b) No military, naval or air forces of any State shall enter the territory, territorial waters or air space of the Free Territory. Likewise neither the Government of the Free Territory nor any person under its jurisdiction shall make or discuss any military arrangements or understandings with any state or with any person under the jurisdiction of any State.

SECTION II. HUMAN RIGHTS AND THE CONSTITUTION

Agreed
U.S. Art. 4
U.S.S.R. Art. 22
France Art. 10

Article 4—The Constitution of the Free Territory shall ensure to all persons under the jurisdiction of the Free Territory without distinction as to ethnic origin, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms including freedom of religious worship, language, speech and publication, education, assembly and association. Citizens of the Free Territory shall be assured equality of access to public office.

U.S. Art. 5

Article 5—The organisation of the government of the Free Territory shall be laid down in the Constitution of the Free Territory which shall be in conformity with the provisions of the present Statute. The Constitution shall be established by democratic processes and shall be subject to approval by the Security Council as shall be any amendments thereto.

U.S. Art. 6

Article 6—The Government of the Free Territory shall be entrusted to a Governor, to a Council of Government, and to a legislative Assembly elected by the people of the Free Territory. Their respective powers shall be exercised in accordance with the provisions of the present Statute and of the Constitution of the Free Territory.

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SECTION III. THE APPOINTMENT OF THE GOVERNOR AND HIS STAFF

U.S. Art. 7

Article 7—The Governor shall be appointed by the Security Council after consultation with the Governments of Yugoslavia and Italy. The Governor shall be a citizen of a State other than Yugoslavia, Italy or the Free Territory.

U.S. Art. 8

Article 8—The Governor shall be appointed for a term of five years and may be re-appointed. If, however, the Security Council determines that the Governor has failed to carry out his duties, it may suspend him and under appropriate safeguards of investigation and hearing, may dismiss him from his office.

U.S. Art. 9

Article 9(a)—The Governor shall appoint a Deputy Governor to assist him in carrying out his duties and to act in his stead in the event of his absence or incapacity. The appointment of the Deputy Governor shall be reported by the Governor to the Security Council. The Deputy Governor shall be a citizen of a State other than Italy, Yugoslavia or the Free Territory. In case the Governor is suspended or the Governorship falls vacant from any cause, the Deputy Governor shall perform the functions of Governor until the latter is reinstated or the vacancy has been filled by act of the Security Council.

(*b*)—The Governor shall also appoint a Director of the Free Port Administration who need not be a citizen of the Free Territory, but shall not be a citizen of Yugoslavia or Italy.

U.S. Art. 10

Article 10 (a)—The paramount consideration in the appointment of the Governor and his staff shall be the necessity of securing the highest standards of efficiency, competence and integrity.

(*b*)—In the performance of their duties the Governor and his staff shall not seek or receive instructions from any Government or from any other authority external to the Security Council. They shall refrain from any action which might reflect on their position as international officials responsible only to the Security Council.

U.S. Art. 11

Article 11—The salary and allowances of the Governor and his staff shall be fixed by the Security Council of the United Nations and the expense shall be borne by the budget of the United Nations in amounts recommended by the Security Council and approved by the General Assembly.

SECTION IV: LEGISLATIVE AUTHORITY

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Article 12 (a)—The legislative authority shall be exercised by an assembly consisting of a single chamber which shall be elected by the citizens of the Free Territory on the basis of universal, equal, direct and secret suffrage.

(b)—Legislation may be initiated by members of the Assembly, by the Council of Government or in matters affecting his responsibilities to the Security Council, by the Governor. The Governor shall promulgate the laws duly passed by the Assembly. He may, however, within ten days after a draft law has been presented to him for promulgation, return it to the Assembly with his comments or recommendations or he may, if he deems it necessary, refuse to promulgate any draft law. If the Assembly reenacts the draft law without amending it to the satisfaction of the Governor, he may maintain his refusal but should immediately report on the matter to the Security Council whose ruling will be final. Any draft law which has not been returned to the Assembly or rerused by the Governor within ten days after its presentation to him shall have the force of law. The Assembly may, by a two-thirds majority, petition the Security Council concerning any such refusal by the Governor to promulgate a legislative measure.

(c) The Council of Government shall have the responsibility for preparing the budget of the Free Territory, including both revenue and expenditure, and for introducing the budget into the Assembly. If a budgetary year should begin without a budget having been duly enacted, the provisions of the budget of the preceding year shall be applied to the new budgetary year.

Article 13—The Assembly shall have the right to deliberate upon any matters affecting the interests of the Free Territory.

SECTION V: EXECUTIVE AUTHORITY

Article 14—Subject to the responsibilities vested in the Governor by the Security Council, the Council of Government shall exercise the executive power.

Article 15 (a)—The Council of Government shall consist of (i) the Governor, (ii) the Deputy Governor, (iii) the Director of the Free Port and (iv) three persons nominated by the Assembly of the Free Territory whose

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nominations shall, however, require the assent of the Governor.

(b) The Assembly shall not withdraw its nomination of a member of the Council of Government before the expiry of one year from its nomination. The Assembly shall thereafter have the right, by a two-thirds majority vote, to withdraw the nomination of any such member.

Article 16(a)—The Governor or his Deputy shall preside over the Council of Government.

(b)—All meetings of the Council of Government shall be convened by the Governor, or by the Deputy Governor acting on his behalf. The decisions of the Council of Government shall be taken by the vote of the majority of those present and voting, the president having the casting vote.

Article 17(a)—The Governor shall allocate Ministerial responsibilities for Departments of State to himself and to the other members of the Council of Government, provided always that :

(i) he shall reserve to himself the responsibility for the conduct of the foreign relations of the Free Territory;

(ii) he shall reserve either to himself or to the Deputy Governor the responsibility for public order, security and for questions of residence and citizenship.

(b)—The Governor, if he has ceased to have confidence in the due discharge of the responsibilities of his office by any member of the Council of Government nominated by the Assembly, may remove him from his office and recommend to the Assembly the withdrawal of the nomination of such member, requesting the Assembly to nominate another member in his place.

Article 18—All administrative Officials in the Free Territory shall hold their office under the authority of the Governor. The Governor, if he has ceased to have confidence in the due discharge of the duties of his office by any such official, may, under appropriate safeguards of investigation and hearing, remove him from his office.

SECTION VI: THE JUDICIARY

Article 19(a)—The judicial authority in the Free Territory shall be exercised by Tribunals established pursuant to the Constitution and laws of the Free Territory.

Agreed
U.K. Art. 17-18
U.S.S.R. Art.
14-15
French Art.
21-1°-2° 1

¹ The degree mark indicates sub-paragraph.

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U.S. Art. 19
French Arts.
21-3°

(b)—The Constitution of the Free Territory shall guarantee the complete freedom and independence of the Judiciary and shall provide for appellate jurisdiction.

Article 20—The Governor shall appoint, with the advice of the Council of Government, the members of the Judiciary, and subject to such safeguards of investigation and hearing as may be established by the Constitution of the Free Territory, shall have the right to suspend or remove any such member of the Judiciary on account of any action or conduct incompatible with the responsibilities of his office. The Assembly, by a two-thirds majority, may request the Governor to investigate any charge brought against a member of the Judiciary which, if proved, would warrant his suspension or removal.

SECTION VII: RESPONSIBILITIES AND POWERS OF THE GOVERNOR

U.S. Art. 20

Article 21—The Governor shall be responsible to the Security Council for insuring the observance of this Statute and the maintenance of public order within the Territory. The Governor shall present to the Security Council annual reports concerning the operation of the Statute and the performance of his duties.

U.S. Art. 21

Article 22—In order that he may carry out his responsibilities to the Security Council under the present Statute, the Governor shall possess the power to proclaim a state of siege. He shall also possess and exercise reserve powers for the following purposes:

(a) to maintain the provisions of the present Statute, including protection of the basic human rights of the inhabitants of the Free Territory, and

(b) to assure the integrity, independence and public order and security of the Free Territory.

U.S. Art. 22

Article 23—In the application of his reserve powers, the Governor may suspend any law or rescind any administrative measure which in his opinion conflicts with his responsibilities to the Security Council and may, if he deems it necessary, issue orders with the effect of law.

U.S. Art. 23

Article 24—The Governor, on each occasion when he exercises his reserve powers, shall report his action to the Security Council within one month, giving the reasons for such action. The Assembly may, by a two-thirds

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U.S. Art. 24

majority, petition the Security Council concerning any such exercise of the reserve powers of the Governor.

Article 25—Subject to any directions issued by the Security Council, the Governor, in carrying out his responsibilities for public order and security within the frontiers and territorial waters of the Free Territory, shall be empowered to maintain police forces, local *gendarmerie* and coastguards.

U.S. Art. 25

Article 26—The power of pardon and reprieve shall vest in and be exercised by the Governor.

SECTION VIII: FOREIGN RELATIONS

U.S. Art. 26

Article 27—The Governor shall be responsible for conducting the foreign relations of the Free Territory with the advice of the Council of Government. It shall be the responsibility of the Governor to ensure the protection abroad of the interests of the citizens of the Free Territory.

U.S. Art. 27

Article 28—In carrying out his duties under the preceding Article, the Governor shall be empowered

(a) to conclude agreements with States for the purpose of furthering the economic and other interests of the Free Territory and to enter into or accede to multi-lateral international agreements.

(b) to consult all specialised agencies of the United Nations Organisations and other international organisations and to accept membership of such organisations.

(c) to accept Consular representatives of foreign Governments.

U.S. Art. 28

Article 29—The Free Territory shall have its own flag and coat of arms.

SECTION IX: LOCAL GOVERNMENT

Agreed
U.S. Art. 32
U.S.S.R. Art. 11
French Art. 11

Article 30—The Constitution of the Free Territory shall provide for the establishment of organs of local government on democratic principles including universal, equal, direct and secret suffrage.

SECTION X: CITIZENSHIP AND LANGUAGE

U.S. Art. 33(a)

Article 31—All persons who qualify for citizenship of the Free Territory in accordance with Article ____ of the Peace Treaty with Italy and become citizens shall be the original citizens of the Free Territory with full civil and political rights and shall have no other citizenship.

U.S. Art. 33(b)

Article 32—The acquisition of citizenship by persons who are not original citizens of the Free Territory shall

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be regulated by the provisions of the Constitution of the Free Territory.

Article 33—Italian, Slovene and Croat shall each have validity as an official language in the Free Territory. The laws of the Free Territory shall prescribe the rules and procedures for the use of these official languages.

SECTION XI: ECONOMIC PROVISIONS

Agreed
U.S. Art. 29
U.S.S.R. Art. 24
French Art. 22
U.S. Art. 30

Article 34—The Free Territory shall have its own monetary system.

Article 35 (a)—A Free Port shall be established in the Free Territory and shall be administered on the basis of the provisions of the international instrument regulating the Free Port. The Government of the Free Territory shall enact all necessary legislation and take all necessary steps to give effect to such instrument.

(b)—The Governor shall appoint a representative of the Free Territory to the International Commission for the Free Port.

U.S. Art. 31

Article 36 (a)—The Free Territory is entitled to open registers for the registration, upon conditions conforming to the general practice of maritime states, of ships and vessels owned by the Government of the Free Territory or by persons or organisations domiciled within the Free Territory.

(b)—The Free Territory shall open special maritime registers for Czechoslovak, Swiss, Austrian or Hungarian ships and vessels upon request of any one of these Governments. Vessels entered in these registers shall fly the flags of their respective countries.

SECTION XII: INTERPRETATION AND APPLICATION OF THE STATUTE

U.S. Art. 35

Article 37—Any disputes relating to the interpretation of this Statute arising between the Free Territory and any other State, or between any other States where such disputes affect the interests or obligations of such States or any other legal disputes arising between the Free Territory and any other State shall be referred in the first place to the Security Council, and any decision of the Security Council shall be binding on the Free Territory. If the Security Council shall not have been able, within three months of the reference to it, to find a solution of the difference, or if its solution is not acceptable to any State party to the dispute other than the Free Territory,

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U.S. Art. 36

the issue shall be referred for decision to the International Court of Justice.

Article 38—The Assembly may, by a majority of two-thirds of its members, petition the Security Council that the Assembly considers the action of the Governor of the Territory not in accordance with the present Statute, and in this event the Security Council may give directions relating to the matter which shall immediately be put into effect.

SECTION XIII: COMMENCEMENT AND AMENDMENT OF THE STATUTE

U.S. Art. 37

Article 39—This Statute shall constitute the permanent Statute of the Free Territory subject to any amendment that may hereafter be made by the Security Council. Petitions for the amendment of the Statute may be presented to the Security Council by the Governor or by the Assembly upon a vote taken by a two-thirds majority.

Agreed
U.S. Art. 38
U.S.S.R. Art. 31
French Art. 26

Article 40—The present Statute shall come into force upon a date which shall be determined by the Security Council.

DRAFT PERMANENT STATUTE FOR THE FREE TERRITORY OF TRIESTE

Memorandum by the United States Representative

The draft Permanent Statute of the Free Territory of Trieste presented by the United States Delegation is based on the conception that two principal elements combine to form the special character of the Free Territory. One is the special and direct relationship between the Free Territory and the Security Council of the United Nations which is asked to guarantee the integrity and independence of the Free Territory and which must possess the means necessary to give effect to that guarantee. Through appointing the Governor and endowing him with limited responsibilities in special fields of administration and with wide reserve powers to be used subject to appeal to itself, the Security Council gives practical effect to its guarantee of the integrity and independence of the Free Territory and of the observance of the Statute and the maintenance of public order. Accordingly, the draft Statute deals in some detail with the direct relationship of the Security Council to the Free Territory and with the role of the Governor.

On the other hand, without prejudice to the special responsibilities of the Security Council, the inhabitants of the area should enjoy the

widest possible freedom in settling their own affairs through institutions operating under democratic principles. The draft Statute is not designed to serve as a complete charter for the Free Territory. It is assumed that a very wide range of questions not dealt with in the draft Statute will form the subject-matter of a Constitution to be drawn up by the representatives of the people of the Free Territory on democratic principles and in conformity with the provisions of the Statute.

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DRAFT PERMANENT STATUTE FOR THE FREE TERRITORY OF
TRIESTE

Proposal by the United States Representative

SECTION I. GENERAL PROVISIONS

U.K. Art. 1

Article 1—The area lying between the Adriatic Sea and the land boundaries described in Article ____ of the Peace Treaty with Italy as the boundaries between Italy and Yugoslavia respectively and the Free Territory of Trieste and defined on the ground by a Demarcation Commission in accordance with Article ____ of the said Treaty is constituted the Free Territory of Trieste.

Article 2—(a) The integrity and independence of the Free Territory shall be assured by the Security Council of the United Nations which shall take all measures necessary for this purpose and for ensuring the observance of the present statute and the maintenance of public order.

(b) The Security Council shall take all such military and other measures as may be necessary to give effect to sub-paragraph (a) above. [The expenditures of any internal security force, other than local police, established in the Free Territory by direction of the Security Council, shall be a charge upon the budget of the United Nations.]*

U.K. Art. 3

Article 3—The Free Territory shall be demilitarised, without prejudice to the responsibilities of the Security Council under the Charter of the United Nations and under the terms of the present Statute:

(a) No military, naval, or air forces installations or equipment shall be maintained, built, or manufactured

*The sentence in brackets is included as a recommendation for consideration by the Security Council. [Footnote in the source text.]

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in the Free Territory. No para-military formations, exercises or activities shall be permitted within the Free Territory.

(b) No military, naval, or air forces of any State shall enter the territory, territorial waters, or air space of the Free Territory. Likewise, neither the Government of the Free Territory nor any person under its jurisdiction shall make or discuss any military arrangements or understandings with any State or with any person under the jurisdiction of any State.

SECTION II. HUMAN RIGHTS AND CONSTITUTION

*Agreed
U.K. Art. 4
U.S.S.R. Art. 22
French Art. 10*

Article 4—The Constitution of the Free Territory shall ensure to all persons under the jurisdiction of the Free Territory, without distinction as to ethnic origin, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of religious worship, language, speech and publication, education, assembly and association. Citizens of the Free Territory shall be assured equality of access to public office.

U.K. Art. 5

Article 5—The organisation of the government of the Free Territory shall be laid down in the Constitution of the Free Territory which shall be in conformity with the provisions of the present Statute. The Constitution shall be established by democratic processes and shall be subject to approval by the Security Council as shall any amendments thereto.

U.K. Art. 6

Article 6—The Government of the Free Territory shall be entrusted to a Governor, to a Council of Government, and to a legislative Assembly elected by the people of the Free Territory. Their respective powers shall be exercised in accordance with the provisions of the present Statute and of the Constitution of the Free Territory.

SECTION III. STATUS OF THE GOVERNOR

U.K. Art. 7

Article 7—The Governor shall be appointed by the Security Council after consultation with the Governments of Yugoslavia and Italy. The Governor shall be a citizen of a State other than Yugoslavia, Italy or the Free Territory.

U.K. Art. 8

Article 8—The Governor shall be appointed for a term of five years and may be re-appointed. If, however, the Security Council determines that the Governor has failed to carry out his duties, it may suspend him and,

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under appropriate safeguards of investigation and hearing, may dismiss him from his office.

Article 9—(a) The Governor shall appoint a Deputy Governor to assist him in carrying out his duties and to act in his stead in the event of his absence or incapacity. The appointment of the Deputy Governor shall be reported by the Governor to the Security Council. The Deputy Governor shall be a citizen of a State other than Italy, Yugoslavia or the Free Territory. In case the Governor is suspended or the governorship falls vacant from any cause, the Deputy Governor shall perform the functions of Governor until the latter is reinstated or the vacancy has been filled by act of the Security Council.

(b) The Governor shall also appoint a Director of Public Security and a Director of the Free Port Administration, who need not be citizens of the Free Territory.

U.K. Art. 10

Article 10—(a) The paramount consideration in the appointment of the Governor and his staff shall be the necessity of securing the highest standards of efficiency, competence and integrity.

(b) In the performance of their duties the Governor and his staff shall not seek or receive instructions from any Government or from any other authority external to the Security Council. They shall refrain from any act which might reflect on their position as international officials responsible only to the Security Council.

U.K. Art. 11

*Article 11—*The salary and allowances of the Governor and his staff shall be fixed by the Security Council and the expense shall be borne by the budget of the United Nations in amounts recommended by the Security Council and approved by the General Assembly.

SECTION IV. LEGISLATIVE AUTHORITY

*Article 12—*The legislative authority shall be exercised by an Assembly consisting of a single chamber which shall be elected by the citizens of the Free Territory on the basis of universal, equal, direct and secret suffrage.

*Article 13—*Legislation may be initiated by members of the Assembly, by the Council of Government, or, in matters affecting his responsibilities to the Security Council, by the Governor. The Governor shall promulgate the laws, duly passed by the Assembly. The Governor may, however, within ten days after a draft law has

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been presented to him for promulgation, return to the Assembly with his comments or recommendations any such law which, in his opinion, is contrary to the provisions of the Statute or contains provisions likely to imperil the independence, integrity or public order of the Free Territory or to prejudice the human and civil rights of its inhabitants. If the Assembly reenacts the draft law without amending it to the satisfaction of the Governor, the latter may maintain his refusal to promulgate it, but must immediately report his action to the Security Council whose ruling shall be final. Any draft law which has not been returned to the Assembly or rejected by the Governor within ten days after its presentation to him shall have the force of law. The Assembly may, by a two-thirds majority, petition the Security Council concerning any such refusal by the Governor to promulgate a draft law.

Article 14—The Council of Government shall have the responsibility for preparing the budget of the Free Territory, including both revenue and expenditure, and for introducing the budget into the Assembly. If a budgetary year should begin without a budget having been duly enacted, the provisions of the budget of the preceding year shall be applied in the new budgetary year.

SECTION V. EXECUTIVE AUTHORITY

Article 15—Subject to the responsibilities vested in the Governor by the Security Council, the executive authority shall be exercised by a Council of Government which will be formed by the Assembly and will be responsible to it. The Governor, or by his direction the Deputy Governor, shall attend, without right of vote, and preside over meetings of the Council and will speak, and, if he considers it necessary, give directions on all matters which, in his opinion, affect the responsibilities vested in him by the Security Council. The Director of Public Security and the Director of the Free Port Administration shall have the right to attend the meetings of the Council of Government and to speak on all matters affecting the responsibilities of their offices.

Article 16—All administrative officials in the Free Territory shall hold their offices under the authority of the Governor. The Governor may, under appropriate

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safeguards of investigation and hearing, suspend or remove any administrative official any of whose acts contravenes, in the opinion of the Governor, the responsibilities of the Governor to the Security Council.

SECTION VI. THE JUDICIARY

Agreed
U.K. Art. 19(a)
U.S.S.R. Art. 14
French Art.
21-1st

Article 17—The judicial authority in the Free Territory shall be exercised by tribunals established pursuant to the Constitution and laws of the Free Territory.

Agreed
U.K. Art. 19(b)
U.S.S.R. Art. 15
French Art.
21-2nd

Article 18—The Constitution of the Free Territory shall guarantee the complete freedom and independence of the judiciary and shall provide for appellate jurisdiction.

U.K. Art. 30
French Art.
21-3rd

Article 19—The Governor shall appoint, with the advice of the Council of Government, the members of the judiciary and, subject to such safeguards of investigation and hearing as may be established by the Constitution of the Free Territory, shall have the right to suspend or remove any member of the judiciary on account of any action or conduct incompatible with the responsibilities of his office. The Assembly, by a two-thirds majority, may request the Governor to investigate any charge brought against a member of the judiciary which, if proved, would warrant his suspension or removal.

SECTION VII. RESPONSIBILITIES OF THE GOVERNOR

U.K. Art. 21

Article 20—The Governor shall be responsible to the Security Council for ensuring the observance of this Statute and the maintenance of public order within the Free Territory. The Governor shall present to the Security Council annual reports concerning the operation of the Statute and the performance of his duties.

U.K. Art. 22

Article 21—In order that he may carry out his responsibilities to the Security Council under the present Statute, the Governor shall possess the power to proclaim a state of siege. He shall also possess and exercise reserve powers for the following purposes.

(a) to maintain the provisions of the present Statute including protection of the basic human rights of the inhabitants of the Free Territory, and

(b) to assure the integrity and independence and the public order and security of the Free Territory.

U.K. Art. 23

Article 22—In the application of his reserve powers the Governor may suspend the effect of any legislative act and rescind any administrative measure which, in his opinion,

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conflicts with his responsibilities to the Security Council and may, if he deems it necessary, issue orders with the effect of law.

U.K. Art. 24

Article 23—The Governor, on each occasion when he exercises his reserve powers, shall report his action to the Security Council within one month, giving the reasons for such action. The legislative Assembly may, by a two-thirds majority, petition the Security Council concerning any such exercise of the reserve powers of the Governor.

U.K. Art. 25

Article 24—Subject to any directions issued by the Security Council, the Governor, in carrying out his responsibilities for the maintenance of public order and security within the boundaries and territorial waters of the Free Territory, shall be empowered to maintain police forces, local *gendarmerie* and coast guards.

U.K. Art. 26

Article 25—The power of pardon and reprieve shall vest in and be exercised by the Governor.

SECTION VIII. FOREIGN RELATIONS

U.K. Art. 27

Article 26—The Governor shall be responsible for conducting the foreign relations of the Free Territory with the advice of the Council of Government. It shall be the responsibility of the Governor to ensure the protection abroad of the interests of the citizens of the Free Territory.

U.K. Art. 28

Article 27—In carrying out his responsibilities under the preceding Article the Governor shall be empowered:

(a) to conclude agreements with States for the purposes of furthering the economic and other interests of the Free Territory and to enter into or accede to multilateral international agreements;

(b) to consult all specialised agencies of the United Nations and other international organisations and to accept membership in such organisations; and

(c) to accept consular representatives of foreign Governments.

Article 28—The Free Territory shall have its own flag and coat-of-arms.

SECTION IX. ECONOMIC PROVISIONS

Agreed
U.K. Art. 34
U.S.S.R. Art. 24
French Art. 22
U.K. Art. 35

Article 29—The Free Territory shall have its own monetary system.

Article 30—(a) A Free Port shall be established in the Free Territory and shall be administered on the basis of

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the provisions of the international [instrument]² regulating the Free Port of Trieste. The Government of the Free Territory shall enact all necessary legislation and take all necessary steps to give effect to the provisions of such [instrument].²

(b) The Governor shall appoint a representative of the Free Territory to the International Commission for the Free Port.

U.K. Art. 36

Article 31—(a) The Free Territory is entitled to open registers for the registration of ships and vessels owned by the Government of the Free Territory or by persons or organisations domiciled within the Free Territory.

(b) The Free Territory shall open special maritime registers for Czechoslovak, Austrian, Swiss or Hungarian ships and vessels upon request of any one of these Governments. Vessels entered in these registers shall fly the flags of their respective countries.

SECTION X. LOCAL GOVERNMENT

*Agreed
U.K. Art. 30
U.S.S.R. Art. 11
French Art. 11*

Article 32—The Constitution of the Free Territory shall provide for the establishment of organs of local government on democratic principles, including universal, equal, direct and secret suffrage.

SECTION XI. CITIZENSHIP AND LANGUAGE

U.K. Art. 31-32

Article 33—(a) All persons who qualify for citizenship of the Free Territory in accordance with Articles _____ of the Treaty of Peace with Italy and become citizens shall be the original citizens of the Free Territory with full civil and political rights and shall have no other citizenship.

(b) The acquisition of citizenship by persons who are not original citizens of the Free Territory shall be regulated by the provisions of the Constitution.

U.S.S.R. Art. 23

Article 34—The official languages of the Free Territory shall be Italian, Slovene and Croatian.

SECTION XII. INTERPRETATION AND APPLICATION OF THE STATUTE

U.K. Art. 37

Article 35—Any disputes relating to the interpretation or application of this Statute arising between the Free Territory and any other State or between any other

² Brackets appear in the source text.

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States, whenever such disputes affect the interests or obligations of such States, or any other legal disputes arising between the Free Territory and any other State shall be referred in the first place to the Security Council, and any decision of the Security Council shall be binding on the Free Territory. If the Security Council shall not have been able, within three months of the reference to it, to find a solution of the difference, or if its solution is not acceptable to any State party to the dispute other than the Free Territory, the issue shall be referred for decision to the International Court of Justice.

U.K. Art. 38

Article 36—The Assembly may, by a majority of two-thirds of its members, petition the Security Council if the Assembly considers that the action of the Governor is not in accordance with the present Statute, and in this event the Security Council may give directions relating to the matter, which shall immediately be put into effect.

SECTION XIII. COMMENCEMENT AND AMENDMENT OF THE STATUTE

U.K. Art. 39

Article 37—This Statute shall constitute the permanent Statute of the Free Territory, subject to any amendment which may hereafter be made by the Security Council. Petitions for the amendment of the Statute may be presented to the Security Council of the United Nations by the Governor or by the Assembly upon a vote taken by a two-thirds majority.

Agreed
U.K. Art. 40
U.S.S.R. Art. 31
French Art. 26

Article 38—The present Statute shall come into force on a date which shall be determined by the Security Council of the United Nations.

DRAFT PERMANENT STATUTE FOR THE FREE TERRITORY OF TRIESTE

Memorandum of the French Representative

The French delegation has the honour to set forth hereunder the principles by which it has been guided in framing a draft Permanent Statute of the Free Territory of Trieste, and which are implicit in the decision of the Council of Foreign Ministers, dated 3rd July, 1946.

In the first place, the French delegation felt that in making the Security Council of the United Nations responsible for guaranteeing the integrity and independence of the Free Territory, for approving

its Statute and appointing the Governor, the Ministers considered that the latter should be the representative of the Security Council in the Free Territory and should, in this capacity, be given powers sufficient to enable him to ensure observance of the principles contained in the decision of July 3rd which the Permanent Statute is primarily intended to guarantee. This is why it was necessary to allow the Governor to take appropriate steps to safeguard those principles whenever they were involved, that is whenever the points at issue affected the integrity or independence of the Free Territory, human or civic rights, or the application of the Permanent Statute.

Moreover, the guiding principle which has prompted the Council of Foreign Ministers to have a draft Permanent Statute prepared by the Conference derived from their anxiety to guarantee the maintenance of peace and the security of the population in this region. Hence the general structure of the draft submitted by the French delegation which emphasises the important role to be played by the Security Council in supervising the Free Territory and entrusts the Governor, as representative of the Council, with the task of maintaining public order and with certain responsibilities connected with the operation of public services in the Free Territory.

The decision of the Council of Foreign Ministers further provides that the executive organs and legislative bodies shall be established on democratic principles. The provisions in the French delegation's draft concerning the Assembly and the Council of Government appointed therefrom are based on this principle. However, it had to be borne in mind that the intention of the Council of Foreign Ministers was to create not a State but a Free Territory and that the Government of the latter would necessarily have to deal with essentially administrative problems. It was therefore advisable to include provisions which would give a certain stability to the Council of Government.

Finally, with regard to the establishment of a Free Port at Trieste, the French draft differs from the other drafts in that it suggests to make the whole of the Free Territory of Trieste a free zone. The French delegation believes that this would have the effect of ensuring the prosperity of the Free Territory by favouring the maintenance and expansion of the manufacturing industries and certain branches of trade. This would seem most important as on this prosperity will depend in the last instance the prosperity of the public finances of the Free Territory and the stability of its currency.

However, the French delegation has made its contribution to the work of the Sub-Commission for the Free Port in order to look for some other formula in case its own proposal should not be adopted.

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DRAFT PERMANENT STATUTE FOR THE FREE TERRITORY OF
TRIESTE

Proposal by the French Representative

I. GENERAL PROVISIONS

Article 1—The area defined in Article . . . of the Peace Treaty with Italy, the boundaries of which shall, in conformity with Article . . . of the said Treaty, be determined on the ground by a Demarcation Commission, is constituted the Free Territory of Trieste.

U.S.S.R. Art. 2

Article 2—The integrity and independence of the Free Territory shall be assured by the Security Council of the United Nations.

Article 3—The Free Territory shall be, and shall remain, demilitarised. It shall not maintain any armed forces, other than the police and *gendarmerie* required to enforce law and order in the territory, as hereinafter provided.

No military, naval or air forces, except upon direction from the Security Council, shall be allowed in the Free Territory or in its territorial waters.

The Free Territory shall refrain from entering into negotiations or arrangements having the nature of an alliance or liable to involve military obligations.

Article 4—The Free Territory shall have its own flag.

Article 5—The Free Territory shall admit the consular representatives of other States. It may maintain consular representatives in foreign cities or ports in which the interests of nationals of the Free Territory require protection.

Article 6—The Free Territory may accede to international conventions or become a member of international organisations provided the aim of such conventions or organisations is to settle economic, cultural, social or health questions.†

Article 7—The Security Council shall ensure the observance of the provisions of the Statute within the Free Territory.

Article 8—The Free Territory shall constitute a free zone. No dues shall be levied on the import or export of

† *Suggested provisions for the transitory period.* 6A. The Government shall provisionally ensure the observance of conventions of the above nature which were in force within the boundaries of the Free Territory prior to its constitution. [Footnote in the source text].

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goods other than those commensurate with services rendered, and such dues shall be identical for all categories of merchandise, irrespective of origin or destination.

The foregoing provision shall not prevent the levying, should occasion arise, of fiscal or consumption taxes on goods intended for the Free Territory itself.

Article 9—The Free Territory shall adopt its Constitution in accordance with democratic processes. The present Statute shall, however, form an integral part of the Constitution which shall not include any clauses incompatible with its provisions.

Article 10—The Constitution of the Free Territory shall ensure to all persons under the jurisdiction of the Free Territory without distinction as to ethnic origin, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of religious worship, language, speech and publication, education, assembly and association. Citizens of the Free Territory shall be assured equality of access to public office.

Article 11—The Constitution of the Free Territory shall provide for the establishment of organs of local government on democratic principles, including universal, equal, direct and secret suffrage.

Article 12—The official languages of the Free Territory shall be Italian and Slovene. The Assembly shall determine in what circumstances Croat may be recognised as a third official language.‡

II. ORGANS OF GOVERNMENT

A. THE GOVERNOR

Article 13—The Security Council shall appoint a Governor after consultation with the Governments of Yugoslavia and Italy.

The Governor shall not be a national of either Yugoslavia or Italy.

The Governor shall be appointed for a term of five years and may be re-appointed. He may at any time be suspended or removed from office by the Security

‡ *Suggested provisions for the transitory period.* 12 A. Citizenship questions in the Free Territory shall be governed by the provisions of the Peace Treaty with Italy dated _____ until such time as the Constitution shall have adopted legislation in this respect, which legislation shall comply with the aforesaid provisions of the Peace Treaty. [Footnote in the source text.]

Agreed
U.K. Art. 4
U.S. Art. 4
U.S.S.R. Art. 22

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Council, but no measure may be taken against him until he has first stated his case.

The salary and allowances of the Governor and of the Deputy-Governor shall be determined by the Security Council and borne by the budget of the United Nations.

Article 14—Apart from the governmental or administrative attributions assigned to him by the Statute, the Governor shall be the custodian for the observance of the Statute.

He shall receive instructions only from the Security Council, to which he shall submit annual reports on the discharge of his duties, the application of the Statute, and the general situation in the Free Territory.

Article 15—The Governor shall appoint a Deputy Governor, who shall also act as Director of Public Security.

The general rules stipulated in Articles 13 and above apply to the Deputy Governor, who shall act for the Governor whenever the latter is prevented from performing his duties.

B. THE ASSEMBLY

Article 16—Legislative authority shall be exercised by an Assembly elected by universal, equal, direct and secret suffrage, with voting rights for adult males and females.

The Assembly may formulate proposals for amending the Constitution of the Free Territory by a two-thirds majority; such amendments shall only become definitive after the Security Council has signified its approval.

The Assembly shall adopt an electoral law, in conformity with the general principles and the essential guarantees stipulated in the Constitution of the Free Territory. §

C. THE COUNCIL OF GOVERNMENT

Article 17—Executive authority shall be exercised by a Council of Government.

§ *Suggested provisions for the transitory period.* 16A. The election of the first Assembly shall be organised under the supervision of the Security Council, who shall specify the method of holding the election, after ascertaining the views of chief bodies representative of local public opinion. [Footnote in the source text.]

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The members of the Council of Government, whose number shall correspond to that of the principal administrative departments subject to executive supervision, shall be elected by the Assembly under a system of proportional representation, in principle, for a term of one year. They may be re-appointed.

Members of the Council can only be removed from office by the Assembly, prior to the expiry of their year of office, by a two-thirds majority vote. They shall be required to stand for re-election whenever there is a change of legislature.

The Governor shall preside over meetings of the Council of Government; the Deputy Governor shall be *ex officio* a member of the Council.

A member of the Council of Government may be designated from among the members elected by the Assembly to represent the Council in its relations with the Assembly.

D. RELATIONS BETWEEN THE VARIOUS ORGANS OF GOVERNMENT

Article 18—The Governor is the representative of the Security Council, and the supervision of the Free Territory by the said Council shall be exercised, in the first instance, by the Governor.

In this capacity :

(a) He shall be solely responsible, but in consultation with the President of the Assembly, for maintaining relations between the Free Territory and other States.

(b) He shall be responsible for the maintenance of order and internal security. For this purpose, he shall recruit police, *gendarmerie* and coastguard forces. The Security Council shall be consulted with regard to the armament of these forces.

(c) He shall be responsible for ensuring that the provisions of the Statute are duly observed and applied.

The Governor shall promulgate the laws, and issue administrative regulations necessary for their application and for the orderly working of the public services and maintenance of order.

The Governor may refuse to promulgate a draft law passed by the Assembly, if, in his opinion, it contains provisions which are contrary to the Statute or are likely to imperil the independence, integrity or internal order of the Free Territory, or to prejudice the rights and liberties guaranteed by the Constitution of the Free Terri-

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tory. If the draft law is not amended by the Assembly, the Governor may maintain his refusal, but must immediately report to the Security Council, whose ruling shall be final.

The Governor shall possess the power to proclaim a state of siege.¶

Article 19—Laws shall be enacted by the Assembly on the initiative of any member of the Council of Government, or of the Governor.

The Council of Government prepares the annual budget of the Free Territory, including both revenue and expenditure, and submits the budget to the Assembly.

Should the Assembly fail to vote the budget within the proper time-limit, the provisions of the budget of the preceding year shall be applied to the new budgetary year.

Article 20—The Assembly may, by a two-thirds majority, petition the Security Council to draw its attention to any act of the Governor which it regards as not in accordance with the present Statute, or likely to prejudice human and civic rights, or likely to imperil the independence or integrity of the Free Territory.¶

III. THE JUDICIARY

Article 21—The judicial authority in the Free Territory shall be exercised by tribunals established pursuant to the Constitution and laws of the Free Territory.

The Constitution of the Free Territory shall guarantee the complete freedom and independence of the judiciary and shall provide for appellate jurisdiction.

The Governor shall appoint with the advice of the Council of Government the members of the judiciary and, subject to such safeguards of investigation and hearing as may be established by the Constitution of the Free

Paragraphs 1
and 2
Agreed
U.K. Art. 19
U.S. Art. 17
and 18
U.S.S.R. Art.
14 and 15
Paragraph 3
U.K. Art. 20
U.S. Art. 19

¶ *Suggested provisions for the transitory period.*

18A. Until such time as it shall otherwise decide, the Security Council shall place at the Governor's disposal the international police and *gendarmérie* forces necessary to maintain order and internal security in the Free Territory.

18B. Subject to an immediate report to the Security Council, and until such time as the latter shall otherwise decide, the Governor shall have the right to issue ordinances of a binding character in all cases of emergency connected with the observance of the Statute, human and civic rights, or the integrity and independence of the Free Territory. [Footnote in the source text.]

¶ *Suggested provisions for the transitory period.* 20A. Pending an Assembly vote to the contrary, the laws and regulations at present in force in the Free Territory shall continue to be applied. [Footnote in the source text.]

*Identical
Articles
in other
Drafts*

Territory, shall have the right to suspend or remove any member of the judiciary on account of any action or conduct incompatible with the responsibilities of his office.

The Assembly, by a two-thirds majority vote, may request the Governor to investigate any charge brought against a member of the judiciary which, if proved, would warrant his suspension or removal.**

IV. ECONOMIC CLAUSES

*Agreed
U.K. Art. 34
U.S. Art. 29
U.S.S.R. Art. 24*

Article 22.—The Free Territory shall have its own monetary system.

Article 23.—The Trieste Harbour Board and the Railway Board shall include representatives of the United States of America, France, the United Kingdom, and U.S.S.R. together with those of the other States directly concerned. Railway rates and the various dues levied by the Harbour Board for services rendered shall be uniform for all parties.

V. INTERPRETATION OF THE STATUTE

Article 24.—Any dispute relating to the interpretation of the Statute shall be referred in the first instance by any of the parties involved to the Security Council. The decisions of the Council on these matters shall be binding on the Free Territory.

If the Security Council shall not have been able within three months of the matter being referred to it to find a solution of the dispute, or if this solution is not accepted by any State, party to the dispute, other than the Free Territory, the dispute shall be submitted to the International Court of Justice.

VI. COMMENCEMENT AND AMENDMENT OF THE STATUTE

Article 25.—This Statute shall constitute the permanent Statute of the Free Territory, subject to any amendments which may hereafter be made by the Security Council.

*Agreed
U.K. Art. 40
U.S. Art. 38
U.S.S.R. Art. 31*

Article 26.—The present Statute shall come into force upon a date which shall be determined by the Security Council of the United Nations.

** *Suggested provision for the transitory period.*—21A. Until such time as the judicial organisation is determined by the Constitution of the Free Territory, the Courts in office shall continue to exercise justice. The Constitution may, on a temporary basis, provide for the revision of certain judgments. [Footnote in the source text.]

CFM Files

*Report to the Political and Territorial Commission for Italy by the
Sub-Commission on the Statute of the Free Territory of Trieste*

C.P. (IT/P) (S/T) Doc. 8

PARIS, September 30, 1946.

1. The Sub-Commission for the Statute of Trieste received from the Political and Territorial Commission for Italy, on the 10 September, 1946, the task of examining and reporting as soon as possible on a statute for the Free Territory of Trieste.

2. The Sub-Commission held 15 meetings.

3. The delegate for the Netherlands, Mr. Star Busmann, was elected Chairman-Rapporteur.

4. The Sub-Commission adopted the following programme for its work, as proposed by the U.S. delegate, and amended by the Yugoslav delegate:

I. Government of the Free Territory

1. Legislative authority

2. Executive authority

3. Functions of the Governor in the administration of the Free Territory.

4. Civic rights. The Judiciary.

5. Citizenship.

II. Economic questions and Free Port

1. Economic questions

2. Free Port.

III. General Status of the Free Territory

1. Independence, neutrality, demilitarisation, frontiers.

2. Relationships between the Free Territory, Yugoslavia and Italy.

IV. Provisional Government.

5. The Sub-Commission used as a basis for discussion the agreed decision of the Council of Foreign Ministers set out under Article 16 of the Draft Peace Treaty with Italy and the five draft permanent Statutes as presented by the delegations of France, United Kingdom, United States, the U.S.S.R. and Yugoslavia, with the help of the comparative texts compiled by the United States delegation and kindly supplied to the sub-commission.

6. From the beginning of the discussion, it became clear that there existed fundamental differences of interpretation and implementation of those proposals concerning:

(a) The character of the Free Territory

(b) The responsibilities of the Security Council toward the Free Territory and, deriving from these, the position and role of the Governor and the position and role of the legislative and executive authorities of the Free Territory.

7. Such differences of conception made the work of the sub-commission difficult and explain why it has not been able to present, except on certain points, a single draft Statute.

(a)

8. The Soviet, Yugoslav and Polish delegates hold the view that the Territory of Trieste should be considered a State, which, although small, enjoys full independence even towards the Security Council. It is neither a colony, nor a territory under mandate, nor a dominion. One cannot place the population of a large European city, which is so advanced and so accustomed to democratic forms, under a regime of a colonial pattern and under the rule of a foreign Governor in the hands of whom the legislative and executive authorities should be concentrated. There is nothing in the decision of the Council of Foreign Ministers as set forth in Article 16 of the draft Peace Treaty with Italy to justify such a point of view. It is only said that the Security Council shall ensure the independence and the integrity of the territory of Trieste, but it is in no way said that the Security Council shall administer this territory. The guarantee of the Security Council, provided for in Article 16, paragraph 2, only involves the safeguarding of the independence and integrity of the Territory.

9. On the other hand, the United Kingdom, U.S.A. and French Delegations pointed out that the provisions of Article 16 applied to a highly contested area which for special reasons was being constituted with a status of its own of a more limited character than that of a normal State and which was being placed under the protection of the Security Council. Its special character was indicated by the very name "Free Territory".

10. This standpoint was also that of the Australian and Netherlands Delegations.

The Australian Delegation stated that it was taking part in the discussion and giving its views without prejudice to the Australian amendment as contained in document C.P.(Gen)Doc.1.B.6.

(b)

11. According to the U.S.S.R. views, the wording of Article 16 said no more than that the integrity and independence of the Free Territory should be assured by the Security Council; para. 6-2°³ of this article stipulated that legislative and executive authorities should be established on democratic lines, including universal suffrage; and sub-section 4 provided that an annual report should be submitted by the Governor to the Security Council. There was no suggestion that the Governor should govern. The Governor should be the agent of the Security Council. The Free Territory should be freed from interference by all other Powers including the Security Council itself. The

³ The degree mark indicates sub-paragraph.

Security Council was intended to assure the integrity and independence of the Free Territory and was not meant to govern. It was thus meant that the Governor might intervene only when the integrity and independence of the Territory were threatened, and that in such cases he would report to the Security Council. Hence he should have no executive power. If he were to govern, he would have towards the Assembly a responsibility which would be incompatible with his responsibility to the Security Council.

12. This interpretation was also given by the Polish and by the Yugoslav Delegates, both of whom emphasized that governmental powers for the Governor (called High Commissioner in the Yugoslav draft) who was a foreigner and not elected by the Trieste people, would be in contradiction with the principles of democratic government, laid down in Article 16 (para. 6, sub-section 2).

13. According to the U.K. Delegate, paragraph 2 of the Ministers' decision of July 3rd laid a practical duty on the Security Council and as it would involve heavy responsibilities the agent of the Security Council must have adequate powers to permit of their fulfilment. In face of the conflicting national claims and rivalries his first task should be to assure peace and stability and to prevent conditions arising in which the integrity and independence of the Free Territory might be imperilled. He ought in particular to be in possession of the means to maintain public order and security.

14. The French and U.S. Delegates held similar views. They and the Australian Delegate attached great importance to the principle that the Governor should be equipped with adequate powers to discharge his responsibility. The United States Delegate further pointed out that the Governor as agent of the Security Council was also responsible for the protection of the human rights and fundamental freedoms of the inhabitants of the Territory. In the opinion of the U.S. Delegate, the exercise of the specific powers conferred upon the Governor as agent of the Security Council would in no way be incompatible with the interests of the people of the Territory.

15. The Netherlands Delegate merely wished to state that the Governor should be equipped with adequate powers to discharge his responsibility.

16. In order to expedite the work of the Commission, the Sub-Commission suggests that the Commission should first pronounce itself on the basic conceptions as exposed above.

17. The Sub-Commission will now summarize the conclusions arrived at. Reference is made to the Annex prepared by the Drafting Group of the Sub-Commission insofar as the different texts of articles are concerned.

I.—LEGISLATIVE AUTHORITY

18. Agreement was reached on the following points:

Legislative authority to be exercised by a popular Assembly consisting of a single chamber which should be elected on the basis of universal, equal, direct and secret suffrage. Subject to a reservation by the United Kingdom Delegate, the Sub-Commission also agreed to the principle of proportional representation.

19. The main point[s] of disagreement on the legislative authority were:

- (a) Right of initiative of the Governor in legislative matters.
- (b) Circumstances under which the Governor could comment upon or suspend legislative measures.

II.—EXECUTIVE AUTHORITY

20. Setting aside the position of the Governor, there was agreement that there should be a Council of Government, exercising executive authority elected by the Assembly and responsible to it.

21. The U.S. and U.K. Delegations proposed that the Governor should not preside over or be a member of the Council of Government but should simply have the right to attend the meetings of the Council of Government without the right of vote, and to speak on all matters affecting the responsibilities of his office. The Deputy-Governor and the Director of the Free Port Administration would have a similar right. Under the new U.S. and U.K. draft of Article 15, the exercise of executive authority by the Council of Government would be specifically subject to the responsibilities vested in the Governor under the Statute; and the U.K. Delegation made it clear that its agreement to the new Article was based upon the understanding that the Governor retained all the powers provided for in the other draft articles of the Permanent Statute proposed by the U.S. and U.K. Delegations.

22. The Delegations of the U.S.S.R., of Yugoslavia and of Poland, considering that the executive authority, embodied in the Government of the territory of Trieste, must be constituted by, and be fully responsible to, the popular Assembly, have held the view that the Governor cannot be a member of the Government nor intervene in any way in the sphere of the executive authority.

III.—THE GOVERNOR

23. According to the U.S.S.R. delegate, supported by the Polish and Yugoslav delegates, it would be wrong to grant any executive powers to the Governor; the whole executive power should be vested in the Government appointed by and responsible to the popular Assembly.

24. The three Delegations have been particularly opposed to the maintenance of public order being made a responsibility of the Gover-

nor, and have declared themselves against all the reserve and special powers of the Governor, contained in the British, United States and French drafts.

25. On the other hand, the U.K. and U.S. delegates felt that the Governor should be provided with special powers for exceptional use. He should be able to declare a state of siege and he should have reserve powers (Articles 21 and 22) for the following purposes:

Observance of the Statute including protection of basic human rights and the maintenance of integrity and independence, public order and security.

26. The U.S. and U.K. delegates emphasized that these reserve powers should only be exercised in exceptional circumstances but that these circumstances would not necessarily demand the prior proclamation of a state of siege.

27. The Australian delegate supported these views.

28. In addition, the U.K. and U.S. delegates felt that in the normal exercise of his responsibilities, the Governor should have certain limited prerogatives in the executive domain, namely:

- (1) conduct of foreign relations;
- (2) maintenance of public order and security;
- (3) right, subject to safeguards, to dismiss any official for conduct incompatible with the Governor's responsibilities to the Security Council (it being understood that all officials would hold office under the authority of the Governor);
- (4) right to appoint members of the judiciary on the advice of the Council of Government, and, subject to safeguards, to dismiss such members for conduct incompatible with the responsibilities of their office;
- (5) right of pardon and reprieve.

29. From its conception of the Governor's role, the French delegation does not envisage, as regards the powers of the Governor, such extensive applications as the U.K. and U.S. delegations.

30. The Australian delegate took the same view and emphasized that the Governor's powers should not entail more interference with local administration than was essential for the discharge of his responsibilities to the Security Council.

31. The Netherlands delegate submitted the following suggestions: the executive as well as the legislative powers should normally be in the hands of the locally constituted bodies and exercised by them in conformity with the Statute and the Constitution. The Governor's power in the first place should consist in supervising their activities and safeguarding the independence and integrity of the Free Territory, the observance of the Statute, of the Constitution and of the decisions of the Security Council, including the giving effect to minority rights and the requirements of efficient government. He may al-

ways take part in the meetings of the local bodies and give advice. In case legislative or executive measures should infringe the above principles, the Governor may bring these measures before the Security Council for its decision; the Governor should have the right to suspend such measures and to take provisional action if the Government does not remedy the situation. Foreign affairs should be conducted in constant and complete consultation with the Governor. The Governor may declare a state of siege whenever he considers public peace and order to be seriously disturbed, thereby endangering the status of the Territory. In these circumstances, he should possess positive legislative and executive powers for the exercise of which he should be responsible to the Security Council. Normally, the responsibility for public security and safety should lie with the Trieste Government; a Director of public security should be appointed by the Security Council and should be a foreigner. A permanent Deputy Governor may thus be dispensed with.

IV.—DEMILITARIZATION OF THE FREE TERRITORY

32. There was agreement on general lines that the Free Territory of Trieste should be demilitarized. The U.S.S.R. delegate stated that it should also be declared neutral. This view was supported by the Polish and Yugoslav delegates.

33. The U.K. delegate supported by the U.S., French and Austrian delegates felt it should be clearly stated that demilitarization should not affect in any way the fulfilment of the responsibilities of the Security Council.

V.—ECONOMIC QUESTIONS, FREE PORT AND TRANSIT FACILITIES

34. The U.S.S.R. delegate stated he was in favour of a customs union between the Free Territory and Yugoslavia and referred in this connection to point 4 of the proposal made by the Soviet delegation on September 16, 1946, which reads as follows:

“4. In order to ensure favourable conditions for the economic development of the Free Territory of Trieste, there should be established between the Free Territory and Yugoslavia, such economic co-operation as customs union, joint administration of railways of the Free Territory of Trieste, etc.”

35. The delegations of Poland and of Yugoslavia have shared the views of the delegation of U.S.S.R., but have declared themselves in favour of a real union between the Territory of Trieste and Yugoslavia, in view of the fact that Trieste is Yugoslavia's only large port and that a close economic union with Yugoslavia is the only means whereby Trieste can achieve economic development and prosperity. Yugoslavia had the greatest part in the railway traffic of Trieste; she is the only country which is in a position to give a full measure of

employment to the industry of Trieste, and to which this industry is really necessary.

36. The U.S. delegate made it quite clear that in his view, the status of the Free Territory would be incompatible with economic associations of an exclusive character with any other country. His delegation therefore rejected all proposals of this nature put forward by the U.S.S.R. and Yugoslav delegations. The Australian, French, Netherlands and U.K. delegations were in agreement with this statement of principle whereas the Polish delegation shared the views embodied in the Yugoslav proposal.

37. There was general agreement, that the Free Territory should have its own monetary system, subject to a reservation by the Yugoslav delegation supported by the Polish delegation that the monetary system of Trieste be linked with the dinar. The Netherlands delegation suggested that the Free Territory should be made a member of the International Monetary Fund.

38. The French delegation proposed that the whole Territory of Trieste should be made into a free customs zone. The Netherlands delegation supported the French view.

39. There was general agreement that there should be a *Free Port* within the Territory of Trieste and that it should be established by means of an international instrument.

40. Both the U.S.S.R. and the Yugoslav delegations were in favour of creating special port zones under exclusive Yugoslav and Italian jurisdictions, the U.S.S.R. delegation pointing out that these zones should be within the Free Port itself. The Polish delegation supported the U.S.S.R. and Yugoslav views; the other delegations felt that the creation of such special zones was unnecessary and incompatible with the status of the Free Territory. There was no objection however to the granting by the Government of the Free Territory, if practicable, of special facilities of a commercial nature, to countries requiring such facilities.

41. The U.S.S.R. and Yugoslav delegations were of the opinion that the creation of the Free Port should be dealt with in an independent and separate document which should be submitted to the Security Council for approval, while the other delegations thought that the instrument of the Free Port should form an annex to the Peace Treaty.

42. With regard to the *transit traffic* to and from Trieste, the Netherlands delegation, supported by the U.S., U.K., French and Australian delegates, suggested that the parties to the Peace Treaty should undertake not to impede such traffic in any way. The sub-commission felt that this matter should be referred to the Commission.

43. There was agreement on the point that ships could be registered in Trieste, but the U.S.S.R., Polish and Yugoslav delegations did not see any necessity for including such a provision in the Statute.

VI.—CITIZENSHIP

44. There was a general agreement that the provisions relating to citizenship should be included both in the Peace Treaty and the Statute.

45. There was a certain measure of agreement as to the criteria of citizenship. It was agreed that the date mentioned in Article 15 of the Treaty (June 10th, 1940) should be adopted for the required condition of domicile. There was no agreement however on the proposal of the U.S.S.R. and Yugoslav delegations to make continuous residence until the coming into force of the Peace Treaty a second requisite for citizenship nor was there agreement on the exclusion from citizenship, as proposed in the U.S.S.R. and Yugoslav drafts, of certain categories of persons because of their past political record. The French delegate, in opposing this exclusion, proposed to replace the relevant paragraph of the U.S.S.R. and Yugoslav drafts by the text of Article 38 of the Peace Treaty with Italy dealing with War Criminals. The U.S. and U.K. delegations considered that the criterion for determining original citizenship should be domicile in the Territory on June 10th, 1940 on the ground that this was the last date on which the real intent of the inhabitants could be determined.

46. There was also objection to the U.S.S.R. and Yugoslav drafts supported by the Polish delegate to extend on the basis of a simple declaration on their part citizenship of the Free Territory to all former Austro-Hungarian nationals who had left that area after October 28, 1918.

47. The Australian and Netherlands delegations felt that there was no objection to including in the Statute a provision facilitating the conditions of naturalization in the case of such persons. The other delegations felt however that the question of naturalization should be dealt with in the Constitution.

VII.—PROVISIONAL GOVERNMENT

48. The sub-commission held no more than a brief discussion on the general question of the provisional government and did not have time to discuss the detailed provisions of the U.K., Yugoslav and U.S. proposals.

49. The Soviet delegate proposed that an inter-allied commission should be established consisting of the representatives of U.K., U.S.A., U.S.S.R. and France, which after the entry into force of the Peace Treaty should form a provisional government of the Free

Territory. For this purpose, the inter-allied commission should consult the local democratic parties and organizations.

50. The Soviet delegate also proposed that all foreign troops stationed in the Free Territory of Trieste should be withdrawn within 30 days from the coming into force of the Peace Treaty.

51. The Yugoslav delegate briefly explained the main ideas underlying his proposals relating to the provisional government of Trieste and which constituted the Yugoslav proposal for Annex 9 of the Peace Treaty. The Yugoslav proposal provided for the constitution upon the coming into force of the Peace Treaty, of an inter-allied commission composed of representatives of the U.S., the U.S.S.R., the U.K. and France. This Commission should exercise the powers of the representative of the Security Council, pending the election of the popular Assembly of Trieste. The Commission should have at its disposal for the maintenance of public order, contingents of the four Powers' forces, of 1,000 officers and men each. These joint forces should be withdrawn within a period of not more than one month after the election of the Assembly. The Commission should appoint a provisional government, composed of four Italian and two Yugoslav representatives, which would exercise the executive authority and prepare the elections for the Constituent Assembly. The provisional government should form a provisional Assembly composed of forty Italian and twenty Yugoslav representatives. In this way, democratic principles would be safeguarded also in the transitional period.

52. The U.S. and U.K. delegates maintained that the responsibility of the Security Council in respect to the Territory should start from the day that the Territory was created. In their view the first days in which the Territory was under the provisional regime would be of the utmost importance for the future maintenance of the independence of the Territory and for its future well being. Adequate provisions should therefore be made to ensure that during this period the responsibility of the Security Council was thoroughly protected. The agent of the Security Council should immediately assume office when the responsibility of the Council begins and he must have sufficient power to enable him to carry out these responsibilities. He would have to work out in consultation with the people of the Territory, the machinery necessary to realize fully the democratic provisions of the permanent Statute. This realization must take place in an orderly and progressive way. The Security Council would have to determine what troop contingents could be withdrawn and whether other troops were necessary. The Australian delegate generally supported their views.

53. The U.K. delegate explained the main lines of the project submitted by the U.K. delegation on the basis of the above principles. He

stressed the need for the preservation of peace and stability in the Free Territory during the critical transitional period and drew attention to the fact that the U.K. proposal contemplated as a matter of convenience that available U.S. and U.K. personnel and military contingents should as from the entry into force of the Treaty be at the disposal of the Governor as the agent of the Security Council until such time as the Security Council should decide that adequate and alternative provision had been made for the good administration and public order of the Free Territory.

54. The U.K. and U.S. delegates also considered that special economic provisions would be needed in this interim period pending final determination of these questions.

55. With regard to the creation of an inter-allied commission as suggested by the U.S.S.R. delegate, the U.S. delegate drew attention to the fact that Article 16, para. 6 of the Peace Treaty mentioned only the appointment of a Governor in connection with both the provisional and permanent Statute.

56. The French delegation reminded the sub-commission that their draft Statute, as contained in Doc.C.P.(IT/P)Doc.40, set forth various provisions which they proposed for the interim period. Of these, the most important relate to the organisation of the first elections, to certain special powers granted to the Governor during the said period and to the maintenance of order by troop contingents of an international character under the authority of the Security Council.

57. The Netherlands delegate stated that he associated himself with the French proposal insofar as it concerned international contingents.

Annex

Comparative Texts of the Various Draft Statutes

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ARTICLE 1. AREA OF FREE TERRITORY*

Agreed

The drafting of article 1 shall correspond to the drafting of the corresponding articles in the Peace Treaty with Italy.

ARTICLE 2. GUARANTEE OF INTEGRITY AND INDEPENDENCE

(a) The integrity and independence of the Free Territory shall be assured by the Security Council of the United Nations.

U.S., France and U.K. proposed addition

. . . which shall take all measures necessary for this purpose and for ensuring the observance of the present Statute and the maintenance of public order.

U.S. and U.K. proposed addition

(b) The Security Council shall take all such military and other measures as may be necessary to give effect to sub-paragraph (a) above.

The Yugoslav Delegation reserved its position regarding sub-paragraphs 2 and 3 of article 3 of its draft, which read as follows:

The Free City of Trieste shall be closely associated with the Federative People's Republic of Yugoslavia in accordance with the provisions of the present Statute.

The status of the Free City of Trieste and its territory may not be modified except by a previous decision of the Security Council and with the consent of the Federative People's Republic of Yugoslavia.

ARTICLE 3. DEMILITARIZATION OF THE FREE TERRITORY

U.S. & U.K.

The Free Territory shall be demilitarized. Without prejudice to the responsibilities of the Security Council under the Charter of the United Nations and under the terms of the present Statute:

(a) No military, naval, or air forces, installations or equipment shall be maintained, built, or manufactured in the Free Territory. No paramilitary formations, exercises or activities shall be permitted within the Free Territory.

(b) No military, naval, or air forces of any State shall enter the territory, territorial waters, or air space of the Free Territory. Likewise, neither the Government of the Free Territory nor any person under its jurisdiction shall make or discuss any military arrangements or understandings with any State or with any person under the jurisdiction of any State.

*The Yugoslav Delegation made a general reservation report to the final name to be given to the territory of Trieste. [Footnote in the source text.]

France

Article 3. The Free Territory shall be, and shall remain, demilitarised. It shall not maintain any armed forces, other than the police and *gendarmerie* required to enforce law and order in the territory, as hereinafter provided.

No military, naval or air forces, except upon direction from the Security Council, shall be allowed in the Free Territory or in its territorial waters.

The Free Territory shall refrain from entering into negotiations or arrangements having the nature of an alliance or liable to involve military obligations.

U.S.S.R. and Yugoslavia

The Free Territory of Trieste shall be neutral and demilitarised.

No military, naval or air forces, installations or equipment shall be maintained, built or manufactured in the Free Territory. No paramilitary formations, exercises or activities shall be permitted within the Free Territory.

No military, naval or air forces of any State shall enter the territory, territorial waters or air space of the Free Territory. Likewise the Government of the Free Territory shall not make or discuss any military arrangements or undertakings with any State.

The Yugoslav Delegation proposed to complete the U.S.S.R. draft with the following paragraph:

The Federative People's Republic of Yugoslavia shall be authorised to maintain a contingent of guards on the Territory of the Free City of Trieste for the protection of the railways, the customs zone and the coast line.

ARTICLE 4. HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

The Constitution of the Free Territory shall ensure to all persons under the jurisdiction of the Free Territory, without distinction as to ethnic origin, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of religious worship, language, speech and publication, education, assembly and association.† Citizens of the Free Territory shall be assured of equality of access to public office.

† The Yugoslav and U.S.S.R. Delegations proposed the following addition to this sentence:

. . . freedom of postal, telegraphic and telephonic communication; inviolability of domicile; the right of public instruction in Slovene, Italian and Croat languages. No restriction can be made on the grounds of the use of, or the lack of knowledge of one of the official languages, or of any differences existing between them. [Footnote in the source text.]

ARTICLE 5. THE CONSTITUTION OF THE FREE TERRITORY

U.S. and U.K.

The organization of the government of the Free Territory shall be laid down in the Constitution of the Free Territory which shall be in conformity with the provisions of the present Statute. The Constitution shall be established by democratic processes and shall be subject to approval by the Security Council as shall any amendments thereto.

France

Article 9. The Free Territory shall adopt its Constitution in accordance with democratic processes. The present Statute shall, however, form an integral part of the Constitution which shall not include any clauses incompatible with its provisions.

U.S.S.R. and Yugoslavia

The governmental structure of the Free Territory shall be defined by the Constitution of the said Territory.

The Constitution of the Free Territory shall be in conformity with the provisions of the present Statute.

The Constitution shall be established in accordance with democratic principles and ratified by the Popular Assembly with $\frac{2}{3}$ majority of all its members.

ARTICLE 6. ORGANS OF GOVERNMENT

U.S. and U.K.

The Government of the Free Territory shall be entrusted to a Governor, to a Council of Government, and to a legislative Assembly elected by the people of the Free Territory. Their respective powers shall be exercised in accordance with the provisions of the present Statute and of the Constitution of the Free Territory.

The French, U.S.S.R. and Yugoslav Delegations consider this article is unnecessary.

ARTICLES 7, 8 AND 11. APPOINTMENT AND CITIZENSHIP OF GOVERNOR,
TENURE OF OFFICE, SALARY AND ALLOWANCES

U.S., France, U.K. and U.S.S.R.

The Governor shall be appointed by the Security Council after consultation with the Governments of Italy and Yugoslavia. He shall not be a citizen of Yugoslavia or Italy [or of the Free Territory]‡. He shall be appointed for five years and may be reappointed. His salary and allowances shall be borne by the United Nations.

‡ The French Delegation did not accept the words between brackets. [Footnote in the source text.]

The Security Council, if it considers that the Governor has failed to carry out his duties, may suspend him and, under appropriate safeguards of investigation and hearing, dismiss him from his office. In the event of his suspension or dismissal or in the event of his death or protracted disability the Security Council may designate or appoint another person to act as Provisional Governor until the Governor recovers from his disability or a new Governor is appointed.

Yugoslavia

The Government of the Federative People's Republic of Yugoslavia shall appoint a Governor who shall be its representative with the Government of the Free City of Trieste for all matters of interest to Yugoslavia in connection with the real union.

The Governor shall be entitled to submit his comments to the Government of the Free City and to the High Commissioner in respect of questions concerning the real union and the application of the present Statute. Should the High Commissioner not agree with the Governor's comments, the matter shall be submitted to the Security Council.

ARTICLE 9. APPOINTMENTS OF DEPUTY GOVERNOR, DIRECTOR OF PUBLIC SECURITY AND DIRECTOR OF THE FREE PORT ADMINISTRATION

France, U.S. and U.K.

The Governor shall appoint a Deputy Governor, who shall also act as Director of Public Security under the direction of the Governor.

The general rules stipulated in Articles . . . above apply to the Deputy Governor, who shall act for the Governor whenever the latter is prevented from performing his duties.

U.K. & U.S. proposed addition:

The Governor shall also appoint a Director of the Free Port Administration.

The U.S.S.R. and Yugoslav Delegations are opposed to the inclusion of this article.

ARTICLE 10. GOVERNOR AND STAFF: PROHIBITIONS AGAINST THEIR RECEIVING INSTRUCTIONS FROM ANY SOURCE EXTERNAL TO THE SECURITY COUNCIL

In the performance of their duties, the Governor [and his staff] § shall not seek or receive instructions from any Government or from any other authority external to the Security Council. They shall refrain from any act which might reflect on their position as international officials responsible only to the Security Council.

§ The Yugoslav Delegation reserved its position in regard to the words between brackets. [Footnote in the source text.]

ARTICLE 12. LEGISLATIVE AUTHORITY

U.S., France, U.K. and U.S.S.R.

The legislative authority shall be exercised by a popular assembly consisting of a single chamber elected [on the basis of proportional representation] †, by the citizens of both sexes of the Free Territory. The elections for the Assembly shall be conducted on the basis of universal, equal, direct and secret suffrage.

Yugoslavia

The legislative authority shall be exercised by a popular Assembly consisting of a single chamber elected on the basis of proportional representation by the citizens of the Free City of both sexes, being over 20 years of age. The elections for the Assembly shall be conducted on the basis of universal, equal, direct and secret suffrage.

War criminals or former officials of the Fascist party shall not be entitled to vote.

The popular Assembly and the Government of the Free City shall be the representatives of the people's sovereignty over the territory of the Free City.

ARTICLE 13. ENACTMENT OF LEGISLATION

Legislation may be initiated by members of the popular Assembly and by the [Council of] † Government [*and, in matters affecting his responsibilities to the Security Council, by the Governor*]. **

Before being promulgated legislation enacted by the Assembly shall be presented to the Governor.

If the Governor considers that such legislation is contrary to the Statute, [*or contains provisions likely to imperil the integrity, independence or internal order of the Free Territory, or to prejudice the human and civic rights of its inhabitants*] ††, he may, within ten days following presentation of such legislation to him, return it to the Assembly with his comments and recommendations. If the Governor does not return the legislation within such ten days or advises the Assembly within such period that it calls for no comment or recommendation on his part, legislation shall be promulgated forthwith.

If the Assembly makes manifest its refusal to withdraw legislation returned to the Assembly by the Governor or to amend it in conformity with his comments or recommendations, the Governor shall, unless he is

‡ The United Kingdom Delegation has reserved its views on the words between brackets. [Footnote in the source text.]

† The U.S.S.R. and Yugoslav Delegations made a general reservation in regard to the final name to be given to the Council of Government. [Footnote in the source text.]

** U.S., French and U.K. proposal. [Footnote in the source text.]

†† U.S. and U.K. proposal. [Footnote in the source text.]

prepared to withdraw his comments or recommendations, in which case the law shall be promulgated forthwith, immediately report the matter to the Security Council. The Governor shall likewise transmit without delay to the Security Council any communication which the Assembly may wish to make to the Counsel on the matter.

[Legislation shall not be promulgated and shall remain pending until the decision by the Security Council if such legislation, in the opinion of the Governor, imperils the independence, the integrity or the principles of equality of the rights of the inhabitants of the Free Territory without distinction as to race, nationality or religion. In the other cases of refusal by the Assembly to withdraw or to amend the legislation, the latter may be promulgated if it concerns internal questions which do not affect the principle of equality of rights of the inhabitants].‡‡

If the Security Council, whose decision in the matter shall be final, shall fail to uphold the Governor in the position taken by him, the legislation shall be promulgated immediately. The legislation shall likewise be promulgated if the Security Council does not act within thirty days after receiving the report of the Governor, *[unless a member of the Security Council shall register an objection to the coming into force of such legislation]*.§§

[No law shall enter into force until it shall have been promulgated].¶¶

The promulgation of laws shall take place in accordance with the provisions of the Constitution of the Free Territory.

ARTICLE 13A. RIGHT OF ASSEMBLY TO DELIBERATE

Agreed

The Assembly shall have the right to deliberate upon any matters affecting the interests of the Free Territory.

ARTICLE 14. PREPARATION OF BUDGET

U.S., French and U.K.

The Council of Government shall be responsible for the preparation of the budget of the Free Territory, including both revenue and expenditure, and for its submission to the Assembly.

If the Assembly should fail to vote the budget within the proper time limit, the provisions of the budget for the preceding period shall be applied to the new budgetary period until such time as the new budget shall have been voted.

‡‡ French, U.S.S.R. and Yugoslav proposal. [Footnote in the source text.]

§§ U.S., French and U.K. proposal. [Footnote in the source text.]

¶¶ The U.S.S.R. and Yugoslav Delegations considered that this sentence was unnecessary. [Footnote in the source text.]

The U.S.S.R. and Yugoslav Delegation considered the inclusion of this article was unnecessary.

ARTICLE 15. COUNCIL OF GOVERNMENT

U.S. and U.K.

Subject to the responsibilities vested in the Governor under the present Statute, executive authority in the Free Territory of Trieste shall be exercised by a Council of Government which will be formed by the Assembly and which will be responsible to the Assembly.

Members of the Council of Government shall be elected for a period of two years unless there is a change of legislature in which case they shall be required to stand for re-election. They shall be eligible for re-election. They may only be removed from office by the Assembly prior to the expiration of their term by a two-thirds majority vote.

Decisions of the Council of Government shall be taken by the vote of the majority of those present and voting.

The Governor, the Deputy Governor and the Director of the Free Port Administration shall have the right to attend, without right of vote, the meetings of the Council of Government and to speak on all matters affecting the responsibilities of their offices.

France

Article 17. Executive authority shall be exercised by a Council of Government.

The members of the Council of Government, whose number shall correspond to that of the principal administrative departments subject to executive supervision, shall be elected by the Assembly under a system of proportional representation, in principle, for a term of one year. They may be re-appointed.

Members of the Council can only be removed from office by the Assembly, prior to the expiry of their year of office, by a two-thirds majority vote. They shall be required to stand for re-election whenever there is a change of legislature.

The Governor shall preside over meetings of the Council of Government; the Deputy Governor shall be *ex officio* a member of the Council.

A member of the Council of Government may be designated from among the members elected by the assembly to represent the Council in its relations with the Assembly.

U.S.S.R. and Yugoslavia

Executive authority shall be vested in the Council of Government of the Free Territory.

The Council of Government shall be constituted by the Popular Assembly and be responsible to the latter for its actions.

ARTICLE 16. ADMINISTRATIVE OFFICIALS TO HOLD OFFICES UNDER
AUTHORITY OF GOVERNOR

U.S. and U.K.

All administrative officials in the Free Territory shall hold their offices under the authority of the Governor. The Governor may, under appropriate safeguards of investigation and hearing, suspend or remove any administrative official any of whose acts contravenes, in the opinion of the Governor, the responsibilities of the Governor to the Security Council.

The French, U.S.S.R. and Yugoslav Delegations considered the inclusion of this article is unnecessary.

ARTICLE 17. EXERCISE OF JUDICIAL AUTHORITY

Agreed

The judicial authority in the Free Territory shall be exercised by tribunals established pursuant to the Constitution and laws of the Free Territory.

ARTICLE 18. GUARANTEE OF FREEDOM AND INDEPENDENCE OF
JUDICIARY

Agreed

The Constitution of the Free Territory shall guarantee the complete freedom and independence of the judiciary and shall provide for appellate jurisdiction.

ARTICLE 19. APPOINTMENT OF JUDICIARY

U.S., France and U.K.

The Governor shall appoint, with the advice of the Council of Government, the members of the judiciary and, subject to such safeguards of investigation and hearing as may be established by the Constitution of the Free Territory, shall have the right to suspend or remove any member of the judiciary on account of any action or conduct incompatible with the responsibilities of such member's office. The Assembly by a two-thirds majority may request the Governor to investigate any charge brought against a member of the judiciary which, if proved, would warrant his suspension or removal.

ARTICLE 20. RESPONSIBILITY OF GOVERNOR TO SECURITY COUNCIL

U.S. and U.K.

The Governor shall be responsible to the Security Council for ensuring the observance of this Statute and the maintenance of public order within the Free Territory. The Governor shall present to the Security Council annual reports concerning the operation of the Statute and the performance of his duties.

France

Article 14. Apart from the governmental or administrative attributions assigned to him by the Statute, the Governor shall be the custodian for the observance of the Statute.

He shall receive instructions only from the Security Council to which he shall submit annual reports on the discharge of his duties, the application of the Statute, and the general situation in the Free Territory.

Article 18 (part). The Governor is the representative of the Security Council, and the supervision of the Free Territory by the said Council shall be exercised, in the first instance, by the Governor.

In this capacity : ⁴

(b) He shall be responsible for the maintenance of order and internal security. For this purpose, he shall recruit police, *gendarmérie* and coastguard forces. The Security Council shall be consulted with regard to the armament of these forces.

(c) He shall be responsible for ensuring that the provisions of the Statute are duly observed and applied.

U.S.S.R. and Yugoslavia

The Governor shall submit to the Security Council annual reports on the execution of the present Statute and the discharge of his duties.

ARTICLE 21. EXERCISE OF RESERVE POWERS BY GOVERNOR

U.S. and U.K.

In order that he may carry out his responsibilities to the Security Council under the present Statute, the Governor shall possess the power to proclaim a state of siege. He shall also possess and exercise reserve powers for the following purposes :

(a) to maintain the provisions of the present Statute including protection of the basic human rights of the inhabitants of the Free Territory, and

(b) to assure the integrity and independence and the public order and security of the Free Territory.

France

Article 18 (part). The Governor is the representative of the Security Council, and the supervision of the Free Territory by the said Council shall be exercised, in the first instance, by the Governor.

In this capacity : ⁴

⁴ The following omission indicated in the source text.

(b) He shall be responsible for the maintenance of order and internal security. For this purpose, he shall recruit police, *gendarmerie* and coastguard forces. The Security Council shall be consulted with regard to the armament of these forces.

(c) He shall be responsible for ensuring that the provisions of the Statute are duly observed and applied.⁵

The Governor shall possess the power to proclaim a state of siege.

The U.S.S.R. and Yugoslav Delegations were opposed to the inclusion of this Article.

ARTICLE 22. SUSPENSION—LEGISLATIVE AND ADMINISTRATIVE MEASURES *U.S. & U.K.*

In the application of his reserve powers the Governor may suspend the effect of any legislative act and rescind any administrative measure which, in his opinion, conflicts with his responsibilities to the Security Council and may, if he deems it necessary, issue orders with the effect of law.

The U.S.S.R. and Yugoslav Delegations were opposed to the inclusion of this Article.

The French Delegation pointed out that it had proposed on the subject transitory provisions in Article 18B of its draft.

ARTICLE 23. REPORT TO SECURITY COUNCIL ON EXERCISE OF RESERVE POWERS

U.S. & U.K.

The Governor on each occasion when he exercises his reserve powers, shall immediately report his action to the Security Council, giving the reasons for such action. The legislative Assembly may petition the Security Council concerning any such exercise of the reserve powers of the Governor.

The U.S.S.R. and Yugoslav Delegation were opposed to the inclusion of this Article.

ARTICLE 24. MAINTENANCE OF POLICE FORCE

U.S., France and U.K.

Subject to any directions issued by the Security Council, the Governor, in carrying out his responsibilities for the maintenance of public order and security within the boundaries and territorial waters of the Free Territory, shall be empowered to maintain police forces, local *gendarmerie* and coastguards.

The U.S.S.R. and Yugoslav Delegations were opposed to the inclusion of this Article.

⁵ The following omission indicated in the source text.

ARTICLE 25. EXERCISE OF THE POWER OF PARDON AND REPRIEVE
U.S. & U.K.

The power of pardon and reprieve shall vest in and be exercised by the Governor.

The French, U.S.S.R. and Yugoslav Delegations were opposed to the inclusion of this Article.

ARTICLE 26. CONDUCT OF FOREIGN RELATIONS

U.S., France & U.K.

The Governor shall be responsible for conducting the foreign relations of the Free Territory [with the advice of the Council of Government].*** It shall be the responsibility of the Governor to ensure the protection abroad of the interests of the citizens of the Free Territory.

U.S.S.R. and Yugoslavia

Questions affecting the international relations of the Free Territory, the protection in foreign countries of the interests of the citizens of the Free Territory and conclusion of international treaties on political, economic, cultural, social or health questions shall fall within the province of the Popular Assembly.†††

ARTICLE 27. CONDUCT OF FOREIGN RELATIONS (CONTINUED)

U.S. & U.K.

In carrying out his responsibilities under the preceding Article the Governor shall be empowered:

(a) to conclude agreements with States for the purposes of furthering the economic and other interests of the Free Territory and to enter into or accede to multilateral international agreements;

(b) to consult all specialized agencies of the United Nations and other international organizations and to accept membership in such organizations; and

(c) to accept consular representatives of foreign Governments.

***The French Delegation was willing to substitute for the words between brackets the following words:

. . . in consultation with the President of the Assembly.

[Footnote in the source text.]

†††The Yugoslav Delegation accepted the text of the U.S.S.R. Delegation with the addition of paragraphs 1 and 2 of article 23 of the Yugoslav draft which reads as follows: The Federative People's Republic of Yugoslavia undertakes to represent the Free City of Trieste and its citizens in its relations with foreign countries. Methods of representation shall be determined by special agreement between the Federative People's Republic of Yugoslavia and the Free City of Trieste.

Any agreements which the Federative People's Republic of Yugoslavia may conclude on behalf of the Free City of Trieste shall come into force when they have been ratified by the National Assembly of the Free City of Trieste.

[Footnote in the source text.]

France

Article 5. The Free Territory shall admit the consular representatives of other States. It may maintain consular representatives in foreign cities or ports in which the interests of nationals of the Free Territory require protection.

Article 6. The Free Territory may accede to international conventions or become a member of international organizations provided the aim of such conventions or organizations is to settle economic, cultural, social or health questions.

U.S.S.R.

Article 13. The Free Territory shall accept consular representatives of other States who receive an exequatur from the Council of Government of the Free Territory.

The Free Territory may maintain consuls in foreign towns or ports where the interests of citizens of the Free Territory require to be protected.

*Yugoslavia**Article 23. (part)*

The Council of Government of the Free City of Trieste shall receive consuls and grant them an exequatur for the exercise of consular functions in the territory of the Free City.

ARTICLE 28. FLAG AND COAT-OF-ARMS

Agreed.

The Free Territory of Trieste shall have its own flag and coat-of-arms. The flag shall be the traditional flag of the City, and the arms shall be its historic coat of arms.

ARTICLE 29. MONETARY SYSTEM

U.S., France, U.S.S.R. & U.K.

The Free Territory shall have its own monetary system.

The Yugoslav Delegation accepted this text with the following addition:

A common monetary system shall be established between the Free City and the People's Federative Republic of Yugoslavia.

ARTICLE 30. FREE PORT

U.S. & U.K.

(a) A Free Port shall be established in the Free Territory and shall be administered on the basis of the provisions of the international instrument regulating the Free Port of Trieste. The Government of

the Free Territory shall enact all necessary legislation and take all necessary steps to give effect to the provisions of such instrument.

(b) The Governor shall appoint a representative of the Free Territory to the International Commission for the Free Port.

France

Article 8. The Free Territory shall constitute a free zone. No dues shall be levied on the import or export of goods other than those commensurate with services rendered, and such dues shall be identical for all categories of merchandise, irrespective of origin or destination.

The foregoing provision shall not prevent the levying, should occasion arise, of fiscal or consumption taxes on goods intended for the Free Territory itself.

U.S.S.R.

Article 29. In the Free Territory a Free Port in the City of Trieste shall be established and shall be administered on the basis of a special Provision.

The Government of the Free Territory shall enact any necessary laws and take any necessary steps for the execution of the rules of this provision subject to the approval by the Security Council.

Yugoslavia

Article 32. The Port of Trieste, together with its installations and warehouses, shall be divided as follows:

(a) An International Free Port, administered by an International Administration in conformity with a special Statute, which shall be open equally to all vessels and all goods, without distinction of nationality;

(b) The Yugoslav Free Zone, subject to the jurisdiction of the Federative People's Republic of Yugoslavia;

(c) The part of the Port under the jurisdiction of the Free City of Trieste.

Article 33. All goods despatched in transit through the Free Port of Trieste shall be entitled to free passage, and shall be exempt from customs formalities in the territory of the Yugoslav-Triestine Customs Union. Customs formalities for purposes of supervision shall be limited to indispensable measures for the protection of public order, the security of persons, and the protection of property and health.

Furthermore, no customs duties shall be levied on imported goods, if these are packed, refined or manufactured within the limits of the international Free Zone for subsequent re-export. The Yugoslav-Triestine Customs Union shall not levy any contributions, except fees for the supervision and manipulation of goods imported into the terri-

tory of the Free State of Trieste from abroad, if such goods are manufactured or processed there and subsequently re-exported. These goods are submitted to the customs control and to the deposit of a caution, which is given back if within a prescribed time they are re-exported.

ARTICLE 31. REGISTRATION OF VESSELS

U.S., France & U.K.

(a) The Free Territory is entitled to open registers for the registration of ships and vessels owned by the Government of the Free Territory or by persons or organizations domiciled within the Free Territory.

(b) The Free Territory shall open special maritime registers for Czechoslovak, Austrian, Swiss or Hungarian ships and vessels upon request of any one of these Governments. Vessels entered in these registers shall fly the flags of their respective countries.

The U.S.S.R. and Yugoslav Delegations considered the inclusion of this Article was unnecessary.

ARTICLE 31A. ADMINISTRATION OF RAILWAYS OF THE FREE TERRITORY

U.S.S.R.

Article 25. The Railways of the Free Territory shall be under the joint administration of the Free Territory and of Yugoslavia.

Yugoslavia

Article 26. The Free City of Trieste and the Federative People's Republic of Yugoslavia shall constitute a Railway Union. The Yugoslav State Railways shall be responsible for the administration and operation of the railway lines situated in the territory of the Free City of Trieste. All technical posts in the railway administration in the territory of the Free City of Trieste shall be filled by Triestine citizens. The Free City of Trieste shall receive a share of the net revenue of the Yugoslav State Railways, proportionate to the aggregate goods and passenger traffic, and to the mileage. The Free City of Trieste shall not be required to contribute to any possible deficit in the working of the Yugoslav State Railways.

The U.S., French and U.K. Delegations were opposed to the inclusion of this Article.

ARTICLE 31B. CUSTOMS UNION BETWEEN THE FREE TERRITORY AND YUGOSLAVIA

U.S.S.R.

Article 26. An agreement for a customs union shall be concluded between the Free Territory and Yugoslavia to be valid for a period of five years, with the right of prolongation by their mutual agreement.

Yugoslavia

Article 25. The Free City of Trieste and the Federative People's Republic of Yugoslavia shall constitute a Customs Union. The Free City of Trieste shall receive a share of the customs revenue of the Union, proportionate to its trade with foreign countries, other than the Federative People's Republic of Yugoslavia. The Federative People's Republic of Yugoslavia shall be responsible for the customs administration of the Union, even within the territory of the Free City of Trieste.

The U.S., French and U.K. Delegations were opposed to the inclusion of this Article.

ARTICLE 31C. RECIPROCAL RIGHTS OF SETTLEMENT AND EMPLOYMENT
BETWEEN YUGOSLAVIA AND THE FREE TERRITORY

U.S.S.R. and Yugoslavia

Citizens of the Free Territory shall have the right of free settlement and employment on the territory of Yugoslavia and Yugoslav nationals shall have identical rights in the Free Territory.

The U.S., French and U.K. Delegations were opposed to the inclusion of this Article.

ARTICLE 31D. WATER AND ELECTRIC POWER

U.S.S.R.

Article 28. The supply of water and electric power, local transport and other similar public services shall fall within the exclusive province of the Government of the Free Territory.

The use of the sources of water supply and electric power, situated on the territory of Yugoslavia, shall be regulated under bilateral agreements concluded between Yugoslavia and the Free Territory.

Yugoslavia

Article 29. Services for the distribution of water and electricity, local transport services, and other public services of a similar character, which were hitherto common to the territory which, under the Treaty of Peace with Italy, becomes part of the Federative People's Republic of Yugoslavia and of the Free City of Trieste, shall continue to be operated under existing conditions for a period of 10 years from the coming into force of the present Statute.

The future working of these services shall be determined by a special agreement, to be concluded between the Government of the Federative People's Republic of Yugoslavia and the Council of Government of the Free City of Trieste, before the expiration of this period.

The U.S., French and U.K. Delegations were opposed to the inclusion of this Article on the ground that the matter should be covered by Annex 9 of the Treaty.

ARTICLE 31F. POSTAL, TELEGRAPH AND TELEPHONE UNION

Yugoslavia

Article 27. The Free City of Trieste and the Federative People's Republic of Yugoslavia shall constitute a Postal, Telegraphic and Telephonic Union. The Union shall be administered by the Federative People's Republic of Yugoslavia. All the technical posts in the Postal, Telegraphic and Telephonic Union shall be filled by Triestine citizens. The Free City of Trieste shall receive a share of the net revenue of the Postal, Telephonic and Telegraphic Union, proportionate to the total receipts. The Free City of Trieste shall not be required to contribute to any possible deficit of the Postal Union.

The U.S., French, U.K. Delegations were opposed to the inclusion of this Article.

The U.S.S.R. Delegation considered the inclusion of this Article as unnecessary.

ARTICLE 31G. LABOUR LEGISLATION

Yugoslavia

Article 35. The Free City of Trieste shall immediately introduce and apply within its territory labour legislation guaranteeing at least similar advantages and benefits to those guaranteed by international labour legislation.

If legislation of this kind is not promulgated in the territory of the Free City of Trieste within a period of two years from the coming into force of the present Statute, all the collective agreements whose application is supervised by the International Labour Office shall be applied directly.

The U.S., French, U.K. and U.S.S.R. Delegations considered the inclusion of this Article was unnecessary.

ARTICLE 31H. SPECIAL AGREEMENTS ON YUGOSLAV-TRIESTINE SERVICES

Yugoslavia

Article 28. The Free City of Trieste shall be entitled, by special agreement, to empower the Yugoslav Government to exercise certain functions within its territory for the purpose of administering the Triestine and Yugoslav services as a common service. Such agreements shall become valid after they have received the assent of the High Commissioner.

The U.S.S.R., U.S., French and U.K. Delegations considered the inclusion of this Article as unnecessary.

ARTICLE 31I. FRONTIER TRAFFIC

Yugoslavia

Article 31. Measures shall be taken to regulate special frontier traffic, both in goods and passengers, between the Free City of Trieste

and the Federative People's Republic of Yugoslavia, both as regards persons of these two nationalities and goods of Triestine or Yugoslav origin or manufacture.

The U.S., French, U.K. Delegations were opposed to the inclusion of this Article.

The U.S.S.R. Delegation considered the inclusion of this Article as unnecessary.

ARTICLE 32. LOCAL GOVERNMENT

The Constitution of the Free Territory shall provide for the establishment [on the basis of proportional representation] ††† of organs of local Government on democratic principles, including universal, equal, direct and secret suffrage.

ARTICLE 33. CITIZENSHIP

U.S. & U.K.

1. Any Italian citizen, who was domiciled on June 10, 1940 in the area comprised within the Free Territory or who is a child born after June 10, 1940 to any such person, shall become an original citizen of the Free Territory, with full civil and political rights, upon the termination of one year after the coming into force of this treaty, unless such person shall within such year opt, either himself or through his parents, to retain his Italian citizenship or to acquire Yugoslav citizenship under paragraph 2 of the present article.

2. Any Italian citizen who is eligible to become an original citizen of the Free Territory may, in lieu of opting to retain his Italian citizenship, opt, either himself or through his parents, to acquire Yugoslav citizenship provided the acquisition of that citizenship by such person shall be acceptable to the Yugoslav Government.

3. Any person over 18 years of age or, if married, of any age, eligible to become an original citizen of the Free Territory under paragraph 1 of this Article may become an original citizen of the Free Territory, without awaiting termination of the one-year period referred to in that paragraph, by filing a declaration of his intent to become such citizen.

4. Persons who become citizens of the Free Territory under this Article shall thereupon cease to have Italian citizenship.

5. The options referred to in paragraphs 1 and 2 of this Article may be exercised by any person eligible to exercise such option who is over 18 years of age or is married. An option on the part of the husband shall not constitute an option on the part of the wife. An option on the

††† The United Kingdom Delegation has reserved its views on the words between brackets. [Footnote in the source text.]

part of the father, or if the father is not alive, on the part of the mother, shall however automatically include all unmarried children under the age of 18 years.

6. A person who has exercised an option to retain his Italian citizenship or to acquire Yugoslav citizenship may be required by the Free Territory to move to the state whose citizenship he possesses or acquires, or to such other state as may be willing to accept him.

7. The conditions governing the acquisition of citizenship of the Free Territory by birth, marriage or naturalization, shall be prescribed in the Constitution.

U.S.S.R. & Yugoslavia

Article 17. Italian citizens who have been permanently resident within the boundaries of the Free Territory before June 10, 1940 and are still resident in such territory on the date of entry into force of the Peace Treaty with Italy, shall lose their Italian citizenship and become citizens of the Free Territory as from the date of entry into force of the Peace Treaty.

All the inhabitants of the Free Territory of Trieste who are not Italian citizens, but who fulfil the other conditions, shall become citizens of the Free Territory if they desire it and if they make a declaration thereto within a period of one year.

The provisions of the present Article shall not apply to active supporters of the Fascist regime in Italy, active members of the Fascist party, war criminals, persons who served in the Italian police, and Government officials who arrived from Italy after 1922.

Article 18. The various persons referred to in the first part of Article 17 who are over 18 years of age (and married persons below this age) shall have the right to opt for the Italian citizenship, which they formerly possessed, within a period of one year from the entry into force of the Peace Treaty. Any person so opting shall retain this former citizenship and shall not be deemed to have acquired the citizenship of the Free Territory.

Article 19. Option by the husband shall not constitute option on the part of the wife. Option by a father, or if the father is deceased, by a mother, shall automatically include all unmarried children under the age of 18 years.

Article 20. The Free Territory may require any persons who have exercised the right of option to move to the State for whose citizenship they have opted within a year from the date when the option was exercised.

Article 21. Former Austro-Hungarian nationals who were resident within the Free Territory before its occupation by the Italian armed

forces in 1918, and who thereafter left that Territory, as also the children of such persons, shall be deemed to be nationals of the Free Territory on their making such declaration. Declarations to this effect may be made within three years from the entry into force of the Peace Treaty.

France

The French Delegation made a general reservation under which the texts on citizenship to be inserted in the Statute should be in conformity with the texts on citizenship of the Peace Treaty with Italy.

The French Delegation declared it was ready, subject to this reservation, to accept the U.S.S.R. Articles with the following amendments:

Article 17. "Permanently resident" should be replaced by "domiciled".

"and are still resident in such territory on the date of entry into force of the Peace Treaty with Italy" should be omitted.

Before the words "shall lose their Italian . . .", insert "as well as their children born after June 10, 1940".

Omit sub-paragraph 2 of Article 17.

Sub-paragraph 3 of Article 17 should be replaced by an Article containing the provisions of the Peace Treaty with Italy on war criminals.

Articles 18, 19, & 20. Adopted without change.

Article 21. Omitted.

ARTICLE 34. LANGUAGE

The official languages of the Free Territory shall be Italian, Slovene and Croatian. §§§

ARTICLE 35. INTERPRETATION OF THE STATUTE

France, U.S. & U.K.

Any dispute relating to the interpretation of the Statute shall be referred in the first instance by any of the parties involved to the Security Council. The decisions of the Council on these matters shall be binding on the Free Territory.

If the Security Council shall not have been able within three months of the matter being referred to it to find a solution of the dispute, or if this solution is not accepted by any party to the dispute, other than the Free Territory, the dispute shall be submitted to the International Court of Justice.

The U.S.S.R. and Yugoslav Delegations considered the inclusion of this Article was unnecessary, since the usual procedure of settling disputes between sovereign states should be used in this case.

§§§ The French Delegation reserved its position as to the Croatian language being admitted as the third official language. [Footnote in the source text.]

ARTICLE 36. PETITIONS BY ASSEMBLY TO SECURITY COUNCIL

U.S., France & U.K.

The Assembly may petition the Security Council if the Assembly considers that the action of the Governor is not in accordance with the present Statute, and in this event the Security Council may give directions relating to the matter, which shall immediately be put into effect.

The U.S.S.R. and Yugoslav Delegations considered the inclusion of this Article as unnecessary, since the Assembly may apply to the Security Council even in the absence of any special provisions.

ARTICLE 37. AMENDMENT OF STATUTE

This Statute shall constitute the permanent Statute of the Free Territory, subject to any amendment which may hereafter be made by the Security Council. Petitions for the amendment of the Statute may be presented to the Security Council of the United Nations by the Assembly upon a vote taken by a two-thirds majority.

U.S.S.R. and Yugoslav proposed addition:

. . . of all its members.

ARTICLE 38. COMING INTO FORCE OF STATUTE

Agreed.

The present Statute shall come into force on a date which shall be determined by the Security Council of the United Nations.

ARTICLE 38A. LIQUIDATION OF ITALIAN SOVEREIGNTY

Yugoslavia

Article 38. The liquidation of Italian sovereignty in Trieste, and the rights and duties of the Free City of Trieste as successor of the Italian State, are determined by the Treaty of Peace with Italy (Article 16) and in Annexes II, III, IIIa and XI of the said Treaty, whose provisions shall be considered as equally binding on the Free City of Trieste.

The U.S., French, U.K. and U.S.S.R. Delegations considered the inclusion of this Article as unnecessary.

V. AMENDMENTS

AMENDMENTS PROPOSED IN C.P.(GEN) DOC. 1

CFM Files

*Amendments Submitted by Delegations*¹

C.P.(Gen) Doc. 1

PARIS, August 21, 1946.

¹This document, prepared by the Conference Secretariat, contains those amendments submitted prior to the August 20 deadline set by the Conference. The amendments are arranged according to sponsoring nation (French alphabetical order). The amendments proposed by each nation are classified by treaty, following the order of the articles to which they apply. When an amendment applies to more than one treaty, a number is assigned for each treaty but the text is printed only once.

Certain amendments submitted after August 20 and redrafts of C.P.(Gen). Doc. 1 amendments are printed as separate documents, *post*, pp. 780 ff. Others are printed as footnotes at the points in the compilation where they first come under the consideration of the Conference.

The source text printed here is Part V of *Collection of Documents of the Paris Peace Conference* (Paris: Imprimerie Nationale, 1947), vol. I, pp. 416-523. It is virtually the same document as the copy of C.P.(Gen) Doc. 1 found in the Department of State files (CFM Files) except that individual amendment headings have been abridged.

LIST OF AMENDMENTS

<i>Delegation.</i>	<i>Number of the Amendment.</i>	<i>Draft Peace Treaty.</i>	<i>Amendment Referring to:</i>	<i>Language of Original Draft.</i>
UNITED STATES OF AMERICA.			No amendments.	
AUSTRALIA.				
C.P. (Gen)	Doc. 1.B. 1	Italy	Preamble	E
	2	—	Art. 1 to 12	E
	3	—	Art. 5	E
	4	—	Art. 13	E
	5	—	Art. 14	E
	6	—	Art. 16	E
	7	—	Art. 17	E
	8	—	Art. 48 and 58	E
	9	—	Art. 64	E
	10	—	Art. 64 A	E
	11	—	Part VIII	E
	12	—	Art. 68	E
	13	—	Part X	E
	14	—	Art. 72	E
	15	—	Art. 75	E
	16	—	Art. 76	E
	17	—	Part XII	E

Continued on p. 656

LIST of AMENDMENTS—Continued

<i>Delegation.</i>	<i>Number of the Amendment.</i>	<i>Draft Peace Treaty.</i>	<i>Amendment Referring to:</i>	<i>Language of Original Draft.</i>
AUSTRALIA—Con.	18	Roumania	Preamble	E
	19	—	Ceded Territories	E
	20	—	General Clauses	E
	21	—	Surplus Units (navy)	E
	22	—	Reparation, Restitution	E
	23	—	U.N.O	E
	24	—	Art. 22	E
	25	—	Art. 23 A	E
	26	—	Art. 24	E
	27	—	Human Rights	E
	28	—	Conciliation Commission	E
	29	—	Treaty Executive Council	E
	30	—	Interpretation and execution of the Treaty.	E
	31	—	Reviewing Conference	E
	32	—	Bulgaria	E
	33	—	Ceded Territories	E
	34	—	General Clauses	E
	35	—	Surplus Units (navy)	E
	36	—	Reparation	E
	37	—	Reparation, Restitution	E
	38	—	U.N.O	E
39	—	Art. 22	E	
40	—	Reparation, Restitution	E	
41	—	Human Rights	E	

42	—	Conciliation Commission	E
43	—	Treaty Executive Council	E
44	—	Interpretation and execution of the treaty.	E
45	—	Reviewing Conference	E
46	Hungary	Preamble	E
47	—	Ceded Territories	E
48	—	General Clauses	E
49	—	Surplus Units (navy)	E
50	—	Reparation	E
51	—	Reparation, Restitution	E
52	—	U.N.O.	E
53	—	Art. 23	E
54	—	Reparation, Restitution	E
55	—	Human rights	E
56	—	Conciliation Commission	E
57	—	Treaty Executive Council	E
58	—	Interpretation and execution of the treaty.	E
59	—	Reviewing Conference	E
60	Finland	Preamble	E
61	—	Ceded Territories	E
62	—	General Clauses	E
63	—	Surplus Units (navy)	E
64	—	Reparation, Restitution	E
65	—	U.N.O.	E
66	—	Art. 24	E
67	—	Reparation	E
68	—	Reparation, Restitution	E
69	—	Human rights	E
70	—	Conciliation commission	E
71	—	Treaty executive Council	E

LIST of AMENDMENTS—Continued

<i>Delegation.</i>	<i>Number of the Amendment.</i>	<i>Draft Peace Treaty.</i>	<i>Amendment Referring to:</i>	<i>Language of Original Draft.</i>	
AUSTRALIA—CON.	72	Finland	Interpretation and execution of the treaty.	E	
	73	—	Reviewing Conference	E	
BELGIUM.					
C.P. (Gen)	Doc. 1.C.	1	Italy	Art. 44	F
		2	Roumania	Art. 14	F
		3	Bulgaria	Art. 12	F
		4	Hungary	Art. 13	F
		5	Finland	Art. 16	F
BYELORUSSIA.					
C.P. (Gen)	Doc. 1.D.	1	Italy	Art. 3	R F
		2	—	Art. 16	R F
BRAZIL.					
C.P. (Gen)	Doc. 1.E.	1	Italy	Preamble	F
		2	—	Art. 3 and 4	F
		3	—	Art. 13	F
		4	—	Art. 16	F
		5	—	Art. 17	F
		6	—	Art. 40 paragraph 1 . A	F

		7	—	Art. 41	F
		8	—	Art. 62	F
		9	—	Art. 64 paragraph 4	F
CANADA.					
C.P. (Gen)	Doc. 1.F.	1	Italy	Art. 71	E
CHINA.					
C.P. (Gen)	Doc. 1.G.	1	Italy	Italian Colonies	E
		2	—	Art. 18, 19 and 20	E
ETHIOPIA.					
C.P. (Gen)	Doc. 1.H.	1	Italy	Art. 17	E
		2	—	Art. 28	E
		3	—	Art. 31	E
		4	—	Art. 68	E
		5	—	Art. 69	E
FRANCE.					
				No amendments.	
GREECE.					
C.P. (Gen)	Doc. 1.J.	1	Italy	Art. 12	E
		2	—	Art. 13	E
		3	—	Art. 16	E
		4	—	Art. 17	E
		5	—	Art. 22	E
		6	—	Art. 38	E
		7	—	Part IV Sec. II	E

LIST of AMENDMENTS—Continued

<i>Delegation.</i>	<i>Number of the Amendment.</i>	<i>Draft Peace Treaty.</i>	<i>Amendment Referring to:</i>	<i>Language of Original Draft.</i>
GREECE—Con.	8	Italy	Art. 58	E
	9	—	Part IV Mine clearance	E
	10	—	Art. 65 2 <i>bis</i>	E
	11	—	Art. 65, paragraph 9	E
	12	—	Art. 65 <i>bis</i>	E
	13	—	Art. 66	E
	14	—	Art. 68 4 <i>b</i>	E
	15	—	Art. 68 add	F
	16	—	Art. 69	F
	17	—	Art. 74	F
	18	—	Art. 74 <i>bis</i>	F
	19	—	Inter-allied Control Commission	F
	20	—	Annex 3	F
	21	—	Bulgaria	F
	22	—	Art. 9	F
	23	—	Art. 12	F
	24	—	Art. 14	F
	25	—	Mine clearance	F
	26	—	Art. 20	F
	27	—	Art. 21	F
	28	—	Art. 21, paragraph 6	F
	29	—	Art. 21, paragraph 8	F
	30	—	Art. 22	F
	31	—	Art. 26	F
	32	—	Art. 26 <i>bis</i>	F
	33	—	Art. 27	F
	33	—	Art. 28	F

	34	—	Art. 32	F
	35	—	Inter-allied Control Commission	F
	36	—	Annex 3	F
INDIA.			No amendments.	
NORWAY.			No amendments.	
NEW ZEALAND.				
C.P. (Gen)	Doc. 1.M. 1	Italy	Art. 17	E
NETHERLANDS.			No amendments.	
POLAND.				
C.P. (Gen)	Doc. 1.O. 1	Italy	Art. 15	E
	2	—	Art. between 14 and 15	E
	3	—	Art. 21	E
	4	—	Art. 38	E
	5	—	Art. 70 paragraph 2	E
	6	Roumania	Art. 16	F
	7	—	Art. 22	F
	8	—	Art. 23 paragraph 2	F
	9	Hungary	Art. 15 paragraph 1	F
	10	—	Art. 21	F
	11	—	Art. 22 paragraph 2	F
UNITED KINGDOM.				
C.P. (Gen)	Doc. 1.P. 1	Finland	Art. 28 paragraph 1	E

LIST of AMENDMENTS—Continued

<i>Delegation.</i>	<i>Number of the Amendment.</i>	<i>Draft Peace Treaty.</i>	<i>Amendment Referring to:</i>	<i>Language of Original Draft.</i>
CZECHOSLOVAKIA.				
C.P. (Gen)	Doc. 1.Q. 1	Hungary	Preamble	E F R
	2	—	Art. 1, point 4	E F R
	3	—	Art. 1, point 5	E F R
	4	—	Art. 4, paragraph 2	E F R
	5	—	Art. 4, paragraph 3	E F R
	6	—	Art. 6	E F R
	7	—	Part III	E F R
	8	—	Art. 10	E F R
	9	—	Art. 21	E F R
	10	—	Art. 22	E F R
	11	—	Art. 22, paragraph 8	E F R
	12	—	Art. 23	E F R
	13	—	Art. 25	E F R
	14	—	Art. 29	E F R
	15	—	Art. 34	E F R
UKRAINE.				
C.P. (Gen)	Doc. 1.R. 1	Italy	Art. 12	R
	2	—	Art. 14 and 15	R

UNION OF SOUTH AFRICA.					
C.P. (Gen)	Doc. 1.S.	1	Italy	Art. 17, paragraph 3	A
		2	Roumania	Art. 22	A
U.S.S.R.					
C.P. (Gen)	Doc. 1.T.	1	Italy	Art. 64	R
YUGOSLAVIA.					
C.P. (Gen)	Doc. 1.U.	1	Italy	Preamble	F
		2	—	Art. 1	F
		3	—	Art. 3	F
		4	—	Art. 4 and 5	F
		5	—	Sect. IV and art. 11	F
		6	—	Art. 11 <i>a, b, c, d</i>	F
		7	—	Art. 13	F
		8	—	Art. 13, <i>1a</i>	F
		9	—	Art. 14, <i>a</i>	F
		10	—	Sect II, art. 16	F
		11	—	Art. 16 <i>a</i>	F
		12	—	Art. 21	F
		13	—	Art. 25 <i>a</i>	F
		14	—	Art. 41	F
		15	—	Art. 47	F
		16	—	Art 52	F
		17	—	Art. 64	F
		18	—	Art. 65	F
		19	—	Art. 66	F
		20	—	Art. 67	F

LIST of AMENDMENTS—Continued

<i>Delegation.</i>	<i>Number of the Amendment.</i>	<i>Draft Peace Treaty.</i>	<i>Amendment Referring to:</i>	<i>Language of Original Draft.</i>
YUGOSLAVIA—Con.	21	—	Art. 68	F
	22	—	Art. 69	F
	23	—	Art. 70	F
	24	—	Annex 3	F
	25	—	Annex 3 <i>a</i>	F
	26	—	Annex 8	F
	27	—	Annex 9, permanent Statute	F
	28	—	Annex 9, provisional Govt	F
	29	—	Annex 9, free Port	F
	30		Hungary	F
	31	—	Art. 2	F
	32	—	Art. 3	F
	33	—	Art. 9	F
	34	—	Art. 22	F
	35	—	Art. 22 <i>a</i>	F
	36	—	Art. 23	F
	37	—	Art. 27	F
	38	—	Art. 29	F
	39	—	Annex 7	F
		Annex 8	F	

AMENDMENTS PROPOSED BY THE DELEGATION OF AUSTRALIA
PEACE TREATY WITH ITALY

C.P.(Gen) Doc. 1.B.1.

PREAMBLE

Fourth Recital to be amended to read as follows :

“Whereas the Allied and Associated Powers and Italy are respectively desirous of concluding a Treaty of Peace which, *conforming to the principles of justice and equity and securing to all persons in territories affected by it human rights and fundamental freedoms without distinction as to race, sex, language or religion*, will settle questions still outstanding as a result of the events hereinbefore recited and form the basis of friendly relations between them, thereby enabling the Allied and Associated Powers to support Italy’s application to become a member of the United Nations and also to adhere to any convention concluded under (the auspices of) the Charter of the United Nations.”

Similar amendment in the case of :

- Roumania;
- Bulgaria;
- Hungary;
- Finland.

C.P.(Gen) Doc. 1.B.2.

ARTICLES 1 TO 12

NOTE.—While no amendment is being put forward at this stage, the Australian Delegation will seek in each Political Commission the appointment of a Committee of Investigation to report on the relevant facts in relation to boundaries which may be still in dispute. The following resolution will be moved :

“This Commission agrees to set up a Committee to examine all documents (including those placed before the Council of Foreign Ministers) which it considers relevant to the (particular boundary question in dispute), and to report to the Commission the relevant facts, making such recommendations as it thinks fit, having particular regard to the principles stated in the Atlantic Charter and the principles stated in Article 55 of the United Nations Charter.”

C.P.(Gen)Doc. 1.B.3.

ARTICLE 5

Redraft paragraph 3 to read:

“Any questions which the Commissions are unable to agree upon will be referred to *representatives of the U.S.A., France, U.K., and U.S.S.R. and three countries other than the aforesaid countries elected by the Conference of Paris*, acting as provided in Articles 75 and 76 for final settlement by such methods as they may determine. (Including, where necessary, the appointment of an impartial third Commissioner).”

NOTE.—See below for proposed amendment to Articles 75 and 76.

C.P.(Gen)Doc. 1.B.4.

ARTICLE 13

Add the following new paragraphs:

4. “The State to which the territory is transferred shall take all measures necessary to secure to all persons within the territory, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political opinion and of public meeting.

5. The State undertakes that, in order to fulfil its obligations under paragraph 4 of this article, those obligations shall be recognized as fundamental laws and that no law, regulation, or official action shall conflict or interfere with those obligations, nor shall any law, regulation, or official action prevail over them.”

C.P.(Gen)Doc. 1.B.5.

ARTICLE 14

Add new paragraph (2) :

2. “Italy undertakes that, in order to fulfil its obligations under paragraph 1 of this article, those obligations shall be recognized as fundamental laws and that no law, regulation or official action shall conflict or interfere with those obligations, nor shall any law, regulation or official action prevail over them.”

C.P.(Gen)Doc. 1.B.6.

ARTICLE 16

Australian proposals regarding the Treaty and Statute will modify the principles set down under Article 16 and stated as being agreed

upon by the Council of Foreign Ministers, *inter alia*, in the following respects:

a. The proposed assurance of the Security Council should be replaced by the principle that all parties to the Treaty shall undertake to refrain from the threat or use of force against the territorial integrity or political independence of the Free Territory of Trieste;

b. The administrative matters mentioned in Article 16, including the appointment of Governor and reports by the Governor, should be the responsibility not only of the Four Powers which drafted the Treaty, but of those Powers together with three countries nominated by the Conference of Paris;

c. The Statute should be drafted by the Conference of Paris and approved by it. (No approval by the Security Council could or should be required.)

C.P. (Gen) Doc. 1.B.7.

ARTICLE 17

Amend paragraph 3 to read:

“The final disposal of these possessions shall be determined jointly by the Governments of the U.S.A., France, U.K. and U.S.S.R. and of three of the other Allied and Associated Powers elected by the signatories of the present treaty, within one year of the coming into force of the present treaty [in the manner laid down in the joint declaration of (date) issued by the said Governments].² *Failing agreement by these Governments within one year the question shall be referred to a meeting of the Allied and Associated Powers represented at the Conference of Paris.*

C.P. (Gen) Doc. 1.B.8.

ARTICLES 48 AND 58

Redraft article 48 to read, and similarly amend article 58:

“The question of the disposal of the excess units of the Italian Navy shall be referred to the Security Council of the United Nations for consideration by it in relation to its duty to make plans for the establishment of a system for the regulation of armaments, and the disposal of the excess units shall aide by the formulation by the Security Council of such plans. In the event of no such plans being formulated within three months from the coming into force of this Treaty, the excess units shall be destroyed or otherwise rendered incapable of use for warlike purposes.”

² Brackets appear in the source text.

Similar amendments for Treaties on :

- Roumania;
- Bulgaria;
- Hungary;
- Finland.

C.P.(Gen) Doc. 1.B.9.

ARTICLE 64

This article to be redrafted to read :

1. "Italy recognizes the claims of U.S.S.R. and other Allied and Associated Powers (names of countries to be inserted) for reparation for losses caused by the action of Italian Forces during the war. Taking into consideration, however, that Italy not only withdrew from the war against the United Nations but declared, and in fact waged, war against Germany, it is agreed that compensation for the losses referred to shall be paid not in full but only in part;

2. "The total amount to be paid by Italy in reparation shall be determined within a period of six months from the date of coming into force of the present Treaty, by the Reparation and Restitution Commission established under Article . . .³ (See proposed new article 64A). In making this determination the Commission shall have regard to the reasonable capacity to pay of the Italian economy and shall not impose such a burden upon Italy as to endanger her economic stability or check unduly the post-war recovery of her industry and trade;

3. "Reparations shall be provided in the following manner :

a. Italian assets in Roumania, Bulgaria and Hungary, subject to the exceptions specified in paragraph 5 of Article 69, shall be transferred to the U.S.S.R. at a value fixed by the Reparations and Restitution Commission and shall be accepted by the U.S.S.R. as satisfaction of its claim to the extent of that value;

b. "The balance of the total amount determined by the Commission shall be provided by a series of payments in dollars, sterling or other currencies approved by the Commission, calculated as a percentage of the value of Italy's exports each year. The Commission may adjust the sums payable each year according to the economic position of Italy, and the payments shall be spread over a period of not less than five, but not more than ten years from the date of coming into force of the present treaty.

4. "The sums provided under the provisions of paragraph 3 *b.* of this article, after deduction of the administrative expenses of the Commission, shall be distributed among the States which, in the judgment of the Commission, are entitled to reparations in accordance

³ Marks of ellipsis throughout the proposed amendments occur in the source texts.

with shares to be determined by the Commission, taking into consideration :

a. The losses the claimant States have suffered through the action of Italian Forces in the war ;

b. The value of the Italian assets to be transferred to the U.S.S.R. in accordance with the provisions of paragraph 3 *a.* of this article ; and

c. The value as determined by the Commission of any other property transferred to claimant States since the Armistice between Italy and the Allied and Associated Powers.”

(Similar redraft to be made of corresponding article in Treaties with Bulgaria and Hungary except that paragraphs 3 *a.* and 4 *b.* will not apply.)

C.P. (Gen.) Doc. 1.B.10.

ARTICLE 64 A

Insert the following new article after Article 64 :

1. “There shall be a Reparation and Restitution Commission composed of representatives of the U.S.A., France, U.K., and U.S.S.R., and of three of the other Allied and Associated Powers elected by the Conference of Paris ;

2. “The Commission shall supervise the execution of the provisions of the present Treaty with respect to reparation and restitution and shall be the agent of the Allied and Associated Powers signatories to the present treaty in all further dealings with the Italian Government on these matters. It shall collect the sums payable by Italy for reparation and shall apply them in accordance with Article 64 of the present treaty. The Commission may delegate to any of its members responsibility for particular dealings or particular classes of dealings ;

3. “The Commission shall, upon the application of the Italian Government, assist in having returned to Italy any identifiable Italian property, being of literary, artistic, historical or religious value, which was removed by force or duress or unlawfully taken from Italy during the war or since the Armistice between Italy and the Allied and Associated Powers ;

4. “The Commission shall undertake such other similar functions as may [be] assigned to it by any other Treaty of Peace made by any of the Allied and Associated Powers with Roumania, Bulgaria, Hungary, Finland, Austria or Germany.

5. “The Commission shall determine its own procedure.”

Similar articles for Treaties for :

- Roumania ;
- Bulgaria ;
- Hungary ;
- Finland.

C.P.(Gen)Doc. 1.B.11.

NEW ARTICLES TO BE INCLUDED IN PART VIII

“The Government of Italy shall apply for membership of the Food and Agricultural Organisation of the United Nations, the International Wheat Council, the International Health Organisation, and such other economic and social organisations as shall be brought into relationship with the United Nations, and shall co-operate with all those bodies in carrying out their decisions and recommendations. The Governments signatory to this Treaty undertake to support any such application made by the Government of Italy.”

Similar articles for inclusion in Treaties for :

- Roumania;
- Bulgaria;
- Hungary;
- Finland.

C.P.(Gen)Doc. 1.B.12.

ARTICLE 68

In paragraph 8 *a.*, delete the words :

“Provided that they also had this status at the date of the Armistice with Italy.”

Similar amendments in :

- Article 23.—Hungary;
- Article 24.—Roumania;
- Article 22.—Bulgaria;
- Article 24.—Finland.

C.P.(Gen)Doc. 1.B.13.

Add new Part :

Part X: Court of Human Rights

72. A. “There is hereby established a European Court of Human Rights. The Court shall be constituted and shall function in accordance with the Articles contained in this Part and in the annexed Statute of the Court which forms an integral part of this Treaty.

72 B. “The Court shall have jurisdiction to hear and determine all disputes concerning the rights of citizenship and enjoyment of human rights and fundamental freedoms provided for in this Treaty or in any Statute made under this Treaty. Subject to such conditions and restrictions as shall be contained in the Statute of the Court, the

jurisdiction of the Court shall be both original and appellate, and shall also extend to questions of interpretation arising in such disputes as are brought before administrative tribunals or administrative authorities.

72 C. "The appellate jurisdiction shall extend to appeals from all decisions of the courts of the States bound by the obligations contained in Article 13 and 14 of this Treaty, in which any question arises as to the rights of citizenship or the enjoyment of human rights, or fundamental freedoms.

72 D. "The Court shall be open to any person or group of persons resident in Italy or in the territories ceded by Italy to other States. It shall also be open to any of the States signatories to this Treaty.

72 E. "Each of the States referred to in Article 72 D. and its instrumentalities shall comply with the judgment of the Court in any case to which the State is a party and with any order which the Court may make against it.

72 F. "Any judgment or order made by the Court in favour of any person or group of persons within the jurisdiction of any such States shall be fully effective according to its terms and the State or States affected by the judgment or order undertake to enforce it accordingly.

72 G. "Each of the States bound by the obligations contained in Articles 13 and 14 of this Treaty undertakes that the provisions contained in Articles 72 A. to 72 F. shall be recognized as fundamental laws and that no law, regulation or official action conflict or interfere with these provisions, nor shall any law, regulation or official action prevail over them.

72 H. "The Court shall also have jurisdiction, both original and appellate, to hear and determine disputes concerning such rights of citizenship and enjoyment of human rights and fundamental freedoms as shall be provided for in the treaties of peace which will be made by any of the Allied and Associated Powers with Roumania, Bulgaria, Hungary, Finland, Austria or Germany.

72 I. "The Court shall be composed of a body of independent judges, selected according to the standards laid down by the Charter of the United Nations for the election of judges of the International Court of Justice.

72 J. "The Court shall consist of not less than three members appointed in the manner set out in the annexed Statute of the Court.

72 K. "The Court shall make an annual report to the Economic and Social Council of the United Nations on the working of the Court in relation to the rights and freedoms within its jurisdiction. The Court may also make other reports to that Council if and when it thinks proper to do so."

Similar provisions in Treaties with :

- Roumania ;
- Bulgaria ;
- Hungary ;
- Finland.

C.P.(Gen)Doc. 1.B.14.

ARTICLE 72

Redraft U.K. proposal to read :

Any disputes which may arise in connection with Articles 65 and 63 and Annexes 6, 7 and 8 of the present Treaty shall be referred to a Conciliation Commission composed of an equal number of representatives of the United Nations Government concerned and of the Italian Government. If agreement has not been reached within three months of the dispute having been referred to the Conciliation Commission, the "*dispute shall be referred to the Treaty Executive Council constituted by Article 75*" (see Australian amendment to Article 75) and if not resolved by that Council within a period of two months, the dispute shall at the request of any party to the dispute be referred to the International Court of Justice.

Similar provisions for Treaties for :

- Roumania ;
- Bulgaria ;
- Hungary ;
- Finland.

C.P.(Gen)1.B.15.

ARTICLE 75

Redraft Article 75 to read :

1. "There shall be a Treaty Executive Council composed of representatives of the U.S.A., France, the U.K. and U.S.S.R. and of three of the other Allied and Associated Powers elected by the Conference of Paris. The Council shall determine its own procedure. The Council shall represent the Allied and Associated Powers in dealing with the Italian Government in all matters concerning the interpretation and execution of the present Treaty other than those matters which are otherwise provided for under the Treaty.

2. "The Council shall give the Italian Government such guidance, technical advice and clarification as may be necessary to ensure rapid and efficient compliance with the spirit and terms of the present Treaty.

3. "The Italian Government undertakes to afford the Council all necessary information and any assistance it may require in the fulfilment of the tasks devolving on it under the present Treaty".

NOTE.—The Australian delegation reserves the right to introduce a proposal making the Treaty Executive Council the continuing executive of the Peace Conference of Paris with jurisdiction in all matters arising out of the Treaties including those relating articles concerning Italian Colonies.

(Article 17), Administration of Trieste; (Article 16), Conciliation; (Article 72), Revision of Treaties, Reparations (Article 64).

C.P.(Gen) Doc. 1.B.16.

ARTICLE 76

Redraft U.K., U.S. and French proposal to read:

"Except where any other procedure is specifically provided under any article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be referred to the Treaty Executive Council and if not resolved by it within a period of two months shall at the request of any party to any dispute, be referred to the International Court of Justice."

C.P.(Gen) Doc. 1.B.17.

PART XII

Insert the following new article in Part XII:

1. "A Conference of the Allied and Associated Powers for the purpose of reviewing the Treaty or any part thereof may be held at a date and place to be fixed by a majority vote of two-thirds of the members of the Treaty Executive Council constituted by Article 75.

2. "Any amendments of the Treaty recommended by a majority vote of two-thirds of the Conference shall take effect when ratified in accordance with their respective constitutional processes by two-thirds of the Allied and Associated Powers including the U.S.A., France, the U.K. and the U.S.S.R.

3. "If such a Conference has not been held before the expiration of five years from the coming into force of the present Treaty, a Conference shall be held if so decided by a simple majority vote of the members of the Treaty Executive Council."

NOTE.—The Australian Delegation reserves the right to alter, modify or extend the above amendments and additions proposed.

AMENDMENTS PROPOSED BY THE DELEGATION OF AUSTRALIA
PEACE TREATY WITH ROUMANIA

C.P.(Gen)Doc.1.B.18.

PREAMBLE

See C.P.(Gen)Doc.1.B.1.

C.P.(Gen)Doc.1.B.19.

CEDED TERRITORIES

See C.P.(Gen)Doc.1.B.4.

C.P.(Gen)Doc.1.B.20.

GENERAL CLAUSES

See C.P.(Gen)Doc.1.B.5.

C.P.(Gen)Doc.1.B.21.

SURPLUS UNITS—NAVY

See C.P.(Gen)Doc.1.B.8.

C.P.(Gen)Doc.1.B.22.

REPARATION, RESTITUTION

See C.P.(Gen)Doc.1.B.10.

C.P.(Gen)Doc.1.B.23.

U.N.O.

See C.P.(Gen)Doc.1.B.11.

C.P.(Gen)Doc.1.B.24.

ARTICLE 22

Redraft Article to read:

1. "Losses caused to the Soviet Union by military operations and by the occupation by Roumania of Soviet territory will be made good by Roumania to the Soviet Union. Taking into consideration, however, that Roumania not only withdrew from the war against the United Nations, but declared and in fact waged war against Germany, it is agreed that compensation for the losses referred to shall be made by Roumania not in full but only in part.

2. "The total amount to be paid by Roumania in reparation shall be determined within a period of six months from the date of coming into force of the present Treaty, by the Reparation and Restitution Commission established under Article 23A. (See immediately follow-

ing proposed new article). In making this determination, the Commission shall have regard to the reasonable capacity to pay of the Roumanian economy and shall not impose such a burden upon Roumania as to endanger her economic stability or check unduly the post-war recovery of her industry and trade.

3. "The Commission shall determine the value of the commodities transferred by Roumania to the Soviet Union under the terms of the Armistice Agreement of September 12th, 1944, and of any other Roumanian property that may have Roumania and the Allied and Associated Powers. The total amount of such transfers shall be taken into account by the Commission as part of the reparations due from Roumania to the Soviet Union.

4. "The balance of the total amount determined by the Commission shall be provided by a series of payments in dollars, sterling or other currencies approved by the Commission, calculated as a percentage of the value of Roumania's exports each year. The Commission may adjust the sums payable each year according to the economic position of Roumania, and the payments shall be spread over a period of not less than five, but not more than ten years from the date of coming into force of the present Treaty. The sums provided under this paragraph after deduction of the administrative expenses of the Commission, will be paid by the Commission to the Soviet Union. In view of the provisions of this paragraph, no further transfers of commodities, as envisaged in the Armistice Agreements, shall be made after the date of coming into force of the present Treaty."

NOTE.—This redraft is based on assumption that Russia is the only claimant. Similar redraft would apply to Finland. In the event of claims by others, the redraft would follow that submitted in the case of Italy, Bulgaria and Hungary.

C.P. (Gen) Doc.1.B.25.

ARTICLE 23 A

Insert the following new article after Article 23 :

1. "The Reparation and Restitution Commission constituted under Article 64 A (see Australian proposed new Article) of the Peace Treaty with Italy shall supervise the execution of the provisions of the present Treaty with respect to reparation and restitution and shall be the agent of the Allied and Associated Powers signatory to the present Treaty in all further dealings with the Roumanian Government on these matters.

2. "The Commission shall collect the sums payable by Roumania for reparation and shall apply them in accordance with Article 22

of the present Treaty. It may delegate to any of its members responsibility for particular dealings or particular classes of dealings.

3. "The Commission shall, upon the application of the Roumanian Government, assist in having returned to Roumania any identifiable property being of literary, artistic, historical or religious value, which was removed by force or duress or unlawfully taken from Roumania during the war or since the Armistice between Roumania and the Allied and Associated Powers.

4. "The Commission shall determine its own procedure."

Similar new article to be included in Treaty for:

- Hungary;
- Bulgaria;
- Finland.

C.P.(Gen) Doc.1.B.26.

ARTICLE 24

See C.P.(Gen) Doc.1.B.12.

C.P.(Gen) Doc.1.B.27.

HUMAN RIGHTS

See C.P.(Gen) Doc.1.B.13.

C.P.(Gen) Doc.1.B.28.

CONCILIATION COMMISSION

See C.P.(Gen) Doc.1.B.14.

C.P.(Gen) Doc.1.B.29.

TREATY EXECUTIVE COUNCIL

See C.P.(Gen) Doc.1.B.15.

C.P.(Gen) Doc.1.B.30.

INTERPRETATION AND EXECUTION OF THE TREATY

See C.P.(Gen) Doc.1.B.16.

C.P.(Gen) Doc.1.B.31.

REVIEWING CONFERENCE

See C.P.(Gen) Doc.1.B.17.

AMENDMENTS PROPOSED BY THE DELEGATION OF AUSTRALIA
PEACE TREATY WITH BULGARIA

C.P.(Gen) Doc.1.B.32.

PREAMBLE

See C.P.(Gen) Doc.1.B.1.

C.P.(Gen)Doc.1.B.33.

CEDED TERRITORY

See C.P.(Gen)Doc.1.B.4.

C.P.(Gen.)Doc.1.B.34.

GENERAL CLAUSES

See C.P.(Gen)Doc.1.B.5.

C.P.(Gen)Doc.1.B.35.

SURPLUS UNITS—NAVY

See C.P.(Gen)Doc.1.B.8.

C.P.(Gen)Doc.1.B.36.

REPARATION

See C.P.(Gen)Doc.1.B.9.

C.P.(Gen)Doc.1.B.37.

REPARATION, RESTITUTION

See C.P.(Gen)Doc.1.B.10.

C.P.(Gen)Doc.1.B.38.

U.N.O.

See C.P.(Gen)Doc.1.B.11.

C.P.(Gen)Doc.1.B.39.

ARTICLE 22

See C.P.(Gen)Doc.1.B.12.

C.P.(Gen)Doc.1.B.40.

REPARATION, RESTITUTION

See C.P.(Gen)Doc.1.B.25.

C.P.(Gen)Doc.1.B.41.

HUMAN RIGHTS

See C.P.(Gen)Doc.1.B.13.

C.P.(Gen)Doc.1.B.42.

CONCILIATION COMMISSION

See C.P.(Gen)Doc.1.B.14.

C.P.(Gen) Doc.1.B.43.

TREATY EXECUTIVE COUNCIL

See C.P.(Gen) Doc.1.B.15.

C.P.(Gen) Doc.1.B.44

INTERPRETATION AND EXECUTION OF THE TREATY

See C.P.(Gen) Doc.1.B.16.

C.P.(Gen) Doc.1.B.45.

REVIEWING CONFERENCE

See C.P.(Gen) Doc.1.B.17.

AMENDMENTS PROPOSED BY THE DELEGATION OF AUSTRALIA
PEACE TREATY WITH HUNGARY

C.P.(Gen) Doc.1.B.46.

PREAMBLE

See C.P.(Gen) Doc.1.B.1.

C.P.(Gen) Doc.1.B.47.

CEDED TERRITORIES

See C.P.(Gen) Doc.1.B.4.

C.P.(Gen) Doc.1.B.48.

GENERAL CLAUSES

See C.P.(Gen) Doc.1.B.5.

C.P.(Gen) Doc.1.B.49.

SURPLUS UNITS—NAVY

See C.P.(Gen) Doc.1.B.8.

C.P.(Gen) Doc.1.B.58.

REPARATION

See C.P.(Gen) Doc.1.B.9.

C.P.(Gen) Doc.1.B.51.

REPARATION, RESTITUTION

See C.P.(Gen) Doc.1.B.10.

C.P.(Gen) Doc.1.B.52.

U.N.O.

See C.P.(Gen) Doc.1.B.11.

C.P.(Gen) Doc.1.B.53.

ARTICLE 23

See C.P.(Gen) Doc.1.B.12.

C.P.(Gen) Doc.1.B.54.

REPARATION, RESTITUTION

See C.P.(Gen) Doc.1.B.25.

C.P.(Gen) Doc.1.B.55.

HUMAN RIGHTS

See C.P.(Gen) Doc.1.B.13.

C.P.(Gen) Doc.1.B.56.

CONCILIATION COMMISSION

See C.P.(Gen) Doc.1.B.14.

C.P.(Gen) Doc.1.B.57.

TREATY EXECUTIVE COUNCIL

See C.P.(Gen) Doc.1.B.15.

C.P.(Gen) Doc.1.B.58.

INTERPRETATION AND EXECUTION OF THE TREATY

See C.P.(Gen) Doc.1.B.16.

C.P.(Gen) Doc.1.B.59.

REVIEWING CONFERENCE

See C.P.(Gen) Doc.1.B.17.

AMENDMENTS PROPOSED BY THE DELEGATION OF AUSTRALIA
PEACE TREATY WITH FINLAND

C.P.(Gen) Doc.1.B.60.

PREAMBLE

See C.P.(Gen) Doc.1.B.1.

C.P.(Gen) Doc.1.B.61.

CEDED TERRITORIES

See C.P.(Gen) Doc.1.B.4.

C.P.(Gen) Doc.1.B.62.

GENERAL CLAUSES

See C.P.(Gen) Doc.1.B.5.

C.P.(Gen) Doc.1.B.63.

SURPLUS UNITS—NAVY

See C.P.(Gen) Doc.1.B.8.

C.P.(Gen) Doc.1.B.64.

REPARATION, RESTITUTION

See C.P.(Gen) Doc.1.B.10.

C.P.(Gen) Doc.1.B.65.

U.N.O.

See C.P.(Gen) Doc.1.B.11.

C.P.(Gen) Doc.1.B.66.

ARTICLE 24

See C.P.(Gen) Doc.1.B.12.

C.P.(Gen) Doc.1.B.67.

REPARATION

See C.P.(Gen) Doc.1.B.24.

C.P.(Gen) Doc.1.B.68.

REPARATION, RESTITUTION

See C.P.(Gen) Doc.1.B.25.

C.P.(Gen) Doc.1.B.69.

HUMAN RIGHTS

See C.P.(Gen) Doc. 1.B.13.

C.P.(Gen)Doc.1.B.70.

CONCILIATION COMMISSION

See C.P.(Gen)Doc.1.B.14.

C.P.(Gen)Doc.1.B.71.

TREATY EXECUTIVE COUNCIL

See C.P.(Gen)Doc.1.B.15.

C.P.(Gen)Doc.1.B.72.

INTERPRETATION AND EXECUTION OF THE TREATY

See C.P.(Gen)Doc.1.B.16.

C.P.(Gen)Doc.1.B.73.

REVIEWING COMMISSION

See C.P.(Gen)Doc.1.B.17.

AMENDMENT PROPOSED BY THE DELEGATION OF BELGIUM
PEACE TREATY WITH ITALY

C.P.(Gen)Doc.1.C.1.

ARTICLE 44

The military clauses of the various draft Treaties contain an Article prohibiting the possession or construction of, or experiments with, self-propelled or guided missiles and certain other arms (Art. 44 of the Treaty with Italy). These Articles do not prohibit research dealing with the application of nuclear energy to military purposes.

In order to prohibit such research, the above-mentioned Article should be completed by the following paragraph :

“She shall not, for military purposes, engage in research concerned with the application or development of nuclear energy.”

AMENDMENT PROPOSED BY THE DELEGATION OF BELGIUM
PEACE TREATY WITH ROUMANIA

C.P.(Gen)Doc.1.C.2.

ARTICLE 14

See C.P.(Gen)Doc.1.C.1.

AMENDMENT PROPOSED BY THE DELEGATION OF BELGIUM
PEACE TREATY WITH BULGARIA

C.P.(Gen)Doc.1.C.3.

ARTICLE 12

See C.P.(Gen)Doc.1.C.1.

AMENDMENT PROPOSED BY THE DELEGATION OF BELGIUM
PEACE TREATY WITH HUNGARY

C.P.(Gen)Doc.1.C.4.

ARTICLE 13

See C.P.(Gen)Doc.1.C.1.

AMENDMENT PROPOSED BY THE DELEGATION OF BELGIUM
PEACE TREATY WITH FINLAND

C.P.(Gen)Doc.1.C.5.

ARTICLE 16

See C.P.(Gen)Doc.1.C.1.

AMENDMENTS PROPOSED BY THE DELEGATION OF BYELORUSSIA
PEACE TREATY WITH ITALY

C.P.(Gen)Doc.1.D.1.

ARTICLE 3

Amendment to Article 3

The boundary between Yugoslavia and Italy starts from a point situated at Peć. (1509 m.) and follows in a southerly direction the line known as the "French line" up to a point south of the village of Robedischis. It then continues in a southerly direction up to M. Joanez (1.168 m.). It extends further in a south-easterly direction leaving in Yugoslavia the villages of Pulfero, Savogna and S. Leonardo and in Italy the villages of S. Pietro al Natisone and Azzida. From the junction of the Cosizza and Arbezze rivers it continues south, crossing Castelmonte (618 m.), and joins the river Judrio at a point situated 1 km. east of the village of Fragielis.

It follows the river Judrio up to a point east of the village of Prepetto and continues southerly, leaving in Italy the villages of Dolegna, and Rutars, and in Yugoslavia the villages of Mernico, Nebola and Barbana. The frontier then extends in an easterly direc-

tion, leaving in Italy the towns and villages of Cormons, Capriva di Cormons, Mossa and Lucinico, and in Yugoslavia the villages of Medana and Vipulzano, and the marshes south of these villages. At a point situated between the village of Lucinico and M. Calvario (240 m.) the boundary turns southwards, passes the railway between Lucinico and Gorizia and joins the river Isonzo at the junction of the latter with the river Vipacco.

Thence, the line continues southwards crossing M. San Michele (274 m.), leaving in Italy the villages of S. Martino del Carso, Vermeigliano and Cave di Sels and the town of Monfalcone, and in Yugoslavia, the villages of Devetachi, Doberdo del Lago, Jamiano and S. Giovanni. It reaches the Adriatic at the mouths of the Timavo between Monfalcone and S. Giovanni.

C.P.(Gen)Doc.1.D.2.

ARTICLE 16

Amendment to Article 16

The frontier between Yugoslavia and the Free Territory of Trieste shall follow a line extending eastward from a point situated on the coast between Miramare and Cedas, so as to include the village of Opicina within the boundaries of the Free Territory, and to leave the railway lines between Opicina and Gorizia, and Opicina and S. Pietro del Carso, and their junction with the railway station at Opicina within Yugoslav territory. From thence the line shall run in the direction of Monte dei Pini (476 m.) and shall continue south-eastwards, leaving the villages of Grogada and Basovizza in the Free Territory and the village of Grozzana in Yugoslavia. Between Basovizza and Grozzana, the line shall run southward, leaving the villages of Bagnoli, San Dorligo della Valle and Prebenigo in the Free Territory, and San Servolo in Yugoslavia.

At a point situated between Prebenigo and Ospio, the line shall turn westward, leaving the village of Plavia in the Free Territory and the villages of Antignano and Cravantini in Yugoslavia, and rejoining the Adriatic at the Cape of Punta Grossa.

AMENDMENTS PROPOSED BY THE DELEGATION OF BRAZIL
PEACE TREATY WITH ITALY

C.P.(Gen)Doc.1.E.1.

PREAMBLE

In the third paragraph, add after the words "under the pressure of military events": the following: "and of responsible elements of Italian public opinion".

Justification

The Brazilian Delegation is convinced that the pressure of military events was not solely responsible for the overthrow of the Fascist regime in Italy. There were in Italy a considerable number of anti-fascist elements, who suffered under the yoke of the regime and had long entertained hopes of liberation. Military events simply furnished them with an opportunity to act.

It is precisely because a considerable portion of the Italian people understood that their cause was bound up with that of the democratic powers, that Italy was able to contribute "with substantial military forces"—as recognised by the Potsdam Declaration—to the defeat of Germany.

C.P. (Gen) Doc.1.E.2.

ARTICLES 3 AND 4

Substitute for these two articles the following :

"The frontier between Italy and Yugoslavia shall be determined jointly by the Governments of the United States of America, France, the United Kingdom and the U.S.S.R., within a period of one year from the coming into force of the Treaty.

For this purpose, the Council of Foreign Ministers shall appoint a fresh Committee of Experts for the study of the question. This Committee should take into consideration not only ethnic, geographical and economic factors, but also the possibility of creating a free territory, capable of independent existence, between Italy and Yugoslavia.

Until the Four Powers have taken a final decision, the existing military occupation shall be maintained up to the so-called "Morgan line".

Justification

When the Council of Foreign Ministers decided in London, on 19th September 1945, to set up a Committee of Experts to report on a frontier line which should, generally speaking, follow the line of ethnic separation, the question of setting up a Free Territory of Trieste had not yet been mooted. It was only much later, after the Committee of Experts had presented its report, that the Four Ministers, by a decision taken on 3rd July last, agreed that the Free Territory of Trieste should be constituted. The whole aspect of the problem therefore changed enormously and the original plan should have been revised, all the more so as the creation of this Free Territory was almost exclusively at the expense of the territory attributed to Italy by the so-called "French line", adopted as the line of demarcation between Italy and Yugoslavia.

It should be noted that the French line itself was much less favourable to Italy than the lines proposed by Great Britain and the United States of America, and left a considerable portion of Western Istria on the Yugoslav side, including a number of towns and villages, where, as recognised by the Committee of Experts itself, the Italians represented “the majority, and in certain cases, almost the entire population”.

C.P.(Gen) Doc.1.E.3.

ARTICLE 13

Delete the words: “In accordance with legislation to be introduced to that effect by that State within three months of the coming into force of the present Treaty.”

Article 13 to read as follows:

“The Italian citizens who were domiciled on June 10th, 1940, in territory transferred by Italy to another State, under the present Treaty, *and who are still domiciled in this territory at the date of the present Treaty* shall, except as provided in the following paragraph, become citizens of the *State to which* the territory is transferred with full civil and political rights *as granted to nationals of the successor State*. Upon becoming citizens of the State concerned, they shall lose their Italian citizenship.”

(The words underlined have been added to the existing text.)

Delete paragraph 3.

Maintain paragraph 4, as proposed by the United States Delegation.

Justification

1. The alteration proposed would appear to be necessary, since otherwise the new nationality which is being imposed would be conferred on Italian nationals who, subsequent to 10th June 1940, had transferred their domicile elsewhere. But there would seem to be no reason to impose a new nationality on such persons: for by changing their domicile they would have severed the legal tie which bound them to the territory and which would justify imposing on the nationality of the State to which the territory is being transferred;

2. The words “in accordance with legislation”, etc., have the disadvantage of possibly restricting the “full civil and political rights” referred to above, all the more so as, under the original text, the manner of determining or guaranteeing such rights would be left to the discretion of the successor State.

3. The possibility of requiring persons who have opted for Italian nationality to move into Italy is unjust, particularly if it applies to the

Free Territory of Trieste. There is no objection to such persons remaining in the territory where they have elected domicile. The late French juriconsult Paul Fauchille in his "Traité de Droit international public" has explained why certain peace treaties insist on this requirement; and referring to the nationality imposed as the result of annexation of territory, he states: "If the States which have agreed to a cession of territory continue to maintain good neighbourly relations, it is of little moment to the State to which the territory is transferred that persons who have remained the nationals of the State ceding the territory should remain on its own. But this is not the case when cession is imposed by force *as the result of conquest*. The continued presence in the ceded territory of persons who have remained citizens of the defeated State might be seriously inconvenient and embarrassing to the victorious State."

It may be added that, if the State to which the territory is transferred is given the right to require all persons who have opted in favour of Italian nationality to withdraw, this measure might result in serious difficulties arising from a very large number of persons being compelled to change their domicile.

4. The United States' proposal referred to (Article 13, § 4) speaks for itself. Everyone at this Conference must agree that the rights of man and the fundamental freedoms should be universally guaranteed; but to avoid possible difficulties in this connection, it should be laid down as clearly as possible that the State to which the territory is being transferred must take all necessary measures for ensuring that persons inhabiting the ceded territory should enjoy those rights and freedoms which are specified in the proposal of the United States Delegation.

C.P.(Gen)Doc.1.E.4.

ARTICLE 16

Delete this article, for the same reasons as those explained in connection with the amendment to Articles 3 and 4.

C.P.(Gen)Doc.1.E.5.

ARTICLE 17

Modify this article, substituting the following for the existing text:

1. "Italy renounces all right and title to the following Italian territorial possessions: i.e. Lybia (excepting Cyrenaica), Eritrea, and Italian Somaliland. These possessions shall be subject to the regime of international trusteeship, as set forth in Articles 77, 79 and 81 of the Charter of the United Nations. Italy shall be the authority entrusted

with the administration of these territories, as soon as they have been placed under this regime.

2. "The final disposal of the Italian possession of Cyrenaica shall be determined jointly by the Governments of the U.S.A., France, the United Kingdom and U.S.S.R. within a period of one year from the coming into force of the present Treaty and in accordance with the terms of the joint declaration made by these Governments on . . . (date). In the meanwhile, this possession shall continue to be subject to the control as at present of the occupation authorities, but Italian officials shall be afforded an equitable opportunity of participating in the civil administration."

Justification

At the meeting of the Council of Foreign Ministers on 10th May last, Mr. BIDAULT proposed that the Italian colonies in Africa should be placed under the international trusteeship system of the United Nations, and that Italy should be the power entrusted with their administration. This proposal was favorably received by two other Members of the Council, Mr. Molotov and Mr. Byrnes. The Representative of the United Kingdom, Mr. Bevin, appeared inclined to accept the proposal, except as regards Cyrenaica.

It would, therefore, seem that agreement was reached as regards the other Italian possessions; we suggest, therefore, that this proposal be adopted, and that the final decision as regards Cyrenaica should be adjourned.

The concluding portion of paragraph 2 of our amendment is intended to ensure that the military occupation of Cyrenaica shall be in conformity with the recognised principles of international law, in accordance with which occupation does not deprive the State, whose territory is occupied, of its sovereign rights over the territory in question, and leaves unchanged the administrative organisation and judicial system of the territory in question.

C.P. (Gen) Doc.1.E.6.

ARTICLE 40, PARAGRAPH 1 A

Add to the text of Article 40, paragraph 1, A, the following:

. . . "But Italy may maintain or build permanent fortifications, situated not less than 20 kms. from the frontier, solely for the purpose of ensuring the defence of her territory."

Justification

1. After examining the conditions of the Treaty of Peace with Italy, we note that the clause in Article 40, paragraph 1 a, contains the following words:

"1. The system of permanent Italian fortifications and military installations along the Franco-Italian frontier, and their armaments, shall be destroyed or removed."

2. To impose such a condition on Italy, in the light, moreover, of the precedent of the Treaty of Versailles which was imposed on Germany, would clearly result in Italy being deprived of her elementary right of defence against possible invasion, or other form of military aggression against her frontiers by land forces. The fact of preventing Italy from becoming a possible aggressor or disturber of the peace and thus preventing the outbreak of a fresh armed conflict, should not deprive that country, in our opinion, of the right to organise and maintain a system of fortifications along its frontier; for the country would otherwise be entirely at the mercy of its neighbours.

3. Although it is evidently very difficult to determine where the line between defensive and offensive action should be drawn, in other words to determine what constitute means of attack, and active or passive means of defence, *permanent fortifications* (subject to slight restrictions as regards their dispersal and use, as well as regards the range of the artillery employed) this should not deprive a nation of the elementary right of self-defence and of safeguards for its sovereignty, in the same way as individuals are entitled to defend their own homes; all the more so since being permanent and stationary, these fortifications cannot well be transformed into elements or means of aggression. On the contrary, they constitute aids to world peace; for by preventing territories being invaded, they would give the United Nations the necessary time for intervening in the conflict.

4. Under these conditions, and in view of the moral and military aspects of the clause in question, and without any other intentions than those based on respect for the principles of international right and justice, which are those by which Brazilian national policy is inspired, the Brazilian Delegation submits this amendment.

C.P.(Gen) Doc.1.E.7.

ARTICLE 41

Add to the text of Article 41, paragraph 1a, the following :

. . . "But Italy may maintain or build permanent fortifications, situated at a distance not less than 20 kms from the frontier, solely for the purpose of ensuring the defence of her territory."

C.P.(Gen) Doc.1.E.8.

ARTICLE 62

Add the following words to paragraph 1 :

“And in any case not later than 90 days from the entry into force of the present Treaty.”

Justification

It is a well-established principle of international law that peace, as stated by Luther, “deprives the condition of prisoner of war of its juridical basis and therefore requires that prisoners of war shall be liberated”. Peace treaties, consequently, specify that prisoners of war shall be repatriated as soon as possible after the treaty comes into force and be carried out with the utmost speed. Furthermore, Article 20 of the Hague Rules lays down that, “the repatriation of prisoners shall be carried out with the least possible delay”.

C.P.(Gen)Doc.1.E.9.

ARTICLE 64, PARAGRAPH 4

Article 64, paragraph 4 to read as follows :

The U.S.S.R. shall “if necessary” furnish to Italy, etc. . . .

Justification

Nothing should prevent Italy from being able to obtain the products and raw materials necessary for her industrial requirements, even if such commodities were intended to constitute reparation payments.

AMENDMENT PROPOSED BY THE DELEGATION OF CANADA PEACE TREATY WITH ITALY

C.P.(Gen)Doc.1.F.1.

ARTICLE 71

The Canadian Delegation proposes that Article 71 of the Draft Peace Treaty with Italy be amended as follows :

The words “18 months” in the second line of the first paragraph of this Article be deleted and the words “3 years” substituted therefor.

AMENDMENT PROPOSED BY THE DELEGATION OF CHINA PEACE TREATY WITH ITALY

C.P.(Gen)Doc.1.G.1.

(ITALIAN COLONIES)

1. The text of the draft treaty with Italy does not set forth any basis for an ultimate disposal of the colonial territories which Italy is called upon to renounce. The Chinese Delegation is of the opinion that this Conference should declare certain general principles upon which any

final decision on this question is to be based. In particular, the Chinese Delegation believes that the principles underlying the trusteeship system as elaborated in the Charter of the United Nations can be usefully invoked in this connection, and in the case of Libya, such principles might find first application through the creation of a trusteeship under the United Nations for this territory.

2. As this Conference is the first body to give consideration to the future of non-self-governing territories to be detached from enemy states, the Chinese Delegation wishes to see it clearly declared that the interests and desires of the inhabitants of those territories rather than the interests and desires of other states are to be taken as the paramount and controlling factor in any decision which may be made. Such a declaration will give heart to the peoples of the whole world who are watching with earnest attention the labours of the Paris Conference. There is anxious questioning in every corner of the globe as to whether the victors who emerged from the second world war would fulfil their war-time pledges to secure for the peoples of the world an early and ample opportunity to choose the form of government under which they wish to live. The adoption of such guiding principles at this Conference will serve as a valuable precedent for the immediate future when peace settlements have to be made in other parts of the world. It will be also taken as a reassuring indication of the new attitude and policy of Members of the United Nations in respect of colonial problems.

3. It is to be conceded that under the general principles outlined above the disposition of all the Italian colonies need not follow a uniform pattern. These colonies have to be dealt with according to their geographical situation, their economic conditions and, above all, the stage of development of the peoples concerned. When a territory is inhabited by a people whose development has reached a relatively advanced stage, the Chinese Delegation thinks it essential that the independence of such territory should be envisaged either immediately or within a definite and short period of time. There is no denying the fact the component parts of Libya, namely, Cyrenaica and Tripolitania, have become communities which have attained an advanced degree of development as compared not only with other Italian colonies but also with many other dependent areas in the world.

4. The Chinese Delegation would therefore like to see Libya attain a full measure of self-government through the granting of immediate independence. Should this not be considered feasible, it should be placed under the trusteeship of the United Nations for a definite and short period of time during which preparations for self-government

and independence would be completed. In the event of a trusteeship for Libya being created, it is of fundamental importance that the duration of the trusteeship should be explicitly fixed. This is necessary not only because the time limit will impose a responsibility on the administering authority to lose no time to promote to the utmost the well-being of the inhabitants of the territory but also because it will promote the confidence of the people in the territory that their independence can be achieved with certainty and they would thereby be spurred on to exert themselves for the attainment of independence. The mandate system under the League of Nations contemplated in no instance a time limit for the attainment of independence for the dependent peoples concerned, and this had been an inherent defect in the system which partly accounted for its failure to fulfil adequately the high purposes which underlay the system. It is therefore thought advisable that a short time limit should be specifically set to the trusteeship for Libya under the United Nations, in order that the eventual independence of Libya may be definitely envisaged at the present time.

5. In view of the above considerations, the Chinese Delegation wishes to propose that a recommendation in the name of the Conference be submitted to the Council of Foreign Ministers in the following sense:

(1) *The peace treaty with Italy should provide for the granting of immediate independence to Libya; or alternatively.*

(2) *The peace treaty with Italy should provide for the creation of a trusteeship under the United Nations for Libya, and the trusteeship agreement in question should contain a definite promise of independence after a fixed and short period of trusteeship.*

C.P.(Gen) Doc.1.G.2.

ARTICLES 18, 19 AND 20

These three Articles, with proposed changes incorporated, should read as follows:

ARTICLE 18

Italy renounces in favour of China all benefits and privileges resulting from the provisions of the final Protocol signed at Peking on September 7, 1901, and all annexes, notes and documents supplementary thereto, and agrees to the abrogation of the said protocol, annexes, notes and documents in respect of Italy. Italy likewise renounces any claim thereunder to an indemnity.

ARTICLE 19

Italy agrees to the cancellation of the lease from the Chinese Government under which the Italian Concession at Tientsin was

granted, and to the transfer to the Chinese Government of any property and archives belonging to the municipality of the said Concession.

ARTICLE 20

Italy renounces in favour of China the rights accorded to Italy in relation to International Settlements at Shanghai and Amoy, and agrees to the reversion of the said Settlements to the administration and control of the Chinese Government.

These alterations are proposed to bring the matters dealt with in stricter conformity with the existing situation. The proposed mention of the property belonging to the municipality of the Italian Concession in Tientsin is specified for the reason that the property of this character formerly pertaining to Concessions of other Powers was handed back to the Chinese Government when these Concessions were abolished. Alterations are proposed in the wording of the said three Articles because the matters concerned relate to the special interests of China not covered by other general clauses of the draft Treaty.

AMENDMENTS PROPOSED BY THE DELEGATION OF ETHIOPIA
PEACE TREATY WITH ITALY

C.P.(Gen)Doc.1.H.1.

ARTICLE 17, PARAGRAPH 3, LINE 1

Replace the words "these possessions" by the words "Libya and Italian Somaliland". Add, at the end of paragraph 3: "Eritrea is restored in full sovereignty to Ethiopia".

C.P.(Gen)Doc.1.H.2.

ARTICLE 28

Delete the clause in parenthesis.

Comment: The Italian Legation and Consulate General in Ethiopia were built upon premises belonging to the Ethiopian Government and placed at the disposal of the Italian Government so long as the same were to be used for diplomatic and consular purposes, subsequent to the Italian invasion, the Italian diplomatic and consular posts in Ethiopia were suppressed by the Italian Government and the premises utilised for military purposes. For these reasons the Ethiopian Delegation is not in position to accept the clause in parenthesis or the provisions of Article 69, paragraph 5*a*. The Ethiopian Government would be prepared, however, to assist the Italian Government in the acquisition of diplomatic and consular premises in Ethiopia.

After the final words of the first paragraph: "Italian State" add the following "as well as all para-statal property as defined in paragraph 1 of Annex 3 to the present Treaty".

C.P.(Gen)Doc.1.H.3.

ARTICLE 31

At the beginning of the article, add the phrase: "Within eighteen months following the entry into force of the present Treaty".

After the words: "religious objects", add "archives".

After the words "since October 3, 1935", add the following sentence, "Before the expiry of the period aforesaid, Italy will compensate the Ethiopian Government for all such objects and property which cannot be restored to Ethiopia or which have been damaged".

Add a second paragraph reading as follows:

"Italy undertakes to restore within a period of eighteen months from the date of entry into force of the present Treaty all gold and silver, including coin, looted by Italian troops or officials in Ethiopia or wrongfully removed, or to transfer to Ethiopia an amount of gold, or silver as the case may be, equal in weight and fineness to that looted or wrongfully removed. Italy further undertakes to waive all restrictions, attachments, oppositions and seizures effected in Italy or abroad as regards all property, rights and interests of the Ethiopian Government and of nationals of Ethiopia. Italy will further reimburse the Ethiopian Government at the rate of exchange in force at the time of utilisation or of seizure, all bank balances and credits whether in Italy or elsewhere, belonging to the Bank of Ethiopia (in liquidation)."

Add a third paragraph reading as follows:

"The date from which the provisions of the present Treaty shall become applicable as regards all measures, acts, and facts of any kind whatsoever entailing the responsibility of Italy or of Italian nationals towards Ethiopia, shall be held to be October 3, 1935. In particular, that date replaces the dates 'September 1, 1939 (article 66) June 10, 1940 (article 66)' and the phrase 'outbreak of war' (annex 6) of the present Treaty."

C.P.(Gen)Doc.1.H.4.

ARTICLE 68, PARAGRAPH 1, LINE 3

Between the words "shall" and "return", insert the phrase: "Within a period of eighteen months from the date of entry into force of the present Treaty."

C.P.(Gen)Doc.1.H.5.

ARTICLE 69, PARAGRAPH 5

Sub-paragraph b: Add after the words "charitable purposes" the words "other than property acquired or established during military occupation".

Add a sub-paragraph as follows:

"Sub-paragraphs *a* and *c* of the present article shall not apply to Ethiopia."

AMENDMENTS PROPOSED BY THE DELEGATION OF GREECE
PEACE TREATY WITH ITALY

C.P.(Gen)Doc. 1.J.1.

ARTICLE 12

Replace the first sentence of article 12 by the following text:

"Italy hereby cedes to Greece in full sovereignty the Dodecanese Islands, enumerated as follows:

"Astypalaia, Rhodes, Karchi [Khalki?], Scarpanto (Karpathos), Casos, Piscopi (Tilos), Nisyros, Kalymnos, Leros, Patmos, Lipsos, Symi, Cos and Castelrosso (Megisti) and the smaller islets which depend upon these islands (see map)."

The above text is proposed to avoid any ambiguity as to the expression "Isles of the Dodecanese" by naming them expressly, which is in accord with diplomatic precedents concerning the said islands (see Art. 15 of the Treaty of Lausanne).

C.P.(Gen)Doc.1.J.2.

ARTICLE 13

Add a new paragraph (4) to Article 13 reading as follows:

"As an exception to the preceding paragraphs Italian nationals who settled on the territory of the Dodecanese after May 5th, 1912, or people who would have acquired the 'great Italian' citizenship after this date do not acquire Greek nationality."

As far as nationality is concerned, the inhabitants of the Dodecanese can be divided into two categories; on the one side, the natives of the Dodecanese (Greek-orthodox representing 93 per cent of the population, Mussulmans and Jews 5 per cent of the population) who have acquired Italian nationality through the annexation of the Dodecanese in 1924, and, on the other side, Italian nationals who

came in great numbers after the occupation of the isles in 1912 or who acquired after 1924 "great Italian" citizenship (*grande cittadinanza*). As the persons of the second category are in fact foreign to the population of the Dodecanese and because the activity of several of these, since they settled in this country, was often inspired by a policy of persecution of the Greek element, followed in these islands, especially by the Fascist regime, thus making a continuance of their sojourn there unacceptable to the native population, it would be inadvisable to sanction the automatic acquisition of Greek nationality.

C.P.(Gen)Doc.1.J.3.

ARTICLE 16

Add after sub-paragraph 3 of paragraph 6 of Article 16 a new sub-paragraph 3 (a) reading as follows:

"The legal rights and interest of the Greek Orthodox establishments (communities, endowments or churches) in Trieste shall be protected according to the provisions of Article 68 of the present Treaty concerning similar establishments in Italy".

C.P.(Gen)Doc.1.J.4.

ARTICLE 17

Add after paragraph 3 of Article 17 new paragraph 4 reading as follows:

"It is hereby stipulated that, in determining the final disposal of the Italian territorial possessions in Africa, Greek nationals (physical and legal persons) shall be awarded the same rights, privileges and advantages, including the right of coastal navigation enjoyed by the natives and nationals of the most favoured nation as well as the right of free fishing for fish and sponges.

"From the date of the entry into force of the present Treaty until the determination of the final disposal of the Italian territorial possessions in Africa, the free use of the fishing rights for fish and sponges in the territorial waters of Libya shall be guaranteed to Greek nationals."

Before the war, part of the Greek population was, for economic reasons, forced to emigrate.

Now, since the cessation of hostilities which have caused so much loss in Greece as a result of the destruction of the Greek merchant marine, of the paralysis of her industry, the exhaustion of her natural riches due to a long period of occupation, the unemployment problem is more acute than ever and places the Greek Government before insuperable obstacles.

Taking into account the fact that Greece has no colonies where her excess population can find work, the Greek Delegation considers that it has the right to request the Conference to recognise the rights and privileges mentioned in the proposed text.

As regards fishing (fish and sponges) in North African territorial waters, more especially in Libya and Cyrenaica, this has been since the time of antiquity an item in Greek economy which still shows a deficit.

This ancient right enjoyed by Greek nationals and, more especially, by the inhabitants of the Dodecanese, whose principal pursuit since ancient times, has been sponge fishing, has never been opposed even by the Italian Government.

It is therefore essential that the future treaties, and especially the agreements which will settle the fate of the Italian colonies, should establish right of Greek nationals to fish in territorial waters of the Italian colonies as well as the right to fish for sponges and exploit submarine surfaces on which those are found, free of tax and of burdens of any kind.

C.P.(Gen)Doc.1.J.5.

ARTICLE 22

Article 22 of the Draft Peace Treaty with Italy stipulates:

“Italy recognizes that the Island of Saseno is part of the territory of Albania and renounces all claims thereto.”

The Greek Delegation wishes to draw the attention of the Conference to the following considerations:

I. The Island of Saseno is quite a small inhabited island lying west of Valoria. During the 18th and 19th centuries it was, from the geographical and political point of view, considered as belonging to the Ionian Islands.

The Treaty of Campo Formio of 17th October, 1797, under which the Ionian Islands were ceded to France, established the principle of the geographical and political unity of this island group by stipulating that Corfu, Zante, Cephalonia, Leucas, Cythera and, in general, the former Venetian positions in Albania, situated south of the Gulf of Drino, should be included in the territory to be transferred to the sovereignty of France.

Similarly, the Treaty of Constantinople, concluded on 21st March 1800, between Russia and Turkey, provided for the inclusion of the seven Ionian Islands into the territory administered by the Ottoman Government:

“All islands, large or small, inhabited or uninhabited, facing the Peloponnesus, which were detached from the Republic of Venice and recently conquered.”

The Treaty of Paris of 17th November, 1815, specified that the authority of the Ionian Government, which was placed under British protection, should extend to the large islands "with their dependencies as enumerated in the Treaty of 21st March, 1800, concluded between Russia and Turkey."

In addition to the international instruments here mentioned, the two Constitutional Charters of the Government of the Seven Ionian Islands, dated respectively 30th November 1883, and 28th August, 1817, explicitly state that "the Government of the Seven Islands" is comprised of all islands, large or small, inhabited or uninhabited, until recently belonging to the Venetian Government and facing the coast of the Peloponnesus and Albania . . ."

II. It follows from this explanation that the Island of Saseno, being geographically a part of the Ionian Islands, shared the same fate with them during the last two centuries. When, under the terms of the Treaty which was signed in London on 24th March, 1864, Great Britain ceded the Ionian Islands to Greece, the Island of Saseno passed to Greek sovereignty. It remained in this State until 1914.

In order to prevent any misunderstandings as to its intentions, the Greek Government refrained during the whole of this period from sending even an ordinary garrison to this island. Not until 1914, i.e. after the occupation of the island by the Italians, was it transformed into a real fortress.

III. On 13th February 1914, in a note addressed to the Greek Government, the Great Powers made the award of the islands of the Aegean to Greece dependent on the withdrawal of Greek troops from any territory situated outside the line recommended by the Protocol of Florence. Since this line was intended to define the frontier of Albania, the Island of Saseno was included in the area which was to be evacuated.

The Greek Government felt obliged to comply with this proposal and ordered the Greek troops to evacuate Northern Epirus and the Island of Saseno which, since the Balkan Wars, was occupied by a detachment of Greek Marines.

The initiative in this manoeuvre of coercion belonged to Italy which aimed at paving the way for her penetration of the Balkans via Albania. She was later supported by Austro-Hungary which was hatching similar plans of conquest. By forcing Greece out of territories which formed key positions to the Balkans and the Eastern Mediterranean, the democratic Powers played into the hands of Italian and Austro-Hungarian imperialism.

A grave injustice and, at the same time, an even graver error was thus committed.

IV. In December 1914, profiting by the international situation resulting from the First World War which had already begun and by the chaos caused in Albania after the departure of the Prince of Wied and the insurrection organised by Essad Pasha, Italy occupied the Island of Saseno.

The island has remained under Italian occupation ever since that date. It should be noted that the Treaty which was signed by Italy and Albania at Tirana on 2nd September 1920, provided for the evacuation by the Italian Army of the entire territory of Albania with the exception of the Island of Saseno.

Italy established herself there and, as already mentioned, converted the island into a veritable fortress. The United Nations engaged in fighting Fascism in the Eastern Mediterranean and the Adriatic paid dearly for this, and Greece, which was not even responsible for abandoning the island, paid even dearer.

V. What is the present international status of the Island of Saseno? A distinction must be drawn between the *de jure* position and the *de facto* position.

a. So far as the *de jure* position is concerned, it requires some effort to recall that the Conference of Ambassadors which assembled in London in 1913 had decided to include the Island of Saseno within the southern frontier of Albania. A communication dated 8th September, 1913, and addressed by the Great Powers to Greece stated that "the coast line stretching as far as Ftoia and including the Island of Saseno is an integral part of Albania . . ." but this international award in favour of Albania was never applied in practice. Albania never exercised sovereignty over the Island of Saseno. In actual practice this island was for more than thirty years subject to Italian authority, and Albania implicitly agreed to this state of affairs in virtue of the Treaty of Tirana of 1920 already referred to. In any case Albania could not avail herself of a right which had lapsed and proved to be null and void. Such a right no longer exists.

b. It cannot, on the other hand, be agreed that the Italian occupation of the Island of Saseno confers on Italy any kind of legal right. This occupation constitutes a *de facto* situation which has not been recognised by any other State except Albania.

The Ambassadors Conference which, in 1921, was entrusted with the study of the problem of the frontiers of Albania, merely confirmed the decisions arrived at during the London Conference of 1913. It declined to recognise the *de facto* situation created in the island by the Italian occupation. Furthermore, this *de facto* situation which, in any case, cannot constitute a *de jure* situation, ceased to exist as a result of the events of the war.

VI. Considering the fundamental importance of this question, both from international and from the Greek point of view, the Greek Government requests the return of the Island of Saseno to Greece. It adduces the following arguments in support of this proposal:

a. The Treaty of 1864, on the strength of which the Ionian Islands, including the Island of Saseno, were awarded to Greece, is still in force, whereas the decisions of the Ambassadors Conference of 1913, awarding this island to Albania, were never applied. The Italian occupation of the island confers no rights on her.

Greece's claim appears even more legitimate if it is set against the lapsed and inoperative nominal right of Albania and the *de facto* situation forcibly created by Italian imperialism.

b. Considerations of strategic security demand the return of the Island of Saseno to Greece. It must not be forgotten that the Italian intervention in Albania began on the day when the Island of Saseno was occupied by Italian troops. On that day Italy established herself at Albania's very door and has since been a perpetual menace to her. Dependent as she thus was on Italian goodwill, Albania was never really independent.

The events of this war are still too fresh in everybody's mind to require a reminder of the need for Greece to insist on the security of her defences in the west. But no such security is possible while the Island of Saseno remains in Albanian hands.

c. Since the Island of Saseno occupies a paramount strategic situation in the Eastern Mediterranean, Albania is incapable of controlling such a key-position. Leaving the Island of Saseno in the hands of the Albanians means making an irreparable breach in the western defences of the Balkan Peninsula. Non-Balkan influences could penetrate through this breach into the Balkans and once more cause a catastrophe.

d. In Greek hands, Saseno would not constitute a menace to anyone. Greece has no intention of using the island for a military base. She has neither any desire nor any means to do this. She would however demilitarize it and see that this demilitarization was maintained, eventually with the assistance and under the control of the U.N.O.

e. Not having any coast line on the Adriatic, Greece is only interested in the maintenance of the international regulations governing freedom of navigation of the Adriatic and free access to that sea for all nations. In this respect the interests of the community of nations are identical with her own.

f. The Greek Government regards the return to Greece of the Island of Saseno as an indispensable guarantee of Greek, Balkan and international security. She does not claim Saseno in a spirit of conquest; she only demands the return of what belonged to her. Her sovereignty

over this small island will only be a means of avoiding dangerous complications in the future.

For the reasons above stated, the Greek Delegation requests that Article 22 of the Peace Treaty be replaced by the following formula to be inserted in the same Treaty in the Section dealing with Greece:

“The Island of Saseno, which was occupied by Italy until the cessation of hostilities, shall be returned to Greece. The Greek Government agrees to ensure, under the control of the U.N.O. the demilitarisation of the island.”

C.P. (Gen) Doc. 1.J.6.

ARTICLE 38

After sub-paragraph *a* of paragraph 1 of Article 38, add a new sub-paragraph *a bis*, reading as follows:

a bis. “Persons accused of having committed, ordered or abetted in violation of international law, acts of war against the Greek mercantile marine or Greek naval forces in the period between 1st September 1939 and 28th October 1940.”

C.P. (Gen) Doc. 1.J.7.

PART IV.—SECTION II

It is provided (Article 52) that the organization and armament of the Italian army and navy, as well as their deployment throughout Italy, shall be designed to meet only tasks of internal character and the local defence of Italian frontiers. In order to avoid any differences of interpretation as to the composition and recruiting of the personnel of these forces, and as no distinction is made in Articles 47, 51 and 56 between officers and others ranks, it is necessary to define more clearly the limitations imposed by the articles in question.

Consequently, the Greek Delegation proposes the addition to the end Part IV, Section II, of the Treaty, of the following articles:

Article 46a

“The percentage of officers of all armed forces shall not exceed 5 per cent of the total number of effectives.

The percentage of non-commissioned officers of all armed forces shall not exceed, 6.5 per cent of the total number of effectives.

All officers and non-commissioned officers shall belong to the Regular Army.

The percentage of volunteers (officers, non-commissioned officers of all armed forces, *gendarmérie* personnel) demobilised or released for any reason (health, discipline, etc.) shall not exceed 5 per cent

per annum of the number of effectives of each branch. If this percentage be exceeded, the newly-recruited personnel shall be limited to 5 per cent per year”.

Article 46b

“The training and instruction by any method whatsoever, of officers and non-commissioned officers of the reserve, shall be prohibited. All mobilisation or pre-mobilisation measures shall also be prohibited.”

C.P.(Gen)Doc.1.J.8.

ARTICLE 58

The provisions of Article 58, in its present form, are inequitable for Greece, since they allow the Italian armed forces to retain the material including Greek war material at present in their possession, and to return only such material as they themselves deem to be in excess of their requirements.

Consequently, the Greek Delegation submits that this Article should clearly provide for total restitution of war material belonging to the Greek armed forces and seized by the Italians.

Similarly, in view of the destruction of a large part of Greek war material in the course of military operations, some of the excess Italian war material should be handed over to Greece. This, added to the war material claimed from other ex-enemy States, would enable Greece to restore her pre-war military equipment.

The Greek Delegation requests therefore that Article 14 [58] be drafted as shown below.

Add to Article 58 new paragraphs 4 and 6. After the amendments proposed the text of Article 58 will be as follows :

1. Paragraph 1 of Article 58.
2. Paragraph 2 of Article 58.
3. Paragraph 3 of Article 58.

4 (new). “It is nevertheless specified that the provisions of the new foregoing paragraphs 1, 2 and 3 will not apply to the aggregate of Greek war material appropriated by Italy as war booty. Italy undertakes to return to Greece, within six months from the coming into force of the present Treaty, all Greek war material in her possession as war booty. A list of this material is attached to Annex . . .

If the material in question cannot be traced, Italy undertakes to hand back an equivalent proportion taken from similar material in her possession, according to instructions by the Greek Government, in good condition and at a place to be determined by the latter.”

5. Paragraph 4 of Article 58.

6 (new). “An Inter-Allied Commission, representing the Powers mentioned in paragraph 1 together with a Greek representative, con-

vened within one month from the coming into force of the present Treaty, will determine the amount of war material to be returned to Greece, at her choice, to re-establish her pre-war military equipment."

C.P. (Gen) Doc.1.J.9.

PART IV

In view of the vast number of minefields laid on Greek territory and in Greek waters, the cost of removal and sweeping, and the lack of suitable equipment for this work, the Greek Delegation considers it only fair that Italy should clear the sea and land minefields in the areas occupied by her during the war.

The Greek Delegation therefore proposes to add a new section to the Treaty after Article 62, reading as follows :

Section IX.—Mine Clearance

1. "Italy agrees at her own expense, with her own resources and her own personnel to undertake, under the supervision of the International Commission for Control of mine-sweeping in European waters, the complete clearance of the minefields laid in Greek waters.

2. "Italy also undertakes, at her own expense, with her own resources and her personnel, to clear any minefields in the areas occupied by Italy herself or by Italy and Germany jointly."

Mine-clearing operations shall be concluded within twelve months of the coming into force of the present Treaty.

The means to be employed, the personnel required, and all details concerning the work of mine-clearance, shall be determined by the Greek Government and shall be subject to direct supervision by the said Government.

C.P. (Gen) Doc.1.J.10.

ARTICLE 65, 2 BIS

After paragraph 2 of Article 65 add a new paragraph 2 bis, reading as follows :

2 bis. "*The Italian Government undertakes to trace and return to Greece all works of art, including any object of archeological, historical or artistic value, all religious objects as well as all documents or archives removed from Greek territory during the war by the Italian authorities or forces or even by Italian nationals.*

Should the restitution of such objects prove impossible, the Italian Government, at the request of the Greek Government, will replace them by objects of equal historical value; the same obligation will

apply when the return of such objects is impossible because of their damaged condition.

The provisions of paragraph 2 above also apply to the objects referred to above which were destroyed or damaged on Greek territory as a result of military operations or other acts of the Italian forces or authorities.

All disputes concerning the interpretation or application of the present Article will be referred to an arbitrator chosen by Unesco; the ruling of this arbitrator will be final."

The invaders of Greece did not spare her archeological treasures; they included them in their programme of plunder and destruction. One of the objectives which the United Nations fought to achieve is to re-establish respect for human values and one of the most important of these values is a regard for the monuments and remains of European culture. This is why Italy, apart from, and possibly above, any legal obligation is morally obliged to retrieve and return all objects removed and pilfered, as well as to replace those which were destroyed.

C.P.(Gen) Doc.1.J.1.

ARTICLE 65, § 9

At the end of Article 65 add a new paragraph 9, worded as follows:

"Any instrument drawn up or contract concluded during the war on occupied territory between Greek and Italian nationals, purporting to transfer Greek property, subsequently removed to Italy, shall be null and void."

C.P.(Gen) Doc. 1.J.12.

ARTICLE 65 BIS

After Article 65 insert an additional Article as 65 bis reading as follows:

"The Italian State or Italian natural or juridical persons who have taken possession, or taken over in occupied territory the administration in any capacity whatsoever, of any property belonging to a Greek natural or juridical person or who have in any capacity whatsoever, collected debts or funds belonging to any natural or juridical person of Greek nationality, shall refund the proceeds of such administration or the amount collected. The amount payable will be computed on the basis of the real value of the amounts collected of the proceeds of administration. This amount will be payable in dollars at the exchange rate in force at the time of restitution. Disputes

concerning the application of this Article will be referred to an arbitrator nominated, at the request of the Greek Government by the President of the International Court of Justice. The arbitral award will be final and legally enforceable in Italy without any exequatur formalities."

C.P.(Gen) Doc.1.J.13.

ARTICLE 66

Add a paragraph in Article 66, reading as follows:

"The Italian Government undertakes to restore in gold to the Greek Government, within three months from the entry into force of the present Treaty, the amount of 783,080 dollars advanced by Greece during the occupation as a war indemnity to Italian nationals."

C.P.(Gen) Doc.1.J.14.

ARTICLE 68, 4B

Add the following Article to the Peace Treaty (Part VII of the Draft) :

"Italy undertakes to pay compensation for the loss and damage sustained by Greek nationals as the result of illegal actions committed by Italy or Italian authorities subsequent to 1/9/1939 and before Greece came into the war. The claims will be lodged with the Conciliation Commission provided for in Article 72 of the draft Peace Treaty with Italy."

C.P.(Gen) Doc.1.J.15.

ARTICLE 68 ADD.

Add the following paragraphs as an annex to Article 68:

1. *"Italy shall restore all legal rights and interests of the Greek Orthodox Establishments (communities, endowments or churches) in Italy, as existing on October 28, 1922, in the manner laid down in Article 68 of the Treaty.*

2. *"Any such establishments existing at the time of the signature of the present Treaty, or other similar establishments subsequently constituted, shall enjoy full spiritual liberty and freedom of worship and shall be entitled to own, administer or dispose of property to further their ends. As regards their organisation and functioning, they shall be governed by their acts of constitution, statutes or regulations.*

3. *"Should the above-mentioned establishments have ceased to function, the Greek Government shall be responsible for the administration of this property, as well as for the preservation of archives and articles*

owned by them, including articles of historic, artistic, religious or archeological interest."

The Greek Government considers that the lively interest it takes in the future of the Greek Orthodox churches and the Greek communities in Italy, and especially in the fate of their invaluable heritage, which constitutes one of the finest chapters in the history of Greece, is fully justified and that, moreover, it is its duty to ensure their indemnification and to safeguard them against any subsequent interference on the part of Italy, or indeed against any attack on this heritage or its free administration by the legal organs of the said establishments and communities.

Turning in particular to the problem of fishing (fish and sponges) in the territorial waters of North Africa, and, more especially, in Libya and Cyrenaica, from the days of antiquity this has been an item in Greek economy, which still shows a deficit.

This ancient right of the Greek nationals, and particularly the inhabitants of the Dodecanese, whose chief occupation from time immemorial has been sponge-fishing, has never been contested even by the Italian Government.

It is therefore essential that the future treaties, and especially the agreements which will determine the fate of the Italian colonies, should establish the right of Greek nationals to fish in the territorial waters of the Italian colonies, as well as to fish for sponges and exploit the submarine surfaces on which these are found, free of tax or hindrance of any kind.

C.P.(Gen) Doc.1.J.16.

ARTICLE 69

After paragraph 1 of Article 69, add a new paragraph 1(a), as follows:

"The provisions of this paragraph shall likewise apply to private property situated in the Dodecanese and owned by Italians not acquiring Greek nationality under the present Treaty."

C.P.(Gen) Doc.1.J.17.

ARTICLE 74 BIS

Insert the following in the financial clauses of the Peace Treaty with Italy:

Article . . . "Italy shall undertake to pay in gold to the Bank of Greece within three months of the coming into force of the present Treaty the sum of 64,800,000 dollars (1938 value), to which the ad-

vances made by the Bank of Greece to the Italian occupation authorities amount, in addition to the occupation expenses borne by Greece under the agreement of March 14, 1942, between the German and Italian Governments, and all subsequent modifications thereto.”

C.P.(Gen)Doc.1.J.18.

ARTICLE 74 BIS

After Article 74, add a new article (74 bis), as follows:

“Italy shall forego any right to which she was entitled under any treaty to be represented on or to participate in any commission of any kind operating in Greece.”

C.P.(Gen)Doc.1.J.19.

INTERALLIED CONTROL COMMISSION

In the absence of military supervision there would be no guarantee that the clauses of the present Treaty concerning land, sea and air armaments would be enforced.

Consequently, the Greek Delegation proposes to add to the Treaty the following four articles under the heading:

Article (*New*)

“An Inter-Allied Military Control Commission, consisting of representatives of the U.S.S.R., the United Kingdom, the United States of America, France, Greece and Yugoslavia respectively, will ensure the enforcement and conscientious execution of the clauses of the present Treaty concerning land, sea and air armaments, fortifications and the disposal of surplus war material.

“The above Commission will represent the Allied Nations vis-à-vis the Italian Government in all matters concerning the execution of the military, naval and air clauses of the present Treaty. It will notify the Italian authorities of any decisions which the Allied and Associated Powers may eventually decide to take or which the execution of the said clauses may call for.”

Article (*New*)

“The Inter-Allied Military Commission will have its headquarters in Rome and will have the right to send subcommissions or one or more of its members to a given point of Italian territory as often as it thinks advisable.”

Article (*New*)

“Italy undertakes to afford the Inter-Allied Military Control Commission all facilities for its installation, operation and the free move-

ment of its members in the discharge of their duties. The maintenance and travelling expenses of this Commission will be borne by Italy."

Article (*New*)

"The Italian Government shall supply the Inter-Allied Military Control Commission with any information and with the legislative, administrative and other documents which the Commission deems essential for the performance of its mission."

C.P.(Gen)Doc.1.J.20.

ANNEX 3

Add a new sub-paragraph (3) to paragraph 1 of Annex 3, reading as follows:

"Any cession or transfer of Italian State or parastatal property on the territory of the Dodecanese made subsequent to September 3, 1943, shall be null and void."

Under paragraph 1 of Annex 3 of the draft Peace Treaty with Italy "The Successor State shall receive without payment Italian State and parastatal property within territory ceded to it". As certain information would seem to show that, after September 3, 1943, the Fascist Republican Government of Italy improperly transferred certain property falling under the above category, it would be advisable to have a special clause implicitly confirming that such acts are null and void.

Add a new paragraph following paragraph 1, reading as follows:

"The Italian Government will immediately hand over to the Greek Government archives, manuscripts, registers, plans, topographical maps, deeds and any kind of document relating to the civil, military, financial, judicial or other administration of the Dodecanese. If any of these documents, archives, registers, deeds or plans have been removed, they will be restored by the Italian Government at the request of the Greek Government."

"The Italian Government agrees to trace and restore similarly to the Greek Government any documents, archives or objects of archeological, historical, religious or artistic value which have been removed from the Dodecanese following the Italian occupation of the Islands (5.5.1912)."

"Any disputes concerning the interpretation or execution of the present Article will be referred to an arbitrator designated by UNESCO: the arbitrator's ruling will be final."

A special Article will be required defining the character of the archives referred to in Art. 1 of Annex 3, and including objects of archeological, artistic or historical importance. The point is that these

objects relating to the Dodecanese constitute the moral and spiritual patrimony of the Islands and are evidence of the splendid part they have played in the age-old civilisation of Greece.

Substitute the following new Text for paragraph 2 of Annex 3 :

“Within a period which it shall determine, the Successor State shall make arrangements for the conversion into its own currency of Italian currency held within the Ceded Territory by persons continuing to reside on the said territory or juridical persons continuing to carry on business there.

“Italy shall credit the Successor State with the sterling equivalent of the Italian lire thus converted. The rate of conversion shall be the average parity rate between the pound sterling and the lire obtaining in the Dodecanese during the Allied occupation.”

Under paragraph 2, Annex 3, of the draft Peace Treaty with Italy “The Successor State shall make arrangements for the conversion into its own currency of Italian currency held within the Ceded Territory by persons continuing to reside on the said territory or juridical persons continuing to carry on business there . . .”

Italian lire and British military currency (B.M.A.) issued by the British occupation authorities are now in circulation in the Dodecanese. The only fair way to convert such currency into currency of the Successor State is the following :

Greece will arrange to make the conversion in question within a limited period which she herself should determine. The exchange rate of the Italian lira in relation to the drachmae will correspond to the parity rate obtaining in the Dodecanese between the pound sterling and the lira (£1=400 lire). The inhabitants of the Dodecanese have been obliged to invest the proceeds of merchandise sold abroad and foreign exchange received from relatives abroad, in lire calculated at the foreign exchange rate fixed by the British authorities in the Islands—i.e. 400 lire to the pound sterling, or 100 lire to the dollar. Consequently, the drachmae received in exchange for their lire will be calculated at the corresponding rate (400 lire per 20,000 drachmae). The Bank of Greece, in remitting lire to the Bank of Italy, will be credited with an equivalent sum in pounds sterling.

After paragraph 3, add a new paragraph 3 (a), as follows :

“Italy shall be responsible to the Successor State for any obligations or debts assumed by her in virtue of international conventions where the holders are persons acquiring the nationality of the Successor State or juridical persons retaining their head office or principal place of business there.”

After line 1 of paragraph 5, Annex 3 (or possibly as a new paragraph 3(a) between paragraphs 3 and 4 of Annex 7) add a new paragraph reading as follows:

“Contracts concluded prior to September 3, 1943, between natural or juridical persons residing in the Dodecanese, of the one part, and the Italian State or its nationals residing in Italy, of the other part, the execution of which has been suspended as a result of the war, shall remain operative. Nevertheless, contracts in respect of which the Greek Government, in the general interest, shall have notified the dissolution within a period of six months from the coming into force of the present Treaty, shall become inoperative. Should such compensation calculated solely on the capital involved, regardless of any loss of profit which, in case of disagreement, will be determined by the Conciliation Commission set up under Article 72. [sic]

In respect of contracts concluded prior to September 3, 1943 by natural or juridical persons residing in the Dodecanese, of the one part, and the Italian State or its nationals residing in Italy, of the other part, provision should be made for their execution and possible dissolution in the general interest at the request of the Greek Government.

AMENDMENTS PROPOSED BY THE DELEGATION OF GREECE
PEACE TREATY WITH BULGARIA

C.P.(Gen) Doc.1.J.21.

ARTICLE 9

1. It is provided (Art. 9) that the armed forces which Bulgaria is authorised to maintain must be closely restricted to meeting tasks of an internal character and local defence of frontiers.

In this connection it should be noted in particular that the Bulgarian Navy, according to the official Directory of the Italian Admiralty for 1943 (*Almanacco Navale* 1943) comprised an establishment of 1,500 men and an approximate tonnage of 1,100 and it should be remembered that these figures were recorded by a State which was an ally of Bulgaria.

2. Article 9 should therefore be amplified so as to avoid any possible differences of interpretation as regards both the composition of the Bulgarian armed forces and the recruitment of its personnel.

3. The question of fortifications should likewise be dealt with, as in the case of the Peace Treaty with Italy, particularly since Bulgaria, during her three years' occupation of the frontier district, systematically demolished all the Greek fortifications.

The Greek Delegation, therefore, proposes that the four following Articles be substituted for Article 9 :

Article 9

"The maintenance of land, sea and air armaments will be closely restricted to meeting tasks of an internal character and local defence of frontiers. In accordance with the foregoing, Bulgaria is authorised to have armed forces consisting of not more than :

a. A land army, including frontier troops, with a total strength of 35,000 personnel, of whom 15,000 will constitute the *gendarmerie* establishment;

b. Anti-aircraft artillery with a strength of 1,800 personnel;

c. A navy with a personnel strength of 2,500 including coastal defence personnel, and a total tonnage of 3,250, including auxiliary naval units. Only light units of the coast-guard and Customs patrol type will be authorised;

d. An air force, including any naval air arm, of not more than 40 combat types of aircraft and 15 training planes, including reserves, with a total personnel strength of 1,800 including not more than 140 flying personnel. Bulgaria undertakes not to renew her aviation material before five years from the date of its acquisition. Bulgaria shall not possess or acquire aircraft designed primarily as bombers with internal bomb-carrying facilities.

These strengths will in each case include combat, service and overhead personnel."

Article (New)

"The proportion of officers in any of the armed forces shall not exceed 5 per cent of the establishment.

The proportion of non-commissioned officers in any of the armed forces shall not exceed 6.5 per cent of the establishment.

All officers and non-commissioned officers shall be professional soldiers.

The proportion of volunteer personnel (officers and non-commissioned officers in any of the armed forces, and *gendarmerie* personnel) demobilised or leaving the forces on any grounds (health, discipline, etc.) shall not exceed 5 per cent per annum of the establishment of each service. Should this proportion be exceeded, the new replacements recruited shall be limited to 5 percent."

Article (New)

"The training and instruction of reserve officers and non-commissioned officers, by whatsoever method, is prohibited, as are any mobilisation or premobilisation measures."

Article (*New*)

"1. *a.* All permanent Bulgarian fortifications and installations along the Greco-Bulgarian frontier and their armaments, shall be destroyed or removed.

b. Such fortifications and installations shall be deemed to comprise only artillery and infantry constructions, whether in groups or separated, pill-boxes of any type, shelters, observation posts, and military cableways, whatever be their importance, and actual condition of maintenance or state of construction and which are constructed of metal, masonry or concrete or excavated in the rock.

c. The destruction or removal mentioned in sub-paragraphs *a* and *b* above is limited to a distance of 20 kilometres from any point on the frontier as defined by this Treaty, and shall be completed within one year of the coming into force of the present Treaty.

2. Any reconstruction of such fortifications and installations is prohibited.

3. *a.* The following construction to the north of the Greco-Bulgarian frontier is prohibited; permanent fortifications where weapons capable of firing into Greek territory can be emplaced; permanent military installations capable of being used to conduct or direct fire into Greek territory; and permanent supply and storage facilities emplaced solely for the use of the said fortifications and installations.

b. This prohibition does not include the other types of non-permanent fortifications, or surface accommodations and installations which are designed to meet only requirements of an internal character and of local defence of the frontiers."

C.P. (Gen) Doc.1.J.22.

ARTICLE 12

Article 12, as it stands, is incomplete. There is no mention of naval units such as fast torpedo-launches (M.T.B.) and consequently Bulgaria is not forbidden to possess, construct, or experiment with naval torpedoes. The Greek Delegation, therefore, proposes to amend Article 12 as follows:

Article 12

"Bulgaria shall not possess, *acquire*, construct or experiment with any self-propelled or guided missiles or apparatus connected with their discharge, sea-mines of non-contact types actuated by influence mechanism, *naval torpedoes*, torpedoes capable of being manned, submarines or other submersible craft, *fast torpedo-launches (motor torpedo-boats)* or specialized types of assault craft."

C.P.(Gen)Doc.1.J.23.

ARTICLE 14

The provisions of Article 14 as it now stands are unfair to Greece, since the Bulgarian armed forces are allowed to retain the war material—including Greek war material—at present in their possession and are obliged to return only such material as they themselves deem to be in excess of requirements.

The Greek Delegation, therefore, submits that the Article in question should definitely provide for total restitution of war material belonging to the Greek Army and taken by the Bulgarians.

Similarly, the Greek Delegation considers that, as a large proportion of Greek war material was destroyed in the course of operations, part of the surplus Bulgarian material should be handed over to Greece. This, added to the war material claimed from other ex-enemy countries, would enable Greece to reconstitute her pre-war military equipment.

Article 14 should likewise define the war material intended for the Bulgarian forces by stipulating that within six months Bulgaria must submit a list of surplus war material, as provided in the case of Italy.

The Greek Delegation, therefore, proposes to add two new paragraphs (3 and 4) to Article 14, which would then read as follows:

1. Paragraph 1 of Article 14;

2. Paragraph 2 of Article 14;

3 (new). "It is, nevertheless, specified that the provisions of paragraphs 1 and 2 above do not apply to the aggregate of Greek war material, whatever the manner in which it was acquired by Bulgaria. Bulgaria undertakes to restore to Greece within six months all Greek war material, howsoever acquired. A list of such material is appended in Annex . . .

"If the material in question cannot be traced, Bulgaria undertakes, before carrying out the provisions of paragraphs 1 and 2 above, to hand over an equivalent proportion, taken from similar equipment in her possession and selected by the Greek Government, in perfect repair and at a place to be determined by the Government".

4 (new). "Excess war material mentioned in paragraphs 1 and 2 shall be handed over or destroyed by the Allied Powers mentioned in paragraph 2 within one year of the coming into force of the present Treaty. An Inter-Allied Commission consisting of the Powers mentioned in paragraph 2 and also including Greece, convened within one month of the coming into force of the present Treaty, shall determine the amount of war material to be handed over to Greece, at her choice, to reconstitute her pre-war military equipment."

5. (new). "Bulgaria undertakes to submit a list of excess war material to the Governments of the U.S.S.R., U.K., U.S.A. and Greece, within six months of the coming into force of the present Treaty."

6. (new). "In order to form an estimate of the war material which the Bulgarian armed forces are authorised to retain under the present Treaty, a chart is appended in Annex 3A (following Annex 3)."

7. Paragraph 4 of Article 14.

C.P.(Gen) Doc.1.J.24.

MINE CLEARANCE

In view of the vast number of minefields laid in Greek territory, the cost of their removal, and the lack of suitable equipment, the Greek Delegation considers it only fair that Bulgaria should have to clear the minefields in the areas occupied by her during the war.

The Greek Delegation, therefore, proposes to add the following new section to the Treaty after Article 18.

Section III.—Mine Clearance

Article (*New*)

"Bulgaria undertakes, by her own means, with her own personnel, and at her own expense, to clear any minefields in the areas occupied by her on Greek territory.

Mine-clearing operations shall be concluded within twelve months of the coming into force of the present Treaty.

The means to be employed, the personnel required, and all details concerning the execution of mine-clearing operations, shall be determined by the Greek Government and shall be subject to direct supervision by that Government."

C.P.(Gen) Doc.1.J.25.

ARTICLE 20

Delete the second sentence of Article 20 from the words "but, taking into consideration . . ." to the end and substitute the following:

"This indemnity shall be fixed at . . . United States dollars in the case of Greece and . . . United States dollars in the case of Yugoslavia payable over . . . years."

C.P.(Gen) Doc.1.J.26.

ARTICLE 21

After paragraph 2 of Article 21 add a new paragraph 2 bis reading as follows:

2 bis. *“The Bulgarian Government undertakes to trace and return to Greece all objects of archaeological, historical, artistic or religious value as well as all documents or archives removed from Greek territory during the war by the Bulgarian authorities or forces or even by Bulgarian nationals.*

Should the restitution of such objects prove impossible, the Bulgarian Government, at the request of the Greek Government, shall replace them by objects of equal value; the same obligation will apply when the return of such objects is impossible because of their damaged condition.

The provisions of paragraph 2 above also apply to objects referred to above which were destroyed or damaged on Greek territory as a result of military operations or other acts of the Bulgarian occupation authorities.

All disputes concerning the interpretation or application of the present Article will be referred to an arbitrator chosen by UNESCO; the ruling of this arbitrator will be final.”

The invaders did not spare the archaeological treasures of Greece; they included them in their programme of plunder and destruction.

One of the most important of these values is the respect for the monuments and remains of European culture, which is why Bulgaria, apart from and possibly above, any legal obligation, is morally obliged to retrieve and return all objects removed and pilfered, as well as to replace those which were destroyed.

C.P. (Gen) Doc.1.J.27.

ARTICLE 21, PARAGRAPH 6

Delete the following sentence from paragraph 6 of Article 21 :

“It being understood that rolling stock shall be regarded as having been removed from the territory to which it originally belonged.”

C.P. (Gen) Doc.1.J.28.

ARTICLE 21, PARAGRAPH 8

At the end of Article 21 add a new paragraph 8, worded as follows :

8. *“Any instrument drawn up or contract concluded during the war on occupied territory between Greek and Bulgarian nationals, purporting to transfer Greek property, subsequently removed to Bulgaria, shall be null and void.”*

C.P. (Gen) Doc.1.J.29.

ARTICLE 22

After paragraph 6 of Article 22 add a new paragraph 6 reading as follows:

“The Bulgarian Government undertakes to permit United Nations nationals possessors of the legal rights and interests referred to in the present article, to enter and stay in Bulgaria for the purpose of taking possession of the property, rights and interests mentioned above and of accomplishing all acts relating to the administration or disposal thereof; these nationals will in particular have the right to sell their movable and immovable property on the same terms as Bulgarian nationals, and in case they definitely give up their domicile in Bulgaria, they shall be entitled to take with them their movable property and transfer their funds.”

C.P. (Gen) Doc.1.J.30.

ARTICLE 26

Insert a paragraph 3 in Article 26 reading as follows:

“Within a period of three months from the entry into force of the present Treaty, Bulgaria shall pay in Swiss francs, to the Banque Nationale Suisse, to the credit of the respective beneficiaries, the gold par value of the compensation amounts awarded to Greek nationals by the Mixed Greek-Bulgarian Arbitral Tribunal, set up by Article 188 of the Treaty of Neuilly. The Bulgarian Government also undertakes to pay within the same period any amount awarded to Greek nationals by a decision of the Bulgarian Courts.”

Under the provisions of the Treaty of Neuilly, the claims of Greek nationals against the Bulgarian State bearing on the period preceding the war of 1914/1918 were submitted to a Mixed Greek-Bulgarian Arbitral Tribunal, set up by Article 188 of the said Treaty. The Bulgarian Government refused to implement certain awards of the Arbitral Tribunal notwithstanding repeated demands of the Greek Government. The Greek Government considers, this being the case, that it would be useful to insert in the new Peace Treaty with Bulgaria a clause obliging the Bulgarian Government to carry out the arbitral awards which have not yet been put into effect. The same applies to certain decisions of the Bulgarian Courts the implementation of which has up to the present been delayed, under various pretexts.

C.P.(Gen)Doc.1.J.31.

ARTICLE 26 BIS

After Article 26 insert an additional Article under number 26 bis.

“The Bulgarian State or Bulgarian natural or juridical persons who have taken possession or taken over in occupied territory the administration in any form whatsoever, of any property belonging to a Greek natural or juridical person or who have on any ground whatsoever, collected claims or funds from any natural or juridical person of Greek nationality, shall refund the proceeds of such administration or the amount collected. The amount paid will be computed on the basis of the real value of the amounts collected or the proceeds of administration. This amount will be payable in dollars at the exchange rate in force at the time of restitution. Disputes concerning the application of this Article will be referred to an arbitrator nominated, at the request of the Greek Government by the President of the International Court of Justice. The arbitral award will be final and legally enforceable in Bulgaria without any exequatur formalities.”

C.P.(Gen)Doc.1.J.32.

ARTICLE 27

Add the following paragraph after Article 27 :

“Bulgaria likewise waives, on behalf of the Bulgarian Government or of Bulgarian nationals against Greece all monetary claims in respect of anything that occurred before the entry into force of the present Treaty.”

C.P.(Gen)Doc.1.J.33.

ARTICLE 28

Proposed Article 28 bis (of a new section entitled “Communications”).

Add after Article 28 a new article 28 bis reading as follows :

1. *“Bulgaria undertakes to link up her railway system with the Greek railways, at (Frontier station to be determined) on the normal gauge line which connects Sofia with Salonika, through the valley of the Strymon and Sidirokastron.*

2. *“The operation of this line handling the transformation [transportation?] in both directions of persons and freight between Greece and Bulgaria and any other country, will be governed by the regulations in force for international railway traffic. The general and special tariffs applicable to these two lines will not be higher than those pre-*

railing in the internal sources of the two countries. Until through tariffs come into operation, rail traffic will be based on the principle of reconsignment.

3. *“Greece and Bulgaria will take the necessary steps to erect and complete on their respective territories the plants and installations required for such a line operating at full peak within a maximum period of three months from the entry into force of the present Treaty.*

4. *“Bulgaria shall also facilitate in every way the normal service and despatching of trains and cars towards . . . (frontier station on her territory to be determined) as well as to the frontier station of Svilengrad.*

“Bulgaria shall also find accommodation in such frontier stations for the personnel of the Greek railways as service exigencies require.

5. *“Any disputes which may arise concerning the interpretation and execution of the present article will be referred to an arbitrator, who, on the request of either of the Governments concerned will be appointed by the Director-General of the European Central Inland Transport Organization (ECITO). The arbitrator’s ruling will be final.”*

There is no railway connection between Greece and Bulgaria along a frontier of 480 kilometers except for the line Svilengrad-Turkey, which, as it is situated at the eastern end of the frontier, cannot for geographical reasons serve traffic requirements.

The problem of railway connections has in the past, been frequently discussed by the economic circles in both countries. However, no solution could be found in view of the great costs involved. The essential section of railway between Sofia and Koula was of normal gauge only up to Simitli. Between Simitli and Koula there was only a narrow-gauge line (0.93 meters) which had no essential value. It would therefore have been necessary to widen this line over a section of about 80 km.

At the Varna Congress of the International Railway Union in 1938 it was formally recognised and mentioned in the minutes of the Congress proceedings that a railway connection between Greece and Bulgaria was necessary.

It was, however, agreed that technical difficulties due to the narrow gauge track beyond Simitli made it temporarily impossible to effect this connection and for this reason a motor service was organized, which in anticipation of the future railway service, worked nearly up to the eve of the war.

During the war the narrow gauge line was replaced by a normal track up to the Greek frontier. Consequently, the problem of a railway connection has been automatically solved as far as construction is concerned. It only remains to settle the formal side of the question.

The Greek Delegation is convinced that, quite apart from political considerations, it is essential to get this railway connection functioning for the maximum benefit not only of the communications between the two countries but of international traffic also.

C.P. (Gen) Doc.1.J.34.

ARTICLE 32

After Article 32 add a new Article 32 bis reading as follows:

1. *Bulgaria undertakes to cede within three months from the date of entry into force of the present Treaty a free zone on the Danube (Port of Lom) equipped at her own expense for transit trade.*

2. *A special commission of experts composed of representatives of Greece, Bulgaria, Hungary and Roumania, convened within the month following the entry into force of the present Treaty, under the chairmanship of a neutral member, chosen by the Economic Commission of the United Nations, will proceed to draw up the main technical, economic and administrative clauses governing the operation under conditions of complete equality of the Free Zone and of its port and railroad facilities.*

3. *Any dispute concerning the interpretation of the above paragraphs will be referred, on the request of the interested party, to an arbitrator designated by the Economic Commission of the United Nations whose ruling will be final.*

C.P. (Gen) Doc.1.J.35.

INTER-ALLIED CONTROL COMMISSION

For [*In*] the absence of military supervision there would be no guarantee for the enforcement of the clauses of the present Treaty concerning land, sea and air armaments.

Consequently, the Greek Delegation proposes to add to the Treaty the following articles under the heading:

Inter-Allied Control Commission

Article (*New*)

“An Inter-Allied Military Control Commission, composed of representatives of the U.S.S.R., the United Kingdom, the United States of America, Greece and Yugoslavia respectively, will ensure the enforcement and conscientious execution of the clauses of the present Treaty concerning land, sea and air armaments, fortifications and the removal of surplus war material.

“The above Commission will represent the Allied Nations vis-à-vis the Bulgarian Government in all matters concerning the execution

of the military, naval and air clauses of the present Treaty. It will convey to the Bulgarian authorities any decisions which the Allied and Associated Powers may eventually decide to take or which the execution of the said clauses may call for."

Article (*New*)

"The Inter-Allied Military Commission will have its headquarters in Sofia and will have the right to send sub-commissions or one or more of its members to a given point of Bulgarian territory as often as it thinks advisable."

Article (*New*)

"Bulgarian undertakes to afford the Inter-Allied Military Control Commission all facilities for its installation, operation and the free movement of its members in the discharge of their duties. The maintenance and travelling expenses of this Commission will be borne by Bulgaria.

Article (*New*)

"The Bulgarian Government shall supply the Inter-Allied Military Control Commission with any information and legislative, administrative and other documents which the Commission deems essential for the discharge of its mission."

C.P. (Gen) Doc.1.J.36.

ANNEX 3

After Annex 3 of the draft Peace Treaty with Bulgaria add the following new Annex.

List of War Material Permitted to the Bulgarian Armed Forces

ARMS AND AMMUNITION—MAXIMUM AUTHORISED

	<i>Number per thousand men</i>	<i>Ammunition per weapon</i>
1. Rifles or carbine rifles	1. 150	500
2. Machine guns up to 5 millimetre	5	10. 000
3. Tommy guns up to 5 millimetre	10	3. 000
4. Lewis guns	40	5. 000
5. Guns under 0.100 m. calibre	2	600
6. Guns over 0.100 m. calibre	1	450
7. Mortars up to 0.085 m. calibre.	4	400
8. A.A. guns under 0.075 m. calibre	1	400
9. A.A. guns over 0.075 m. calibre	1	400

AMENDMENT PROPOSED BY THE DELEGATION OF NEW ZEALAND
PEACE TREATY WITH ITALY

C.P.(Gen)Doc.1.M.1.

Delete existing text of Section III (page 20) and substitute the following:

Section III.—Italian Colonies

Article 17

1. Italy renounces in favour of the United Nations all right and title to the Italian territorial possessions in Africa, i.e. Libya, Eritrea and Italian Somaliland.

2. Pending a decision by the United Nations upon the future administration of the territories, the territories shall continue under their present administration.

Declaration

(To be issued separately from the Treaty by Allied and Associated Powers.)

The Allied and Associated Powers hereby declare that they will accept the decision of the General Assembly of the United Nations as to the future administration of the former Italian territorial possessions, and express their view that such decision should accord with the recommendations of the Trusteeship Council.

AMENDMENTS PROPOSED BY THE DELEGATION OF POLAND
PEACE TREATY WITH ITALY

C.P.(Gen)Doc.1.O.1.

ARTICLE 15

The Polish Delegation submits an amendment to Article 15.

To insert following the words: "Italy undertakes to recognize the full force of" the words: "to adhere and give effect to".

Thus the amended article 15 would read as follows:

"Italy undertakes to recognize the full force of, to adhere and give effect to, the Treaties of Peace with Roumania, Bulgaria, Hungary and Finland and other agreements or arrangements which have been or will be reached by the Allied and Associated Powers in respect of Austria, Germany and Japan for the restoration of Peace."

The Polish Delegation considers the present wording of article 15 unsatisfactory and not clear enough in its legal implications, and therefore submits the amendment as above.

C.P.(Gen)Doc.1.O.2.

ARTICLE BETWEEN 14 AND 15

The Polish Delegation submits that the following article be included into the Peace Treaty with Italy and placed between articles 14 and 15 as they are now. The new article should therefore be numbered 15 and the consecutive articles altered accordingly.

This article 15 should read as follows:

Article 15

“Italy, which in accordance with the armistice agreement has taken measures for dissolving all organisations of a Fascist type on Italian territory whether political, military or para military, as well as other organisations conducting propaganda hostile to any of the United Nations, undertakes not to permit in future the existence of activities or organisations of that nature which have as their aim, denial to the people of their democratic rights.”

In submitting the above proposals, the Polish Delegation wishes to state that the draft Peace Treaties with Roumania in art. 5, with Hungary in art. 4, with Bulgaria in art. 4, and with Finland in art. 8, contain identical provisions which are now [*not*] found in the draft Peace Treaty with Italy as presented to this Conference.

In view of the above, it is the considered view of the Polish Delegation that these provisions should be included into the draft Treaty with Italy.

C.P.(Gen)Doc.1.O.3.

ARTICLE 21

The Polish Delegation submits amendment to: Article 21.

Following the present text of the article, to insert the words: “and to establish diplomatic relations with the Albanian Government”.

Thus, the suggested text should read as follows:

“Italy recognizes and undertakes to respect the Sovereignty and independence of the State of Albania, and to establish diplomatic relations with the Albanian Government.”

C.P.(Gen)Doc.1.O.4.

ARTICLE 38

The Polish Delegation submits amendments to: Article 38.

1. Paragraph 1, following the words: “Italy shall take”, to insert the word: “all”, to delete the word “the”. To add, following the words:

“and surrender for trial”, the words: “to the United Nations Government concerned”.

Thus the sentence should be as follows: “Italy shall take all necessary steps to ensure the apprehension and surrender for trial to the United Nations Government concerned of:”

2. In subsection *a* of paragraph 1, to add the words “irrespective of their nationality”.

Thus the sentence should read as follows:

“Persons accused of having committed, or abetted war crimes and crimes against peace or humanity irrespective of their nationality.”

To add the following paragraph as paragraph 2:

“Italy undertakes to bring to trial persons accused of atrocities and offences, including but not limited to, murder, extermination, enslavement, deportation, imprisonment, torture, rape, or other inhumane acts committed against the civilian population or persecutions on political, racial or religious grounds whether or not in violation of the laws in force when perpetrated.

“The trial of the above-mentioned persons should take place in Italy if there will be no request for their extradition by the United Nations Government concerned.”

The amended article 38 should therefore read as follows:

1. “Italy shall take all necessary steps to ensure the apprehension and surrender for trial to the United Nations Government concerned of:

a. “Persons accused of having committed, ordered or abetted war crimes and crimes against peace or humanity irrespective of their nationality.

b. “Nationals of the Allied and Associated Powers accused of having violated their national law by treason or collaboration with the enemy during the war.”

2. Italy undertakes to bring to trial persons accused of atrocities and offences, including but not limited to, murder, extermination, enslavement, deportation, imprisonment, torture, rape, or other inhumane acts committed against the civilian population or persecutions on political, racial or religious grounds whether or not in violation of the laws in force when perpetrated.

The trial of the above-mentioned persons should take place in Italy if there will be no request for their extradition by the United Nations Government concerned.

3. At the request of the United Nations Government concerned, Italy will likewise make available as witnesses persons within its ju-

risdiction, whose evidence is required for the trial of the persons referred to in paragraph 1 of this article.

4. Any disagreement concerning the application of the provisions of paragraph 1 and 2 of this Article shall be referred by any of the Governments concerned to the Ambassadors in Rome of the U.S.S.R., U.K., U.S.A. and France, who will reach agreement with regard to the difficulty.

C.P.(Gen) Doc.1.O.5.

ARTICLE 70

The Polish Delegation submits an amendment to: Article 70, paragraph 2.

Following the words: "except as otherwise expressly provided in the present Treaty", to insert the words: "in particular in Article 37".

Thus paragraph 2 of article 70 should read as follows:

"Except as otherwise expressly provided in the present Treaty, in particular in article 37, nothing therein shall be construed as impairing debtor-creditor relationships arising out of pre-war contracts concluded either by the Government or nationals of Italy."

AMENDMENTS PROPOSED BY THE DELEGATION OF POLAND
PEACE TREATY WITH ROUMANIA

C.P.(Gen) Doc.1.O.6.

ARTICLE 16, PARAGRAPH 1

Delete the text:

"Excess war material of Allied origin shall be placed at the disposal of the Allied or Associated Power concerned . . ." and replace it by the following text:

"War material of United Nations origin shall be put at the disposal of the United Nation concerned . . ."

C.P.(Gen) Doc.1.O.7.

ARTICLE 22

Proposal.

Though she has claims to make on Roumania under the heading of reparations, Poland does not find it possible to bring them forward because of the limitative wording of Art. 22 of the draft Treaty. Poland therefore requests that a clause similar to the Article 64*b*. in the draft Treaty with Italy be adopted by the Conference. This resolution could be worded as follows:

“Claims concerning Roumanian reparations brought forward in the course of discussions concerning these reparations and made by members other than those referred to in Art. 22 of the draft Treaty with Roumania, may be examined by the Conference together with the means whereby and the extent to which they shall be met.”

C.P.(Gen)Doc.1.O.8.

ARTICLE 23, PARAGRAPH 2

1. Delete the words “at present in Roumania” and replace them by the following text: “belonging before September 1st, 1939, to the United Nations or their nationals and seized after this date by Roumania or which . . .”

2. After the words “secured possession”, add a new sentence worded as follows:

“In case the return of property cannot be effected within six months from the entry into force of the present Treaty, Roumania shall undertake to pay the United Nation concerned in compensation an amount equal to the value of such property at the time of seizure and covering, if need be, the depreciation due to its use by Roumania from the time of seizure until the entry into force of the present Treaty.”

AMENDMENTS PROPOSED BY THE DELEGATION OF POLAND
PEACE TREATY WITH HUNGARY

[C.P.(Gen)Doc.1.O.9.]

ARTICLE 15, PARAGRAPH 1

Delete the following text:

“Excess war material of Allied origin shall be placed at the disposal of the Allied or Associated Power concerned . . .” and replace it by the following text:

“War material of United Nation origin shall be put at the disposal of the United Nation concerned . . .”

C.P.(Gen)Doc.1.O.10.

ARTICLE 21

Proposal.

Though she has claims to make on Hungary under the heading of reparations, Poland does not find it possible to bring them forward because of the limitative wording of article 21 of the draft Treaty. Poland therefore requests that a clause similar to the article 64 *b.* in the draft Treaty, article 64 *b.* [*with Italy*] be adopted by the Conference. This resolution could be worded as follows:

“Claims concerning Hungarian reparations brought forward in the course of discussions concerning these reparations and made by members other than those referred to in article 21 of the draft Treaty with Hungary can be examined by the Conference together with the means whereby and the extent to which they shall be met.”

C.P.(Gen)Doc.1.O.11.

ARTICLE 22, PARAGRAPH 2

1. Delete the words: “at present in Hungary” and replace them by the following text: “belonging before the 1st of September, 1939 to the United Nations or their nationals and seized after this date by Hungary or which . . .”

2. After the words: “secured possession” add a new sentence worded as follows: “In case the return of property cannot be effected within six months from the date of entry into force of the present Treaty, Hungary undertakes to pay the United Nation concerned, in compensation, an amount equal to the value of such property at the time of seizure and covering, if need be, the depreciation due to its use by Hungary from the time of seizure until the day of entry into force of the present Treaty.”

AMENDMENT PROPOSED BY THE DELEGATION OF UNITED KINGDOM
PEACE TREATY WITH FINLAND

C.P.(Gen)Doc.1.P.1.

ARTICLE 28, PARAGRAPH 1

Proposed additional sub-paragraph to Paragraph 1 of Article 28 (Commercial Relations).

It is further understood that this paragraph shall not apply to civil aviation, but that Finland will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic and will afford all the United Nations equality of opportunity for obtaining international commercial aviation rights in Finnish territory.

AMENDMENTS PROPOSED BY THE DELEGATION OF CZECHOSLOVAKIA
PEACE TREATY WITH HUNGARY

C.P.(Gen)Doc.1.Q.1.

PREAMBLE

Czechoslovakia does not agree with the text of the preamble to the draft Peace Treaty with Hungary because this text makes no mention

of Hungary's complicity in the preparations for the world war and the dismemberment of Czechoslovakia. Similarly it fails to state that Hungary did not carry on her pre-war policy under pressure but concluded treaties with Italy and Germany of her own free will, voluntarily entered the war on the side of the Axis Powers, and was only forced by the pressure of military events to abandon her alliance with Germany.

Czechoslovakia therefore reserves the right to present and urge her point of view during the discussion of the Preamble.

C.P.(Gen)Doc.1.Q.2.

ARTICLE 1

Point 4. After the words "null and void" in the first sentence, insert the words "with all the consequences ensuing therefrom".

Argument.

Czechoslovakia considers it necessary to express in the Peace Treaty the nullity of the Vienna Award, and to do so not merely formally but to give to this declaration a material substance. It is a justified demand that the nullity of an act should also entail the nullity of all its material consequences. In every legal order the nullity of an act causes a reversion to the former legal and factual state as it existed before the act was committed. This natural and just demand is in no way reflected by the clauses of the Peace Treaty and the Czechoslovak Republic therefore considers it necessary that this self-evident principle should be explicitly expressed.

C.P.(Gen)Doc.1.Q.3.

ARTICLE 1

The Czechoslovak Delegation proposes that after point 4 of Article 1 a further point be inserted to run as follows:

"Hungary shall cede to Czechoslovakia the villages of Dunacsun, Horvathjarfalu, Oroszvar, Rajka and Bezenye and their territory to the extent indicated on the map annexed to the present Treaty." (Annex 1.)

Argument.

Czechoslovakia demands a small rectification of her frontier with Hungary and the cession of five villages and the surrounding land, an area of 14,671 hectares populated, according to the Hungarian census of 1930, by 7,523 inhabitants of whom 25.2 per cent were Croats, 21 per cent Hungarians and 53 per cent Germans. This territory is required for the expansion of the bridgehead of Bratislava, which was the subject of consideration even after the first world war.

The reasons for the demand are as follows :

- a.* The capital of Slovakia under present conditions, lies on the very frontier of the State ;
- b.* The expansion of Bratislava is only possible in the direction of the territory claimed ;
- c.* The expansion of the port of Bratislava, which, as the largest Czechoslovak port on the Danube, was destroyed during the war, is also only possible on the territory demanded.

C.P.(Gen) Doc.1.Q.4.

ARTICLE 4

In article 4, paragraph 1, a new second paragraph is to be added as follows :

“Hungary also binds herself to dissolve all organisations existing on her territory whose aim is to disseminate revisionism openly or secretly, and to prohibit in future the existence and activity of such organisations as aim at spreading revisionism or exciting a hostile attitude to Czechoslovakia among Hungarians.”

Argument.

Czechoslovakia also considers it necessary to forbid not only hostile propaganda by Hungary but every other activity tending to threaten the security of other states. It is equally essential to prohibit not only fascist propaganda but also its correlative “revisionism”, which would continue to be aimed against and to threaten Czechoslovakia.

C.P.(Gen) Doc.1.Q.5.

ARTICLE 4, PARAGRAPH 3

Czechoslovakia proposes that after Article 4 a new article be inserted in the Treaty with Hungary which shall run as follows :

“Czechoslovakia is authorised to transfer a maximum number of 200,000 inhabitants of Magyar ethnic origin from its territory to that of Hungary and the latter is bound to receive these persons on its territory and to recognise them as its nationals.

“The conditions for the execution of the present Article shall be fixed by a bilateral agreement between Czechoslovakia and Hungary which these two States will conclude between themselves within six months from the coming into force of the present Treaty. As regards respect for the rights of person and property this agreement will establish conditions corresponding to those laid down for this purpose in the agreement concluded on February 27th, 1946, between Czechoslovakia and Hungary on the exchange of populations. The non-

conclusion of this agreement shall not prejudice the execution of the present article.”

Argument.

Minority questions in Central Europe have long been the cause of disputes between nations and States and have been exploited to excite conflicts.

Czechoslovakia has granted to Hungarian minority not only all civic, but also minority rights in far greater measure than she was bound to. In spite of this the Hungarian minority played an important part in the dismemberment of Czechoslovakia.

By the agreement with Hungary on the exchange of populations and by restoring their citizenship to inhabitants of Slovak origin, even when entered in the census returns as Hungarians, Czechoslovakia has reduced the number of real Hungarians to about 200,000. When these 200,000 Hungarians leave for Hungary, Czechoslovakia guarantees them the right to take all their property with them, or else full compensation for the property which they leave behind them in Czechoslovakia; this is in accordance with the principles to which the Hungarian Government has agreed in the Treaty on the exchange of population.

Czechoslovakia has made it possible to find a final and democratic solution to this difficult problem which would otherwise gravely endanger internal development in Czechoslovakia and furnish a pretext for the maintenance of revisionism in Hungary, thereby giving continual cause for strained relations between Hungary and Czechoslovakia and thus causing constant unrest in Central Europe.

C.P. (Gen) Doc. 1.Q.6.

ARTICLE 6

Czechoslovakia proposes that a new article be inserted after article 6, to run as follows:

“Wherever the date April 10th, 1941, figures in the present treaty, or where it is a question of the commencement of the state of war, the date November 2nd, 1938, is to apply in relations with Czechoslovakia.”

Argument.

As a result of the Vienna Award of November 2nd, 1938, part of Czechoslovakia was occupied by Hungary. From the date onwards she considers that a state of war existed between herself and Hungary, and is necessary that this fact should receive political expression in the peace treaty.

C.P. (Gen) Doc.1.Q.7.

PART III

The Czechoslovak Delegation proposes the insertion of a new article before Article 10, to run as follows:

“The maintenance and construction of the following works is prohibited south of the Hungaro-Czechoslovak frontier for a distance of 20 km from any point of the frontier as defined by the present Treaty: Permanent fortifications where weapons capable of firing into Czechoslovak territory can be emplaced; permanent military installations capable of being used to conduct or direct fire into Czechoslovak territory; and permanent supply and storage facilities for the use of the above-mentioned fortifications and installations.”

Argument.

Since Hungary is not threatened by Czechoslovakia, she does not require fortifications along her frontiers with Czechoslovakia. Moreover, fortifications of any kind may have an offensive character in that they allow defensive forces to be reduced to a minimum and enable the contingents thus freed to be used in offensive operations at some other point.

C.P. (Gen) Doc.1.Q.8.

ARTICLE 10

Paragraph 1:

Delete the word “fortifications”.

Sub-paragraph *a*:

Replace the figure “65,000” by the figure “40,000”. At the end of a sub-paragraph *a*, a new sentence is to be added as follows: “The equipment of the Hungarian army will include not more than 50 medium and heavy tanks”.

Sub-paragraph *b*:

Replace the figure “90” by the figure “60”; replace the figure “70” by the figure “35”, replace the figure “5,000” by the figure “3,500”.

Argument.

The strength personnel and the number and types of equipment are completely sufficient for all tasks of internal character. They correspond to a proportion of 5 per 1000 of the population.

C.P. (Gen) Doc.1.Q.9.

ARTICLE 21

Paragraph 1:

Replace the words “payable over eight years” by the words “payable over six years”.

Argument.

Czechoslovakia proposes that the six years period imposed on Hungary in the Armistice Agreement for the payment of reparations should remain in force. Czechoslovakia concluded a bilateral agreement with Hungary on reparations payments on April 6, 1946 in which Hungary also accepted a period of six years.

Czechoslovakia does not rule out the possibility of a new settlement by bilateral agreement, but she maintains that the conditions laid down in a bilateral agreement cannot be altered to her disadvantage by a multilateral act.

C.P.(Gen)Doc.1.Q.10.

ARTICLE 22

Point 2.—At the end of Point 2 after the words “has secured possession” a further sentence is to be inserted as follows :

“As an exception to the above principles, objects (including books, manuscripts and documents) of an artistic, historical, scientific (excluding equipment of an industrial character), educational or religious character which have been looted by the enemy occupying power, shall, so far as possible, be replaced by equivalent objects if they are not restored.”

A further paragraph is to be inserted under point 2 as follows :

“Hungary shall restore to Czechoslovakia the administrative documents now in her territory and at her disposal, all manuscripts, antiques and works of art, all scientific and library equipment which by their destination, origin, or character relate to Czechoslovak territory since January 1st, 1868, and that Hungary should have restored them under the terms of former agreements and has not done so up to the present.”

Point 4.—After the words “the search” add the words “by their own agencies”.

Point 6.—At the end of this point, after the words “of the present Treaty” add the following sentence: “Hungary is bound to satisfy the claim thus presented in the year following the receipt of the claim to this effect.”

Argument.

The principle laid down in the amendment to point 2 of article 22 regarding the obligations to restore artistic, historical and certain other objects *in genere* has been recognised by the representatives of all the occupied states at the Reparations Conference and adopted by the Allied Control Commission in Berlin. It is just that Hungary should

replace looted objects of cultural and historical value by things of her own.

The second paragraph proposed to point 2 refers to the restitution of objects which Hungary has wrongly retained on her territory and which are connected with Slovak territory by origin or tradition. During the second half of last century and the beginning of this century Hungary deliberately removed objects of historical and cultural value to Budapest. The obligation to return these objects was laid upon Hungary after the first World War, but Hungary did not fulfil it.

The addition to paragraph 4 is intended to enable the member of the United Nations concerned to obtain through his own agencies objects removed from his country.

The amendment to point 6 is based on the fact that point 6 of the draft Peace Treaty does not express Hungary's obligation to comply in substance with demands received from the Allies. Without the insertion of this sentence Hungary would be able in practice to pass on every demand to the Conciliation Commission without being compelled to comply with demands falling under article 22.

C.P. (Gen) Doc.1.Q.11.

ARTICLE 22, § 8

Czechoslovakia proposes to add an eighth point to Article 22 as follows:

“As regards Czechoslovakia, Hungary is further bound to return within one year from the signature of the present treaty all material removed from Czechoslovak territory following the Vienna Award, especially the material handed over to her by protocol mainly in the form of locomotives and trucks. In the event of such restitution being impossible, Hungary is bound to pay full valorised compensation for the damage.

As regards Czechoslovakia, Hungary is bound in the year following the entry into force of the present treaty, to bring the present state of affairs, as caused by the Vienna Award, into line with the legal state existing before November 2nd, 1938, and in particular to pay indemnity at suitably adjusted rates for the damage suffered especially in the sphere of public and private insurance and finance.”

Argument.

The new point 8 which it is proposed to add to article 22 follows from the annulment of the Vienna Award. If this annulment is not to be an empty conception, it is necessary to draw material conclusions from it which consist in bringing the present state of affairs into line with the legal and actual state existing before the Vienna Award. On

the basis of this Award the Czechoslovak Republic was forced to hand over by protocol certain articles in connection with the ceded territory, mainly locomotives and trucks. These articles were not removed by force or looted, but they had to be handed over under an enforced treaty founded upon the Vienna Award. Thus the return of these articles does not fall within the conception of normal restitution. This conception of a wider restitution also includes reversion to the former state in matters directly ensuing from the Vienna Award in the sphere of private and public insurance and finance in connection with the enforced transference of deposits and insurance stocks corresponding to the occupied countries.

C.P. (Gen) Doc. 1.Q. 12.

ARTICLE 23

Point 3.—After the words “such transfers resulted” insert the words “from the fact of the annexation, occupation or entry into the war of the United Nations”.

After the words “duress exerted” insert the words “or measures taken in virtue of internal legislation”.

Point 8*a*.—The Czechoslovak Delegation proposes to replace the first section from “United Nations nationals” to “Hungary” by a new paragraph running as follows:

“The term ‘United Nations nationals’ means both physical persons and corporations or associations organised under the laws of any of the United Nations who, at the time of the annexation, occupation or entry into the war of the said country possessed the nationality of this Allied country.”

Argument.

The first addition to point 3 is for Czechoslovakia a necessary result of the removals of property by force and the expulsion of tens of thousands of Czechoslovak subjects, principally Slovaks, from their property; these measures were carried out by the Hungarians immediately after the occupation for the simple reason that the persons concerned were Slovaks. This damage is not covered by point 3 in its original form.

The second addition to point 3 is considered necessary by Czechoslovakia because some of these illegal transfers of property after the occupation were not carried out by force in the strictly legal sense of the words but simply by unfair discrimination on the part of the Hungarian internal legislation under which Slovaks were deliberately deprived of everything on the simple ground of their nationality.

Czechoslovakia bases the amendment to point 8 on the ground that without an extension of the conception “national” as proposed the point would not cover compensation for transferred property of for-

mer Czechoslovak subjects of German nationality, whose legal successor is the Czechoslovak state. The principle that this wider conception of "national" is needed for Czechoslovakia and other occupied countries was accepted by the representatives of 18 states at the Reparations Conference.

C.P.(Gen)Doc.1.Q.13.

ARTICLE 25

Czechoslovakia's interests are not covered either by the proposal of the Soviet Union or by that of U.S.A., the U.K. and France. The Czechoslovak delegation will present its point of view during the discussion on art. 25.

C.P.(Gen)Doc.1.Q.14.

ARTICLE 29

A third point is to be inserted at the end of the article as follows:

"The Hungarian Government binds itself to collaborate loyally and to contribute to the economic restoration and reconstruction of the neighbouring states hit by the war and to conclude to this effect, by request or on its own initiative, conventions aiming at facilitating the mutual exchange of merchandise, rendering transport and transit possible and completing or regulating communications of all kinds."

Argument.

From her experience of Hungarian economic policy in the past, Czechoslovakia considers the proposed point to be necessary. It was very difficult to conclude trade agreements with Hungary and always disadvantageous to Czechoslovakia owing to the Hungarian attitude. Czechoslovakia, however, as an inland state, has a special interest in transport routes to the sea; all of these routes running southeast-wards and most of those running southwards cross Hungarian territory. The proposed clause would bind Hungary to refrain from placing deliberate obstructions in the way of the economic development of her neighbours, and from hindering normal economic relations between states.

C.P.(Gen)Doc.1.Q.15.

ARTICLE 34

Paragraph 1. Insert the following sentence at the end of the paragraph after the words "the present Treaty":

"They will invite the diplomatic representative of the Allied or Associated Power whose interests are affected by the matter under discussion to present its point of view."

Argument.

Czechoslovakia considers it natural and just that the interested State should be enabled to take part in the discussion of matters affecting its interests.

AMENDMENTS PROPOSED BY THE DELEGATION OF UKRAINE
PEACE TREATY WITH ITALY

C.P.(Gen)Doc.1.R.1.

ARTICLE 12

Replace the wording of paragraph 1 of Article 12 of the draft Peace Treaty with Italy by the following text:

“Italy hereby cedes to Greece in full sovereignty the Dodecanese Islands. These Islands shall be and shall remain *completely* demilitarised.”

C.P.(Gen)Doc.1.R.2.

ARTICLES 14 AND 15

Insert between Articles 14 and 15 of the draft Peace Treaty with Italy, an article reading as follows:

“15. (The subsequent Articles of the Draft will have to be correspondingly renumbered.) Italy undertakes not to tolerate the existence or activity on Italian territory of organisations of a Fascist character or other organizations, aimed at depriving the people of their democratic rights, or organisations, conducting propaganda hostile to any of the United Nations.

“Insofar as she has not already done so entirely, Italy undertakes, immediately upon the signature of the present Treaty, to remove from employment in governmental bodies or publicity [*publicly*]-owned companies or associations all persons who were actively engaged in Fascist Party work and not to allow in future such persons to be appointed to hold office in the above bodies or associations.”

AMENDMENTS PROPOSED BY THE DELEGATION OF UNION OF SOUTH AFRICA
PEACE TREATY WITH ITALY

C.P.(Gen)Doc.1.S.1.

ARTICLE 17, PARAGRAPH 3

The Governments of the U.S.S.R., U.K., U.S.A. and France, after having ascertained the wishes of the inhabitants of these possessions, shall frame recommendations for the final disposal thereof in con-

sultation with the Governments of those States which contributed with substantial forces in Africa to the liberation of the said possessions.

These recommendations shall, within one year of the coming into force of the present Treaty, be submitted to the States signatory thereto for final decision.

Explanation.

In submitting the above redraft of Article 17, paragraph 3, of the draft Peace Treaty with Italy, the South African delegation considers:

1. That the article should be self-contained and should not refer to the joint declaration to which all Governments represented at the Paris Conference were not parties;

2. That suppression of the reference to the joint declaration makes it necessary to stipulate expressly for consultation with the inhabitants of the ex-Italian possessions and with certain States envisaged by that declaration;

3. That the above redraft does not preclude the U.S.S.R., U.K., U.S.A. and France from seeking a solution by way of one or more of the alternatives suggested in the declaration and in fact enables them to seek a solution along different lines, if appropriate;

4. That inasmuch as the countries which are at war with Italy are drafting recommendations for inclusion in the Peace Treaty and by their signature and final ratification will determine the conditions on which the state of war with Italy will come to an end, the same States, and not UNO, should accept the responsibility for determining the final disposal of the Italian colonies, which should naturally form a substantive part of the Treaty and on which the U.S.S.R., U.K., U.S.A., and France have not yet been able to frame a recommendation.

AMENDMENT PROPOSED BY THE DELEGATION OF UNION OF SOUTH AFRICA
PEACE TREATY WITH ROUMANIA

C.P.(Gen)Doc.1.S.2.

ARTICLE 22

That the following paragraph be added to article 22 of the Draft Treaty with Roumania:

“The Roumanian Government undertake to pay fair prices by reference to world conditions for commodities delivered by that Government by way of reparation obtained from United Nations’ nationals as defined in Article 24. Any dispute between the Roumanian Government and such United Nations’ national relating to prices shall be dealt with in accordance with the provisions of Article 31.”

AMENDMENT PROPOSED BY THE DELEGATION OF U.S.S.R.
PEACE TREATY WITH ITALY

C.P.(Gen) Doc.1.T.1.

ARTICLE 64

Addition to article 64 of the Peace treaty with Italy :

“The basis for calculation for the payment of indemnity will be the United States dollar, at its gold parity on the day of the signing of the Peace treaty, i.e. 35 dollars for one ounce of gold.”

AMENDMENTS PROPOSED BY THE DELEGATION OF YUGOSLAVIA
PEACE TREATY WITH ITALY

C.P.(Gen) Doc.1.U.1.

PREAMBLE

1. In paragraph 2, delete the words: “and bears her share of responsibility for the war” and substitute :

“Occupied and partially annexed territories belonging to Allied and Associated Powers, and bears a large share of responsibility for the war.”

2. In paragraph 5, line 5, after the word “Powers”, add :

“After the ratification of the present Treaty by the Great Powers and by the Allied and Associated Powers neighbouring on Italy whose territories were occupied by Italy and which share in the preparation of the present Treaty.”

C.P.(Gen) Doc.1.U.2.

ARTICLE 1

1. In paragraph 2 after the word “maps” insert the words “on a scale of 1 to 100,000”.

2. Add a new paragraph 3, reading as follows :

“In case of a discrepancy between the textual description of the frontiers given in Article 1 and the maps, the text shall be deemed to be authentic.”

C.P.(Gen) Doc.1.U.3.

ARTICLE 3

The frontier between the People’s Federal Republic of Yugoslavia and Italy existing on 1st January 1938 shall be modified as follows :

“The line starts at Lepi Vrh (Cima Bella, 1,912 m) on the ridge of the Carnic Alps and runs south along the contours Kolk (Monte

Cocco, 1,941 m) and Stabet (1,627 m) as far as the monument on the road; it then passes by way of the col between Gozd (Col de Gosc, 1,020 m) and Podgorski Vrh (Monte Nebria, 1,206 m) through Jesevnik (Capo Erla, 1,306 m) and contour 1,560 m on the Poldnasnia Spica (Jof di Mieziqnot, 2,089 m) and then along the line Rudni Vrh (1,398 m), contour 1,794 m (Monte Carnizza), Krniska Glava (Cima Somdogna, 1,891 m) Krniska Skrbina (Joran delle Grave, 1,731 m), Plece (contour 2,365 m), Spik Nad Policami (Jof de Montasio, 2,754 m), contour 2,201 m (Forca dei Disteis), Kurtison (Curtisone, 2,240 m) to Pecol (Segle del Pecol, 1,516 m) about 2.6 km. south of the Spik Nad Policami (Jof di Montasio).

From Pecol (Segle del Pecol, 1,516 m) the line continues south-eastwards towards the bridge at Val del Age; within one kilometer north-west of this point it turns towards the south, passing through the Pic Ladrís (1,776 m), Monte Spric (1,852 m), Col Delle Erbe (1,989 m) to Visoni Kanin (Monte Canin, 2,585 m). From there it descends in a south-westerly direction to the contour 1,112 m near the stream Ronek (Ronc), cuts the valley of stream Reziža (Resia) where it flows into the Ronek (Ronc) and rises again through the contour 546 m. to Mali Vrh (Colle Piccolo, 1,140 m).

From Mali Vrh (Colle Piccolo, 1,140 m) the line turns south through the Niski Vrh (Monte Nisca, 1,454 m) towards Kozarjuvac (Bocchetta di Zaiaur, 1,657 m), whence it runs westwards towards Zaiavorom (Monte Zaiaur, 1,816 m) and again turns south, crossing the stream Meja (Mea) and ascends the Mali Vrh (Cima Piccola, 1,558 m). From Mali Vrh (Cima Piccola, 1,588 m) the line follows the watershed between Ter (Torre) and Karnahita (Cornappo) as far as Povjak (Monte Poujak, 768 m), Conje (Monte Zougna, 807 m), Kladja (Monte Cladis, 852 m). From here the frontier turns south-eastwards to contour 774 m (Monte Caulun) and to Spik (Monte Spich, 958 m) and turns south towards the contours Na Grad (Monte Nacrad, 984 m), Vrh (Monte Uorch, 792 m). From here it continues eastwards, passing within 0.5 km south of Krnica (Monte Carnizza, 991 m), then south of the village of Canebla (Canebola) and through Kaduernica (Monte Caludrarza, 976 m) to Kraguvenca (Monte Craguvenza, 951 m), crosses the river Nadiza (Natisone) and reaches the pass situated 0.5 km to the south of SV. Juriž (Monte San Giorgio, 865 m).

From the pass 0.5 km south of SV. Juriž (Monte San Giorgio, 865 m) the line turns south-eastwards through the junction of the streams Alborne (Amburna) and Reka (Ricca) and passes through SV. Egidij (Monte San Egidio, 634 m) into the valley of the brook Kozica (Cosizza), 0.7 km north-west of the village of Kozica (Cosizza).

From here the line follows the course of the brook Kozica as far as its junction with the brook Rbec (Erbezzo). Thence it passes through

Spik (Monte Spic, 661 m) into the valley of the river Idrija (Iudrio) where it ends immediately west of the village of Msicek (Miscecco).

Following the course of the Idrija (Iudrio) the frontier descends as far as a point east of the village of Praprotno (Prepotto), whence it runs south-eastwards through Kandija (Candia, 240 m) and along the contour 261 m as far as the stream Kvarmica (Quarnizza) to about 0.4 km west of Komnin (Monte Comugna, 242 m). Following the course of this stream, the frontier extends as far as the point situated north of the contour 128 m at about 1.2 km north-east of the village of Jenkovo (Venco).

From this point the frontier runs southwards along the contour already referred to (128 m) between the villages of Rutarji (Ruttars) and Barbana as far as the road joining the villages of Bracan (Brazzano) and Medana, it then turns eastwards, skirting the brook which runs south of this road, follows the western and southern edges of the drained marshes of Palude (Palot) and Preval (Prevale) through the hamlet of Villa Blanchis (90 m) on contour 121 m and near the cemetery 0.8 km north of the village church of Locnik (Lucinico) and thence to a point situated 1.2 km west of the viaduct by which the railway crosses the Soca (Isonzo).

From here the frontier runs south, reaching the Soca at the 40 m contour and follows respectively the course of the rivers Soca (Isonzo) and the Zdoba as far as their estuary."

C.P.(Gen)Doc.1.U.4.

ARTICLE 4

This Article should be deleted.

ARTICLE 5

After paragraph 4 a paragraph 5 should be added, reading as follows:

"For the purpose of determining on the spot the boundary between Italy and the People's Federative Republic of Yugoslavia, and that between the Free Territory of Trieste and the People's Federative Republic of Yugoslavia, the Commissioners shall be allowed to depart by 0.5 kilometer from the line laid down in the present Treaty in order to adjust the boundary to local geographical and economic conditions, provided that no village or town of more than 500 inhabitants, no important railroad or highway or no major power or water supplies are placed under a sovereignty contrary to the delimitations laid down in the present treaty."

C.P. (Gen) Doc. 1.U.5.

SECTION IV

The heading "Yugoslavia (Special Clauses)" should be replaced by "People's Federative Republic of Yugoslavia (Special Clause)."

ARTICLE 11

1. In paragraph 1, line 3, the words "and 16" should be replaced by: "and subject to the provisions of Article 16."

2. Add at the end of paragraph 1:

"(c) The area bounded by lines defined as follows:

1. 45°10'15" N.—13°2'50" E.
2. 44°51'10" N.—13°37' E.
3. 44°40' N.—13°55'40" E.
4. 44°56'25" N.—14°18' E.

C.P. (Gen) Doc. 1.U.6.

The following four new Articles should be added after Article 11.

Article 11a

"Italy shall restore to the People's Federative Republic of Yugoslavia all objects of artistic, scientific, educational, religious or cultural value and all historical objects, documents and archives which were removed during the first World War or later from the territory which under the present Treaty is ceded to the People's Federative Republic of Yugoslavia.

Article 11b

1. Italy shall be bound to hand over immediately to the People's Federative Republic of Yugoslavia all files, archives, registers, plans, land registers and documents of any kind belonging to public civilian or military institutions situated on territory ceded to the People's Federative Republic of Yugoslavia.

2. The above obligations shall also apply to the items referred to in paragraph 1 located on Italian territory and bearing on the public administration, the economy, public works or other public services of the ceded territory.

Article 11c

Italy shall hand over to the People's Federative Republic of Yugoslavia the items referred to in Articles 11a and 11b which she received in pursuance of the Treaties of St. Germain and Trianon, or of the respective conventions which refer exclusively or predominantly to the territory ceded in the said treaties to the People's Federative Republic of Yugoslavia.

Article 11*d*

Italy undertakes to restore immediately objects of artistic, scientific, educational, religious and cultural value together with all historical records, documents or archives located in Italy but emanating from Yugoslav territory in accordance with a list which will be submitted by the People's Federative Republic of Yugoslavia.

C.P. (Gen) Doc.1.U.7.

ARTICLE 13

In paragraph 1 the date "June 10, 1940" should be amended to read "April 21, 1936".

At the end of paragraph 1 insert a new paragraph reading as follows:

"The provisions of the foregoing paragraph shall not apply to the following persons:

- (a) Persons who have been pronounced to be or sentenced as war criminals;
- (b) Persons who have been Fascist or Quadrist leaders or members of the Fascist militia;
- (c) Persons affected by the purge enacted under the decree of the Allied Military Covenant of July 1945 for the elimination of Fascist elements."

C.P. (Gen) Doc.1.U.8.

After Article 13 add a new:

Article 13*a*

1. Within a period of one year from the entry into force of the present Treaty Yugoslavs of Italian nationality settled in Italy and more than 18 years old may on request obtain the Yugoslav nationality which the competent Yugoslav authorities may grant.

2. Yugoslavs of Italian nationality living abroad may, if they have not acquired foreign nationality, obtain within a period of one year from the entry into force of the present Treaty Yugoslav nationality in accordance with Yugoslav regulations.

3. Acquisition of Yugoslav nationality as defined in paragraph 1 and 2 shall involve the automatic loss of Italian nationality.

C.P. (Gen) Doc.1.U.9.

ARTICLE 14

Add at the end of this Article: "As well as the right to be taught in their mother tongue."

After Article 14 add a new:

Article 14*a*

Italy agrees not to take any proceedings whatsoever against:

(*a*) Persons who expressed themselves in favour of their locality or any parts of Italy being ceded to any Allied Associated Power, who engaged in activities to this end or took action, vis-à-vis international organisations or commissions in favour of a solution of the frontier question detrimental to Italy.

(*b*) Italian nationals or members of the armed forces who deserted from the Italian army or joined Allied military units or resistance movements in the rear or under the occupation.

C.P.(Gen)Doc.1.U.10.

SECTION II

The heading "Free Territory of Trieste" should read "Free City of Trieste".

ARTICLE 16

1. Italy renounces her sovereignty over the territory of the City of Trieste and its immediate environs within the frontiers described in Article 16*a*.

2. The territory of the City of Trieste and its immediate environs will form the Free City of Trieste in accordance with the provisions of the Statute annexed to the present Treaty and forming an integral part thereof, which has the same significance and effect as the treaty itself.

3. The sovereignty of the Free City of Trieste shall be vested in the population of its territory. The constitution of the Free City of Trieste shall be in conformity with the Statute annexed to the present Treaty. The independence and integrity of the Free City of Trieste are guaranteed by the Security Council of the United Nations.

4. The City of Trieste shall, with the People's Federative Republic of Yugoslavia, form a genuine union as defined in the Statute annexed to the present treaty.

C.P.(Gen)Doc.1.U.11.

After Article 16 insert a new:

Article 16*a*

The frontier between the Free City of Trieste and the Federative People's Republic of Yugoslavia will leave the coast at about 0.5 kilometer south of Cedas (Cedas) and extend in an easterly direction via Griza (Monte Grisa, 335 m), Gorka (Monte Gurca, 371 m), cross the Prosek (Prosecco)—Opicene (Villa Opicina) road on the 297 m level,

and thence north of Opicine (Villa Opicina) so as to leave the railway station and the connection between the railway lines of Trst-Gorica (Trieste-Gorizia) and Nabrezina-Sezana (Aurisina-Sesana) to the Federative People's Republic of Yugoslavia. The frontier thence extends south-east along the 274 m and 334 m levels to Frankovec (Monte Franco, 408 m) and then in a southeasterly direction, along the 366 m and 398 m levels so as to leave Gropada and Bazovica (Basovizza) to the Federative People's Republic of Yugoslavia and crosses the Kozina-Trst (Cosina-Trieste) railway.

Thence the frontier extends along the western slope of Mali Kras (Monte Carso), leaving to the Federative People's Republic of Yugoslavia the plateau of Mali Kras (458 m) and the village of Socerb (San Servolo) and to the Free City of Trieste the villages of Kraglje (Croghe) and Dolina (San Dorligo della Valle). About 0.5 kilometre north of Socerb the frontier crosses the Socerb-Dolina road and turns westward leaving the village of Mackovlje (Caresana d'Istria) to the Free City of Trieste and the village of Prebenek (Prebenico) to the Federative People's Republic of Yugoslavia. It then crosses the 182 m and 85 m levels, the road and former railway up to the 165 m level and reaches Kastelijer (Monte Castellier, 245 m), leaving the village of Jelarji (Elleri) to the Federative People's Republic of Yugoslavia. From Kastelijer (245 m) the frontier crosses the summit of Sv. Mihel (S. Michele, 197 m) and reaches the sea about 1 km west of Sv. Rok (S. Rocco).

C.P.(Gen)Doc.1.U.12.

ARTICLE 21

For the words "and independence" read "the independence and territorial integrity".

C.P.(Gen)Doc.1.U.13.

After Article 25 add a new

Article 25a

"For the purposes of the execution of the present treaty Albania shall have the rights of an Associated Power."

C.P.(Gen)Doc.1.U.14.

ARTICLE 41

For paragraph 1b substitute the following:

"b. Fortifications and constructions shall be deemed to comprise not only artillery and infantry fortifications, whether in groups or

separated but also strong points of any type, dumps, shelters or observation points, whether constructed of metal or reinforced concrete or erected or built in the rock, but also the means of communication and contact serving the military fortifications and installations in question, irrespective of their size, the purpose for which they are at present being used and the condition in which they are or the stage of construction they have reached.”

For paragraph 2 substitute the following :

“2. In the zone referred to in paragraph 1c it shall be forbidden to erect any new military fortifications or constructions such as are mentioned in paragraph 1b, or to construct any new routes of communication not justified by the local economic requirements of the frontier zone.”

C.P.(Gen) Doc.1.U.15.

ARTICLE 47

Paragraph 1a. “Major War Vessels” should read as follows :

“One, Battleship;
Three, Cruisers;
Twelve, Torpedo Boats;
Fourteen, Corvettes.”

C.P.(Gen) Doc.1.U.16.

ARTICLE 52

1. Paragraph 1: The words, “30,000 Carabinieri” should be substituted for “65,000 Carabinieri”, and “215,000” for “250,000”.

2. The following new paragraph should be inserted after paragraph 1:

“2. In no case shall any officer or non-commissioned officer of the former Fascist Militia or of the former Fascist Republican Army be admitted with Officer’s or non-commissioned officer’s rank to the Italian Army, Navy or Air Force.”

C.P.(Gen) Doc.1.U.17.

ARTICLE 64

In Section B—*Reparation for other Powers*—the following text should be inserted:

1. Italy shall pay, over a period of seven years from the coming into force of this treaty reparation to France to the amount of

United States dollars, reparation to the Federative People's Republic of Yugoslavia to the amount of 1,300,000,000 United States dollars, reparation to Greece to the amount of reparation to Albania to the amount of and reparation to Ethiopia to the amount of

2. Reparation shall be made from the following sources.

(a) A share of the Italian factory and tool equipment designed for the manufacture of war implements which is not required by the permitted military establishments and is not readily susceptible of conversion to civilian purposes and which is removed from Italy pursuant to Article 58 of the present treaty.

(b) The Italian merchant fleet, with a total registered tonnage of based on the average composition of the said fleet;

(c) Italian current industrial production, to be delivered in seven equal annual instalments;

(d) The surplus gold coin of the Bank of Italy, remaining after the execution of the obligations under Article 65 of the present treaty;

(e) The execution by Italy of works in countries entitled to Italian reparations.

3. The quantities and types of goods to be delivered by Italy and the works to be executed shall be the subject of agreements between the Italian Government and the Governments entitled to Italian reparations. Italy undertakes to conclude these agreements within six months from the coming into force of the present treaty. The agreements shall be based on the drafts to be presented, in agreement with the Italian Reparation Commission, by the Governments entitled to such reparations. Until these agreements come into force, Italy shall, in the same way as for reparation and in respect of reparation make deliveries from industrial production to France up to the amount of dollars, to the Federative People's Republic of Yugoslavia up to 300 million dollars, to Greece up to dollars, to Albania up to dollars and to Ethiopia up to dollars.

4. The States entitled to reparations shall furnish to Italy, on commercial terms, raw materials or products which are normally imported into Italy up to the value of the raw materials imported by Italy for the production of the goods delivered on account of reparations. Payment for rich raw materials or products shall be made by deducting the value of the materials thus furnished from that of the goods delivered on reparations account.

Following Section B of Article 64, insert Section C, reading as follows:

1. The unit of calculation for the reparation settlement proposed shall be the United States dollar at a gold parity of 35 dollars per

ounce, the price of deliveries and services being calculated according to the average world market prices of 1938.

2. The costs of delivery shall be borne by Italy up to the Italian frontier or the port of the State to which the goods are consigned; for delay in delivery Italy shall be liable to a fine amounting to 5% per month of the value of the delivery in question. The total of such fines shall be affected to further deliveries in the year following.

3. For reparation questions the States entitled to reparations will be represented in Italy by their Reparation Delegations. The staff of such Delegations shall enjoy diplomatic privileges, and the cost of their maintenance shall be borne by the Italian Government.

4. The Heads of these Delegations or their deputies will constitute an Italian Reparation Commission with the following duties:

(a) Distribution of factory and tool equipment, of the merchant fleet and gold coin indicated as the sources from which Italian reparations can be drawn.

(b) Co-ordination of reparation deliveries.

(c) In event of the non-fulfilment of her obligations by Italy, proposal of measures to ensure such fulfilment.

The members of the Italian Reparation Commission will adopt, by a majority vote, their own Rules of Procedure and constitute a secretariat with the necessary staff. The cost of the secretariat will be borne by the Italian Government.

C.P.(Gen)Doc.1.U.18.

ARTICLE 65

1. At the end of paragraph 1, add:

“Within a period of 6 months after the filing of the claim for restitution.”

2. In line 1 of paragraph 2, delete the word “identifiable”.

3. At the end of paragraph 2, add:

“Where, as a result of the war, the property removed cannot be returned, the Italian Government shall compensate, within a period of 6 months after the filing of the claim for restitution, the Government of the country from whose territory the property was removed, by property of equivalent value.”

4. At the end of paragraph 3, add:

“When returning vessels, Italy shall bear the cost of refloating and repairing vessels belonging to the Allied and Associated Powers and taken by Italy, insofar as such vessels were not sunk in the service of

the Allies. Within one year of the coming into force of the present Treaty, Italy herself shall refloat and put into pre-war condition all vessels sunk in her waters, and to offset present and future costs caused by the refloating and reconditioning of vessels sunk outside her waters, Italy shall pay, within a period of one year of the coming into force of the present Treaty, compensation in the form of naval materials or work executed in her naval dockyards, in virtue of an agreement to be concluded between the Governments concerned and the Italian Government within a period of 6 months of the coming into force of the present Treaty."

5. At the end of paragraph 4, add :

"Including the maintenance costs of Restitution Delegations of the Allied and Associated Powers in Italy."

6. Replace paragraph 7 by the following paragraph :

"The claimant Government shall be required to show that the property was removed from its territory and transported to Italy and the Italian Government shall be required to show that the property was not removed by taking advantage of the state of occupation."

7. At the end of Article 65 add two new paragraphs, as follows :

9. "Where vessels seized by the Italian Government are not returned to the Allied Powers, Italy undertakes to replace such vessels by vessels of the same tonnage and class or by vessels to be defined in agreements to be concluded, within a period of 6 months of the coming into force of the present treaty, between the Governments concerned and the Italian Government. Italy shall deliver the replacement vessels, free of all charges, within a period of 3 months after the conclusion of the agreement if such vessels are drawn from existing Italian vessels, and within a period of 3 years of the coming into force of the present treaty if they are drawn from newly-built vessels, provided always that Italy delivers annually $\frac{1}{3}$ of the stipulated tonnage.

10. "Within a period of 3 months of the coming into force of the present treaty, Italy shall return to the Federative People's Republic of Yugoslavia, in good condition, the rolling stock received by her in 1941 at the time of the apportionment of Yugoslav rolling stock. Where Italy does not return such rolling stock within such time-limit, she shall compensate Yugoslavia within 30 days with rolling stock of the same class from her own supplies."

C.P.(Gen)Doc.1.U.19

ARTICLE 66

1. In paragraph 4 lines 1 and 2, add after the word "Allied" the words "or Associated".

2. Paragraph 6 to be replaced by the following text :

“Submarine cables which connect certain places belonging to the Allied or Associated Powers, including territories ceded under the present treaty, will become, without any form of compensation, the exclusive property of the Allied or Associated Power whose territories they connect.

Submarine cables which connect certain places in the territory of any one of the Allied or Associated Powers with certain places in Italian territory will be considered as belonging to the State in which they terminate, as to one-half of their length.

Where such cables or parts thereof, acquired by Allied or Associated Powers in virtue of the present treaty, belong to private persons or if such persons have proprietary rights to such cables, Italy shall be required to pay them equitable compensation.

The Allied or Associated Power is entitled to dispose freely of the cable or part thereof acquired under the present treaty just as it is entitled to remove such cable or part thereof.

Italy shall put at the disposal of the Allied or Associated Power concerned detailed information concerning the quantity, nature, length and characteristic structural features of the submarine cables referred to in the present article and deliver to such Power all documents and plans relating to such cables.”

C.P.(Gen)Doc.1.U.20.

ARTICLE 67

At the end, add paragraph 3, as follows :

“Italy recognises the full rights of the Inter-Allied Reparation Agency in Brussels over all German property in Italy, which in accordance with the decision of the Potsdam Conference, is placed at her disposal as German reparations. Italy agrees to take all necessary measures to facilitate the transfer of such property.”

C.P.(Gen)Doc.1.U.21.

ARTICLE 68

1. In paragraph 1, after the words: “June 10, 1940” add:

“Or the date on which the Allied or Associated Power concerned entered into war with Italy . . .

2. Paragraph 4 to read as follows :

“Italy recognises that she is bound to pay compensation for the property of United Nations and their nationals in Italy, lost or dam-

aged during the war. In view of the fact, however, that Italy was the first of the Axis Powers to break with Germany and come over to the side of the United Nations and in consideration of the losses sustained by Italy in the course of military operations against Germany on Italian territory, it is agreed that such compensation will be made proportionately, up to the amount of the average reparation quotas accruing under the present treaty to the Allied and Associated Powers in respect of losses sustained through the war."

3. Paragraph 6 to be deleted.

C.P.(Gen)Doc.1.U.22.

ARTICLE 69

1. In the first sentence of paragraph 1, replace the words: "coming into force of the present treaty belong to Italy or to Italian nationals . . ." by:

"entry into war against the Allied Power concerned, belonged to Italy or Italian nationals or which were acquired between the entry into war and the coming into force of the present treaty . . ."

C.P.(Gen)Doc.1.U.23.

ARTICLE 70

At the end, add a new paragraph 3, reading as follows:

3. Neither the Allied and Associated Powers whose territory was occupied by Italy and to whom, under the present treaty, Italy is to pay reparations, nor their nationals, will refund any debts to Italy or Italian nationals.

C.P.(Gen)Doc.1.U.24.

ANNEX 3

1. Line 1 of paragraph 1 should be reworded as follows:

The Successor State shall receive free of payment, Italian State or para-statal property situated on Territory ceded under the terms of the present Treaty and which belonged, as on September 1943 or later, to the Italian State or to Italian para-statal institutions.

The Italian Government, within three months of the date of entry into force of the present Treaty, shall hand over to the Successor State all archives, documents, general and detailed plans concerning all branches of administration, public services, transport, electricity supply, land improvements, water supply, public works as well as plans

and documents concerning undertakings on ceded territory; within the same time limit the Government of the Free City of Trieste shall hand over to the Federative People's Republic of Yugoslavia or to Italy the documentation mentioned above which is to be found on its Territory and which concerns Territories belonging to the Federative People's Republic of Yugoslavia or to Italy under the terms of the present Treaty.

2. In line 2 of paragraph 1, the words "State property" should be replaced by "State property and State interests in private undertakings of the State".

3. After paragraph 1, a new paragraph 1a should be inserted, reading as follows:

"Except insofar as otherwise specifically provided for in the present Treaty, property belonging to Italian public associations in the Territory to be divided between the successor State and Italy on a basis of the proportions of the population. Property exclusively serving the purely local needs of certain parts of the Territory, which belonged to any one of these countries shall not be divided but used, free of charge, for the needs of the population of the region in question.

"Institutions belonging to public associations situated solely on the territory of one of these States, shall not be divided, but shall become the property of the State to whom the territory is ceded.

"Centralized funds, establishments, centralized institutions shall withdraw from their funds which have remained in Italy and shall pay over a quota proportional to the interests in the ceded territories."

4. Paragraph 3 should be worded as follows:

"The State to whom the territory is ceded shall not be required to make any contribution of any kind towards the service of the Italian public debt."

5. Paragraph 4 should be replaced by the following:

"Within a period of one year from the entry in force of the present Treaty, Italy shall transfer to the successor State, calculated at their 1938 value, together with instruments and documents referring to them, reserve capitals and all actuarial reserves and capitalisation premiums corresponding to the liabilities assumed by the successor State towards beneficiaries of social insurance in the ceded territory in accordance with the nature of the insurance, whether disablement, old age, accident or death.

"Within a year of the entry into force of the present Treaty, Italy will hand over to the Free City of Trieste the proportion of the assets of Italian sick insurance funds due to the successor State on the basis

of the ratio between the number of insured persons in its Territory and the total number of insured persons in Italy in 1938.

“Within one year Italy will hand over to the successor State together with the revalued deeds and documents, at their 1938 value, the reserve funds intended for paying the retirement pensions of civil servants and their families living in ceded Territory who become Trieste nationals of the successor State and who have acquired the right to a personal or family pension, whether this pension has or has not already been awarded. At the same time the Italian Government will transfer the sums paid as pension on the basis of their 1938 valuation.

“Within a period of one year from the entry into force of the present Treaty, Italian insurance companies shall transfer to the Successor State all contracts of insurance applying to physical or juridical persons living in ceded territory, who are to become nationals of the successor States, as also contract of insurance applying to articles or undertakings situated in ceded territory. At the same time the Italian Government shall transfer to the successor States, at their 1938 valuation, all assets representing general or special funds (premiums or others) intended to cover past or future losses or other liabilities of the insurer, as well as the actuarial reserves and the reinsurance funds insofar as such funds relate to the aforesaid contracts. The details of the methods of transfer shall be determined by special agreements to be concluded between the successor States and the Government of Italy within a period of 9 months from the entry into force of the present Treaty.”

6. Line 2 of paragraph 5 should be replaced by the following:

“The successor States will take over, free of charge, the property, rights and interests of all Italian concessionary or public utility undertakings, such as water, gas and electricity supply, or transport undertakings, and in such cases the Italian Government shall undertake to pay equitable compensation to the interested parties.”

7. Paragraph 11 should be omitted (see our paragraph 15 below).

8. At the end five new paragraphs should be added, worded as follows:

“11. Italy will cede to the successor States all railways running through ceded territory and will transfer such quantity of the total Italian rolling stock as is proportional to the length of the railways handed over, the nature and importance of the traffic, and to the method of utilisation (steam or electric traction). In the same manner Italy will hand over a corresponding quantity of railway workshops, of material necessary for the upkeep of rolling stock, the correspond-

ing number of spare parts of mobile workshops, and of tools and equipment. Italy will hand over these goods to the successor State within a period of 6 months from the entry into force of the present Treaty, in accordance with agreements to be concluded between the successor States and the Italian Government.

"12. Within a period of 3 months from the date of entry into force of the present Treaty, Italy will transfer to the successor States all merchant ships registered in the ports situated in ceded territory. Italy will transfer these ships free of all charges which they may have incurred in the course of the war, and in good condition.

"13. The successor States will have the right to recover as reparation all property illegally removed from the ceded territories including property removed from these territories by means of requisition or by the orders of the military organisations of the Axis.

"14. Within a period of 3 months from the entry into force of the present Treaty, Italy will hand over to the successor States the proportion of the assets, gold reserves and stocks of currency, corresponding to the number of the population in the ceded territory and held by the Bank of Italy on the date of the entry into force of the present Treaty.

"15. The provisions of this Annex shall apply equally to the Free City of Trieste, but not to the territory of the former Italian Colonies."

C.P.(Gen)Doc.1.U.25.

ANNEX 3A.

(See article 69)

Provisions Concerning the Cession of the Territory of the Free City of Trieste

1. The Free City of Trieste will receive free of payment, Italian State or para-statal property situated on Territory ceded under the terms of the present Treaty to the Free City of Trieste.

Within three months of the date of entry into force of the present Treaty, the Italian Government will hand over to the Government of the Free City of Trieste all archives, documents, general and detailed plans concerning all branches of administration, public services, transport, electrification, land improvement, water supply and public works, as well as plans and documents relating to concerns on the ceded territory. Within the same time-limit the Government of the Free City of Trieste will hand over to Yugoslavia or to Italy the documentary materials mentioned above which are on its Territory and which concern territories belonging to Yugoslavia or to Italy under the terms of the present Treaty.

As an exception to the first paragraph above, half of the property of Italian concerns, the output or operation of which is essential to Yugoslavia will revert to Yugoslavia as Italian reparation. Yugoslavia will enjoy priority rights in these concerns for orders, works and repairs so far as the requirements of the Free City of Trieste are not prejudiced.

The subsequent control of these concerns shall be determined by agreement between the Yugoslav Government and the Free City of Trieste. Where private interests are involved, the Free City of Trieste shall award compensation to juridical persons and to natural persons for the part accruing to it, and Italy similarly for the part ceded to Yugoslavia as reparation.

The Italian property referred to in the first paragraph will be deemed to comprise all property, rights and interests of the Italian State, of local government authorities and public corporations, public institutions, associations and societies which are publicly owned, property and interests which belonged to the Fascist party, or its subordinate organisations or to persons declared to be war criminals or those whose property was to be confiscated under the Italian law for the confiscation of property acquired through Fascist influence.

Unless otherwise provided for in the present Treaty, property belonging to public bodies in the territory to be divided between the Free City of Trieste and Yugoslavia or Italy will be divided between these countries in proportion to the population. Property exclusively serving the local needs of certain parts of the territory of one of these countries will not be divided but be used, free of compensation, for the needs of the population of the region concerned. Institutions owned by these public bodies entirely located on the Territory of one of the countries will also not be divided but will belong to the country to which such territory reverts.

Centralized funds, foundations and centralized institutions will withdraw from their funds left in Italy and pay over to the Free City of Trieste an amount corresponding to the contributions received from the ceded territories. Similarly, the Free City of Trieste will hand over to Yugoslavia the assets of institutions having their head office in Trieste, if they also served the territories ceded by the present Treaty to Yugoslavia.

2. The Free City of Trieste will exchange for her own currency Italian and Allied military occupation currency held in its territory by persons who continue to reside in this Territory or by juridical persons who continue to carry on operations in this Territory. The Free City of Trieste may require holders of such funds to furnish evidence of the origin of the sums offered for exchange.

When exchanging Italian and occupation lire into Trieste currency the Free City of Trieste shall take into account the dinar-lira rate prevailing at the time of exchange.

After the exchange has been made the Italian Bank of Issue shall pay into the issuing institution of the Free City of Trieste in proportion to the Italian lire and Allied military currency exchanged, a proportion of its reserves, bill holdings and other assets proportional to the currency exchanged. In transferring these assets, priority will be given to those of juridical or natural persons residing on the territory of the Free City of Trieste.

3. The Free City of Trieste will not participate in the payment of the Italian national debt of a date prior to 1st December, 1938 nor in the payment of the Italian national debt of a date later than 1st May, 1945.

The Free City of Trieste will be responsible for other Italian public debts to the amount represented by the ratio between the population of its territory and the total population of Italy at the time of the last official Italian pre-war census. To pay this debt the Free City of Trieste will convert Italian bonds into its own bonds up to the amount of the sum in question. Trieste nationals and juridical persons belonging to the Free City of Trieste will have prior rights to participate in this conversion in respect of bonds which they can prove were equitably and properly acquired.

4. Within a year from the entry into force of the present Treaty, Italy will hand over to the Free City of Trieste, along with the relevant deeds and documents, and computed at the *de jure* or *de facto* assessment adopted in Italy, the reserve capital and all actuarial reserves and capitalisation premiums corresponding to the liabilities assumed by the Free City of Trieste in respect of persons entitled in its territory to social insurance benefit for disablement, work, old age, accidents or death. Within a year from the entry into force of the present Treaty Italy will hand over to the Free City of Trieste the proportion of the assets of Italian sick insurance funds due to the territory of the Free City of Trieste on the basis of the ratio between the number of insured persons in its territory and the total number of insured persons in Italy in 1938.

Within one year Italy will hand over to the Free City of Trieste together with the revalued deeds and documents (the reserve funds intended for paying the retirement pensions of civil servants and their families living in Free City of Trieste Territory who become Trieste nationals and who have acquired the right to a personal or family pension, whether this pension has or has not already been awarded. At the same time the Italian Government will transfer the sums paid into pension funds by civil servants in the territory of the Free City of Trieste but who have not yet acquired the right to a pension.

When Italy has fulfilled this obligation, the Free City of Trieste will undertake to pay Italian State pensions to such persons as have become nationals of Trieste under the present Treaty. As regards other persons, wherever they have held office, whatever their residence or, wherever their pension has so far been paid, the responsibility shall rest with Italy. Similarly, the Free City of Trieste will assume no responsibility for the payment of pensions to civil servants who have come from areas which up to 1915 formed part of Italy and who are not incorporated in the services of the Free City of Trieste, but who are placed at the disposal of the Italian Government by the Government of the Free City within one year from the coming into force of the present Treaty.

5. Public and private insurance organisations in the territory of the Free City of Trieste will liquidate their portfolios of business for the insurance of persons and property as regards the territories of the Allied or Associated Powers or territories to be ceded to the Successor States under the present Treaty as stated in Annex 4, item 3, and will hand over all securities forming part of the actuarial reserves, capitalisation premiums and marginal reserves.

6. The property, rights and interests of Italian nationals permanently resident in the territory of the Free City of Trieste at the date of the coming into force of the present Treaty will, provided they have been lawfully acquired, be respected in the same manner and to the same extent as the rights of nationals of the City of Trieste.

7. Persons opting for Italian nationality, who have established their residence in Italy, shall enjoy the same treatment as that laid down in Annex 3, 6 for Italian optants in the ceded territories.

8. As regards the property, rights and interests of the United Nations in its territory, and the restitution of property removed, the Free City of Trieste will take the same action as is laid down for Italy by the present Treaty of Peace in regard to such property, rights and interests.

9. All railways and other railway equipment including accessory material in the territory of the Free City of Trieste will be transferred to the Free City of Trieste in the manner laid down for ceded territories.

10. Italy shall transfer to the Free City of Trieste all units of the Italian merchant marine which at the beginning of the war, were registered in the port of the Free City of Trieste.

11. All Italian public institutions and all the public services in the territory of the Free City of Trieste will be transferred to the jurisdiction of the Government of the Free City; all institutions established in the Free Territory as branches or agencies of Italian public organisations, will become independent and come under the jurisdiction of the authorities of Trieste. Insofar as the assets of such services

are centralised, they will be divided up, and a proportionate part of these assets shall be transferred to the Free City of Trieste.

12. The Free City of Trieste will not enter into any engagement with regard to Italian reparation payments, except as provided in paragraph 1 of this Annex.

The Free City of Trieste will transfer to Yugoslavia for disposal all German property, rights and interests in the territory of the Free City of Trieste. This German property will be liquidated by Yugoslavia according to the provisions of the Paris Final Act on Reparation and be placed to Yugoslavia's Reparation account with Inter-Allied Reparations Agency.

13. International agreements concluded by Italy will not be binding on the Free City of Trieste.

14. The renunciation of claims as provided for in Section III, paragraph 6 of the present Treaty will also apply to the Free City of Trieste.

15. The provisions of the present Peace Treaty (art. 69) with regard to Italian property in the territories of the Allied or Associated Powers, and the provisions of Article 67 with regard to Italian property in Germany will also apply to the property of nationals of the Free City of Trieste, unless expressly stipulated otherwise.

16. Annexes 6, 7 and 8 of the present Treaty will also apply to the Free City of Trieste, unless otherwise stipulated in special provisions.

17. Yugoslavia and Italy will maintain the existing supply of electricity to the Free City of Trieste furnishing such quantities of electricity as it may require. The quantities furnished need not at first substantially exceed those which have been customarily supplied to the Free Territory but Yugoslavia and Italy will, on the Free City's request, as far as possible, furnish the amounts corresponding to its requirements. The price to be charged by Yugoslavia or Italy and to be paid by the Free City for electricity should not exceed that charged for a similar amount in Yugoslav or Italian territory. Yugoslavia, Italy and the Free City of Trieste will maintain in good condition all electric plants, transmission lines, sub-stations and other installations required for the supply of electricity to the Free City of Trieste. Yugoslavia will be entitled to use all power installations which, in the territory of the Free City, serve for the transmission of electric power in the territory ceded to Yugoslavia. This obligation will bind Italy and Yugoslavia during a period of five years from the date of the entry into force of the present Treaty. During the said period the Governments concerned should conclude further agreements in order to regulate their future relations. A joint technical commission (Yugoslavia-Trieste or Italy-Trieste) will be established, with headquarters in Trieste and equal representation for the parties concerned, to supervise

the execution of these provisions. In the event of dispute, a court will be elected by mutual agreement.

Yugoslavia undertakes to supply Trieste with water according to the same principles.

18. Under the present Treaty, half the length of the submarine cables between the territory of the Free City of Trieste and other territories will become the property of the Free City of Trieste without the latter being obliged to pay an indemnity; the other half will be the property of the State in which its extremity lies. As regards indemnities, the Free City of Trieste shall subscribe to the obligations which are to be borne by Italy under Article 66, paragraph 6, of the present Treaty.

19. The whole of the provisions of Article 70 (Debts) will apply to the Free City as to Italy.

20. The provisions of Articles 11*a*, 11*b*, 11*c*, 11*d*, 14, 14*c*, 38, 62*a*, 62*b*, 62*c*, 62*d*, 72 and 76 of the present Treaty are also binding on the Free City of Trieste and will be applied to that territory; Italy will apply these provisions to Trieste and to citizens of Trieste who have up to now been nationals of Italy.

21. The provisions of Annex 3 will apply to the Territory of the Free City of Trieste either directly or in a similar manner unless otherwise provided for in this Annex.

C.P.(Gen)Doc.1.U.26.

ANNEX 8

A new paragraph under the letter C should be added to Annex 8, worded as follows:

“C. Legal Procedure in Ceded Territory.

“1. Any civil or commercial law-suit, brought before the courts in ceded territories in respect of which no enforceable verdict has been pronounced, shall be suspended or annulled as from the entry into force of the present Treaty. Within three months at the most from the lodging of a request to the Italian Government, the documents relating to such cases, which may be in the possession of courts situated within Italian territory, shall be transferred to the Allied or Associated Power to whom the territory has been ceded.

“2. In the case of civil and commercial law-suits between the nationals of such territories, or between the nationals of such territories and persons domiciled in Italy, decisions and judgements which have been pronounced by Italian courts after 10 June, 1940, shall not be enforceable until the courts of the Allied or Associated Power concerned issue an exequatur.

“3. The provisions of paragraphs 1 and 2 of this Article will apply *mutatis mutandis* in the Free City of Trieste.”

C.P. (Gen) Doc.1.U.27.

ANNEX 9

(See Article 16)

Permanent Statute of the Free City of Trieste

SECTION I.—*Territory*

Article 1

The City of Trieste and the surrounding territory shall constitute the Free City of Trieste.

The frontier of the Free City of Trieste shall leave the coast at about 0.5 km south of Cedas (Cedas) and extend in an easterly direction via Grize (Monte Griza, 355 m), Gorke (Monte Gorca, 371 m), cross the Prosek (Prosecco)-Opcine (Villa Opicina) road on the 297 m contour, and thence north of Opcine (Villa Opicina) so as to leave the railway station and the connection between the railway lines of Trst-Torica (Trieste-Gorizia) and Nabrezina-Sezana (Aurisine-Sesana) to the People's Federative Republic of Yugoslavia. The frontier thence extends south-east along the 274 m and 334 m contours to Frankovec (Monte Franco, 408 m) and then in a south-easterly direction, along the 366 m and 398 m so as to leave Gropade and Bazovica (Basovizza) to the People's Federative Republic of Yugoslavia and crosses the Kozina-Trst (Cosina-Trieste) railway.

Thence the frontier extends along the western slope of Mali Kras (Monte Carso), leaving to the People's Federative Republic of Yugoslavia the plateau of Mali Kras (458 m) and the village of Socerb (San Servolo) and to the Free City of Trieste the villages of Kraglje (Croggle) and Dolina (San Dorligo della Valle). About 0.5 km north of Socerb the frontier crosses the Socerb-Dolina road and turns westward leaving the village of Mackovlje (Carasana d'Istria) to the Free City of Trieste and the village of Prebenek (Prebenico) to the People's Federative Republic of Yugoslavia. It then crosses the 182 m and 85 m contours, the road and former railway up to the 165 m contour and reaches Kastelijer (Monte Castellier, 245 m), leaving the village of Jelarji (Elleri) to the People's Federative Republic of Yugoslavia. From Kastelijer (245 m) the frontier crosses the summit of Sv. Mihel (S. Michele, 197 m) and reaches the sea about 1.5 km west of Sv. Rok (S. Rocco).

The frontier of the Free City of Trieste is shown on the map, scaled at 1/100,000, which is attached to the present document and which is deemed to be an integral part of the present Treaty.

In case of divergence between the frontier as traced on the map and as it is set forth in the above text, the latter shall have binding effect.

Article 2

The detailed tracing of the boundary on the ground shall be effected by a Mixed Commission consisting of representatives of the Federative People's Republic of Yugoslavia and the Council of Government of the Free City of Trieste.

The Mixed Commission shall commence its duties on the spot, immediately after the coming into force of the present Statute, and shall complete them as soon as possible and in any case within a period of two months.

Any questions which the Commissions are unable to agree upon will be referred to the four Ambassadors acting as provided in Article 75. The four Ambassadors shall either find a final settlement to the dispute or appoint an impartial third Commissioner.

The expenses of the Boundary Commission will be shared equally by the People's Federative Republic of Yugoslavia and the Free City of Trieste.

SECTION II.—*General provisions*

Article 3

The Free City of Trieste shall enjoy complete independence; its independence and integrity shall be guaranteed by the Security Council of the United Nations.

The Free City of Trieste shall be closely associated with the Federative People's Republic of Yugoslavia in accordance with the provisions of the present Statute.

The status of the Free City of Trieste and its territory may not be modified except by a previous decision of the Security Council and with the consent of the Federative People's Republic of Yugoslavia.

Article 4

The Territory of the Free City of Trieste shall be neutral and demilitarised.

No army, land, sea or air forces may be maintained on the Territory of the Free City of Trieste. No naval, military or air installations shall be established nor shall any war material be produced therein. The introduction of military service and the creation, training and activity of military or para-military formations are forbidden on the Territory of the Free City of Trieste.

For the maintenance of peace, order and security, the Free City of Trieste shall have only its own Police Force, the members of which shall be recruited from the Free City. This Force shall have the right to possess small arms only.

The Federative People's Republic of Yugoslavia shall be authorised to maintain a contingent of guards on the Territory of the Free City of Trieste for the protection of the railways, the customs zone and the coast line.

Article 5

No armed, land, sea or air forces belonging to any State may enter the Territory, territorial waters or the air above the Free City of Trieste. Neither shall the Council of Government of the Free City of Trieste be allowed to conclude or negotiate military Treaties with any State.

Article 6

The organs of Government of the Free City of Trieste shall be determined by the constitution of the Free City of Trieste which will be drawn up by the National Assembly in accordance with the provisions of the present Statute.

SECTION III.—*High commissioner and governor*

[Article 7]

The Security Council shall appoint a High Commissioner for the Free City of Trieste, whose duty it shall be to supervise the application of the present Statute. He shall have authority to draw the Governor's attention to any infringement of the present Statute, to claim reparation in the event of any such infringement and, if necessary, to postpone the execution of decision taken by the Governor or authorities of the Free City of Trieste, while immediately notifying the Security Council. The High Commissioner and his Deputy shall be appointed for a term of five years by the Security Council, after consultation with the Governments of the Federative People's Republic of Yugoslavia and Italy. The High Commissioner and his Deputy may not be nationals of the Federative People's Republic of Yugoslavia, Italy, or the Free City of Trieste. On the occasion of their appointment, the Security Council shall determine their emoluments, which shall be borne by the budget of the United Nations. Should the Security Council consider that the High Commissioner or his Deputy fall short of their duty, it may suspend them from office even before the expiry of their term of appointment and, if need be, remove them.

The High Commissioner shall be required to report to the Security Council at least once a year on the situation obtaining in the territory of the Free City of Trieste.

Article 8

The High Commissioner, in the accomplishment of his duties, may not ask for or receive instructions from any government or authority other than the Security Council. He shall refrain from any activity incompatible with his position as an international official.

Article 9

The Governor of the Free City of Trieste shall be nominated by the Government of the Federative People's Republic of Yugoslavia.

The Governor shall represent the Federative People's Republic of Yugoslavia for all matters of interest to Yugoslavia in connection with actual union. The Governor shall be entitled to submit his comments to the High Commissioner in respect of questions concerning the actual union and the application of the present Statute. Should the High Commissioner not agree to the Governor's comments, the matter shall be brought before the Security Council.

Article 10

The High Commission [*Commissioner*] and Governor shall have the right to investigate and seek information on any matters concerning the competence of the authorities of the Free City of Trieste and the Administration of the Free Port.

SECTION IV.—*Legislative and executive power*

Article 11

Sovereignty over the territory of the Free City of Trieste shall be vested in the people.

The people shall exercise their sovereign power through the National Assembly, freely elected by universal suffrage and secret ballot, direct and equal for all, in accordance with the system of absolute proportional representation. One Member of the Assembly shall be returned for every inhabitants. Any citizen of the Free City of Trieste of either sex who has attained the age of twenty years shall have the active and passive right of vote. War criminals or former officials of the Fascist party shall not be entitled to vote.

Pending the promulgation of the first Constitution of the Free City of Trieste, only such citizens as are mentioned in Article 17, paragraph 1, of the present Statute shall be entitled to vote.

Article 12

Legislative power over the territory of the Free City of Trieste shall be exercised by the National Assembly resolved into a single Chamber.

Article 13

Legislative action shall be the prerogative of members of the National Assembly and the Council of Government of the Free City of Trieste. Any Bill passed by the National Assembly shall have force of law as soon as it is promulgated by the President of the National Assembly. Prior to their promulgation, the National Assembly shall communicate to the High Commissioner and Governor the texts of any Bills adopted. If he considers them inconsistent with the present Stat-

ute, the High Commissioner may return the laws adopted by the National Assembly, together with his comments and recommendations, within ten days. If the National Assembly does not agree with the High Commissioner's comments, it shall forthwith notify the Security Council, with whom the final decision shall rest. Any Bill not returned to the National Assembly by the High Commissioner within ten days shall have force of law.

Article 14

Executive power over the territory of the Free City of Trieste shall be exercised by the Council of Government of the Free City of Trieste, the members of which shall be appointed or removed from office by the National Assembly, to which they are accountable.

Article 15

The Constitution of the Free City of Trieste shall provide for the establishment of local administrative organs based on democratic principles and, more particularly, elected by equal and universal suffrage, by direct and secret ballot, in accordance with the system of proportional representation.

SECTION V.—*Judicial power*

Article 16

Judicial power over the territory of the Free City of Trieste shall be exercised by courts established in conformity with the Constitution and laws of the Free City of Trieste.

The Constitution shall guarantee the complete freedom and independence of the judicial power, and shall provide for the establishment of a Court of Appeal.

SECTION VI.—*Citizenship*

Article 17

All persons permanently settled as former Austro-Hungarian nationals on the present territory of the Free City of Trieste on October 28, 1918, and permanently domiciled there on the date of the coming into force of the present Statute, shall automatically become citizens of the Free City of Trieste. Persons permanently established as Austro-Hungarian nationals on October 28, 1918 who subsequently emigrated abroad may apply to recover Trieste citizenship within twelve months of the coming into force of the present Statute, even if they have since acquired another nationality.

All persons permanently domiciled on the territory of the Free City of Trieste at the time of the 1936 census and living there permanently at the time of the coming into force of the present Statute shall automatically become citizens of the Free City of Trieste. The provisions

of this paragraph shall not apply to war criminals, persons in respect of whom purge measures have been taken by decision of the Trieste courts, recognized officials of the Fascist party, officers and non-commissioned officers of the Fascist militia, Italian civil servants coming from areas under Italian jurisdiction prior to 1915, and persons who, after the rise to power of Fascism, obtained a grant to trade as concessionaries.

Persons who become citizens of the Free City of Trieste by virtue of paragraphs 1 and 2 above shall *ipso facto* forfeit their Italian nationality.

The provisions of paragraphs 1 and 2 above shall likewise apply to the descendants of all such persons.

Article 18

All persons coming under Article 17 above who are over the age of eighteen years, as well as married persons under the age of eighteen years, shall be entitled to opt for Italian nationality within twelve months of the coming into force of the present Statute. Anybody so doing shall be considered as not having even [*ever*] acquired citizenship of the Free City of Trieste.

Option by a husband shall not entail option on the part of the wife. Option by a father or, in the event of his decease, a mother, shall automatically imply option on the part of any unmarried children under eighteen years of age.

The Council of Government of the Free City of Trieste may require persons opting for Italy to transfer their residence to the State for which they have opted within twelve months from the date of option.

Article 19

Persons in Italian public, civil or military employment who, within a period of three months from the coming into force of the present statute, have not resigned from their employment and have not, within a period of six months from the coming into force of the present statute, transferred their domicile to the territory of the Free City of Trieste, shall be regarded as having opted in favour of Italian nationality.

Article 20

More specific revisions concerning citizenship of the Free City of Trieste shall be determined by the Constitution and the laws. Naturalisation shall be regulated by a law; notwithstanding the above, no person may be naturalised on the territory of the Free City of Trieste, if not already domiciled therein:

- (a) For at least two years, if born in the territory of Venezia Giulia;
- (b) For at least ten years, if born elsewhere.

SECTION VII.—*Rights of citizenship*

Article 21

The Constitution and laws of the Free City of Trieste shall guarantee all citizens, without distinction of sex, national sentiment, language, race or religion, the fundamental rights of man and of a citizen, in particular: the right of individual liberty; freedom to express political opinions verbally, in writing, or in the press; freedom of association, public meeting and political action in so far as this does not involve any Fascist activity; equality before the law; freedom of association and of religious denomination, the right to belong or not to belong to a religious denomination; right of equal access to public functions; right to receive public instruction and a knowledge of science, art, and general culture by being guaranteed the possibility of obtaining public instruction and cultural development in the citizen's own national language; the right to use the national languages of all citizens in public and private life without any restriction; freedom of postal, telegraphic and telephonic communication; inviolability of domicile.

Article 22

The official languages in the territory of the Free City of Trieste shall be Italian, and also Slovene and Croat. These languages shall enjoy equal rights. Citizens shall be entitled, at their own preference, to make use of one or other of these languages. This right shall not be subject to any restriction whatsoever in consequence of the use or ignorance of one of these languages, or of differences between them.

SECTION VIII.—*Relations with the Federative People's Republic of Yugoslavia*

Article 23

The Federative People's Republic of Yugoslavia undertakes to represent the Free City of Trieste and its citizens in its relations with foreign countries. Methods of representation shall be determined by special agreement between the Federative People's Republic of Yugoslavia and the Free City of Trieste.

Any agreements which the Federative People's Republic of Yugoslavia may conclude on behalf of the Free City of Trieste shall come into force when they have been ratified by the National Assembly of the Free City of Trieste.

The Council of Government of the Free City of Trieste shall receive consuls and grant them an *exequatur* for the exercise of consular functions in the territory of the Free City.

Article 24

The Free City of Trieste shall have its own monetary system. The currency of Trieste shall, by agreement, be linked to the Yugoslav dinar.

Article 25

The Free City of Trieste and the Federative People's Republic of Yugoslavia shall constitute a Customs Union. The Free City of Trieste shall receive a share of the customs revenue of the Union, proportionate to its trade with foreign countries, other than the Federative People's Republic of Yugoslavia. [The Federative People's Republic of Yugoslavia] shall be responsible for the customs administration of the Union, even within the territory of the Free City of Trieste.

Article 26

The Free City of Trieste and the Federative People's Republic of Yugoslavia shall constitute a Railway Union. The Yugoslav State Railways shall be responsible for the administration and operation of the railway lines situated in the territory of the Free City of Trieste. All technical posts in the railway administration in the territory of the Free City of Trieste shall be filled by Triestine citizens. The Free City of Trieste shall receive a share of the net revenue of the Yugoslav State Railways, proportionate to the aggregate goods and passenger traffic, and to the mileage. The Free City of Trieste shall not be required to contribute to any possible deficit in the working of the Yugoslav State Railways.

Article 27

The Free City of Trieste and the Federative People's Republic of Yugoslavia shall constitute a Postal, Telegraphic and Telephonic Union. The Union shall be administered by the Federative People's Republic of Yugoslavia. All the technical posts in the Postal, Telegraphic and Telephonic Union shall be filled by Triestine citizens. The Free City of Trieste shall receive a share of the net revenue of the Postal, Telephonic and Telegraphic Union, proportionate to the total receipts. The Free City of Trieste shall not be required to contribute to any possible deficit of the Postal Union.

Article 28

The Free City of Trieste shall be entitled, by special agreement, to empower the Yugoslav Government to exercise certain functions within its territory for the purpose of administering the Triestine and Yugoslav services as a common service. Such agreements shall become valid after they have received the assent of the High Commissioner.

Article 29

Services for the distribution of water and electricity, local transport services, and other public services of a similar character, which were hitherto common to the territory which, under the Treaty of Peace with Italy, becomes part of the Federative People's Republic of Yugoslavia and of the Free City of Trieste, shall continue to be operated under existing conditions for a period of 10 years from the coming into force of the present Statute.

The future working of these services shall be determined by a special agreement, to be concluded between the Government of the Federative People's Republic of Yugoslavia and the Council of Government of the Free City of Trieste, before the expiration of this period.

Article 30

Yugoslav citizens shall have the right to reside, and to exercise a calling or a trade, in the territory of the Free City of Trieste, and Triestine citizens shall enjoy similar rights within the territory of the Federative People's Republic of Yugoslavia.

Article 31

Measures shall be taken to regulate special frontier traffic, both in goods and passengers, between the Free City of Trieste and the Federative People's Republic of Yugoslavia, both as regards persons of these two nationalities and goods of Triestine or Yugoslav origin or manufacture.

SECTION IX.—*Free Port of Trieste*

Article 32

The Port of Trieste, together with its installations and warehouses, shall be divided as follows:

(a) An International Free Port, administered by an International Administration in conformity with a special Statute, which shall be open equally to all vessels and all goods, without distinction of nationality;

(b) The Yugoslav Free Zone, subject to the jurisdiction of the Federative People's Republic of Yugoslavia;

(c) The part of the Port under the jurisdiction of the Free City of Trieste.

Article 33

All goods despatched in transit through the Free Port of Trieste shall be entitled to free passage, and shall be exempt from customs formalities in the territory of the Yugoslav-Triestine Customs Union. Customs formalities for purposes of supervision shall be limited to indispensable measures for the protection of public order, the security of persons, and the protection of property and health.

Furthermore, no customs duties shall be levied on imported goods, if these are packed, refined or manufactured within the limits of the international Free Zone for subsequent re-export. The Yugoslav-Triestine Customs Union shall not levy any contributions, except fees for the supervision and manipulation of goods imported into the territory of the Free State of Trieste from abroad, if such goods are manufactured or processed there and subsequently re-exported.

SECTION X.—*Miscellaneous provisions*

Article 34

The Free City of Trieste shall have its own flag and arms. The flag shall be the traditional flag of the City, and the arms shall be its historic Coat of Arms.

Article 35

The Free City of Trieste shall immediately introduce and apply within its territory labour legislation guaranteeing at least similar advantages and benefits to those guaranteed by international labour legislation.

If legislation of this kind is not promulgated in the territory of the Free City of Trieste within a period of two years from the coming into force of the present Statute, all the collective agreements whose application is supervised by the International Labour Office shall be applied directly.

Article 36

The Free City of Trieste shall have its own mercantile marine, flying the flag of the Free City.

SECTION XI.—*Final provisions*

Article 37

The initial organisation of public authority in the Free City of Trieste shall be determined by special provisions concerning the Provisional Government of the Free City of Trieste.

Article 38

The liquidation of Italian sovereignty in Trieste, and the rights and duties of the Free City of Trieste as successor of the Italian State, are determined by the treaty of Peace with Italy (Art. 16) and in Annexes II, III, IIIa and XI of the said treaty, whose provisions shall be considered as equally binding on the Free City of Trieste.

Article 39

This Statute shall constitute an integral part of the treaty of Peace with Italy.

C.P.(Gen)Doc.1.U.28.

ANNEX 9

(See Article 16)

Provisional Government of the Free City of Trieste

1. Military Government in the territory of the Free City of Trieste shall cease within a period of one month from the date of the entry into force of the treaty of Peace with Italy, and an Inter-Allied Commission, composed of representatives of the Governments of the U.S.A., U.S.S.R., U.K. and France, shall be established. The said Inter-Allied Commission will exercise in this territory the functions of the High Commissioner of the Security Council in Trieste, in accordance with the provisions of the Permanent Statute of the Free City of Trieste except insofar as may otherwise be decided by the present provision.

2. The Inter-Allied Commission shall exercise the functions of the High Commissioner pending the election of the National Assembly of the Free City of Trieste.

All decisions of the Commission shall be adopted by a unanimous vote.

3. The Inter-Allied Commission shall have at its disposal the command of the united Allied forces for the maintenance of public order and peace in the territory of the Free City of Trieste. This command shall be composed of contingents, each consisting of 1,000 officers and men, and provided by each of the Powers represented on the Commission.

4. These united forces shall not be distributed in separate zones, but shall be subject to a single command. Each Power will bear the expenses of its own troops.

The united forces shall be withdrawn from the territory of the Free City of Trieste within one month after the election of the National Assembly of the Free City of Trieste.

5. The Governor of the Free City of Trieste shall exercise the powers vested in him under the terms of the Permanent Statute of the Free City of Trieste, and he shall refer to the Inter-Allied Commission in all cases in which, under the Statute, he should refer to the High Commissioner.

6. The Inter-Allied Commission shall appoint a Provisional Council of Government, which shall be endowed with executive power.

7. The Provisional Council of Government shall consist of 6 members, 4 Italian representatives and 2 Yugoslav representatives. This Council shall be appointed by a decision of the Inter-Allied Commission after consultation with the political, trade union and other public organisations in the territory of the Free City of Trieste.

It shall be the function of this Council to deal with official business pending the meeting of the National Assembly and to prepare the elections to the National Assembly which will have to frame the constitution of the Free City of Trieste.

The decisions of the Council shall have the character of authoritative administrative measures in the territory of the Free City of Trieste. The Inter-Allied Commission, acting in the capacity of High Commissioner, may suspend their entry into force only in cases where these decisions touch on the international provisions dealing with the juridical Statute of the Free City of Trieste.

8. The provisional Council of Government shall set up a Provisional Assembly of 60 members, 40 Italian representatives and 20 Yugoslav representatives. The Provisional Assembly shall be duly constituted after consultation with the political, trade union and other public bodies and the Council of Government will be responsible for the formation of this Provisional Assembly in such a way as to be representative of all the political parties within the territory of the Free City of Trieste in proportion to their support amongst the population.

This Provisional Assembly shall be a consultative body of the Provisional Council of Government and it shall in particular be its duty to consider and to make recommendations in regard to the provisional decrees essential for the normalisation of legal conditions in the Free Territory of Trieste until the properly elected National Assembly is convened. Decrees of this kind shall be issued by the Provisional Council of Government, mentioning the fact that the Provisional Assembly has already been consulted and its recommendations have been taken into consideration. Such decrees shall have the force of provisional laws and shall remain in force until the duly elected National Assembly takes a decision in respect of their legal application in the future.

9. All civil servants now serving in the territory of the Free City of Trieste shall be relieved of their duties on the strength of the present provisions but will be required to carry on their duties until a decision of the Provisional Council of Government is taken. The provisional Council of Government will appoint civil servants within a period of one month from the date on which it takes office.

10. Juridical power within the territory of the Free City of Trieste will be exercised by courts composed exclusively of citizens of Trieste.

The Provisional Council of Government will appoint the members of the Supreme Court who will exercise juridical power. This Court will make its decisions by a quorum of five members. It will be composed of 12 members in all, of whom 8 will be Italians and 4 Yugoslavs.

The judges in other courts will be appointed by the Provisional Council of Government after consultation with the Supreme Court.

Judges, once they have been appointed, shall not be removed except by decision of the Supreme Court in full session.

11. The decree on election to the National Assembly, which will be responsible for framing the constitution of the Free City of Trieste, shall be published within a period of 30 days as from the first meeting of the Provisional Assembly.

This electoral decree must include the following provisions:

a. The right of franchise shall be granted to citizens of both sexes who have the right to vote in accordance with the provisions of the Permanent Statute.

b. Elections shall be based on universal, direct, secret, equal and free suffrage, and must be held on the same day throughout the whole of the Territory;

c. The allocation of members' seats shall be made on the basis of absolute proportional representation;

d. Votes shall be counted in polling stations which will be set up separately in each locality. In localities which have a population exceeding 1,000 inhabitants according to the census of 1936, there shall be one polling station per thousand inhabitants forming the total population of the locality in question, with one extra polling station for any faction in excess of this number;

e. Elections shall not be conducted by the local authorities but by special commissions, to whom the local authorities shall transmit all the necessary facts and figures, and provide them with any assistance of which they may stand in need;

f. There shall be full liberty of canvassing, both by speech and in writing.

12. The Provisional Council of Government shall announce the holding of elections not later than 10 days after the publication of the Elections Law. This decision in regard to elections must specify the date on which the elections are to be held. The said date shall be not less than 120 days and not more than 150 days from the date when elections were officially announced.

13. The Provisional Council of Government, immediately on assuming office, shall take the necessary steps to draw up the rolls of voters. The rolls shall be prepared by the local authorities for each district separately, and, in districts where there are several polling stations, a separate list shall be made for each station. The rolls must contain the names of all persons who, under the permanent Statute of the Free City of Trieste, had a right to vote in elections prior to the entry into force of the Constitution. The electoral rolls must be prepared immediately, and as a matter of course. Nevertheless, local authorities will invite all persons who have a right to vote to put forward

their own request for inclusion in the electoral rolls. Fifteen days after the date fixed for the holding of elections the local authorities shall publish the electoral rolls and invite citizens to ask for rectifications both as regards themselves and other persons, whether by fresh registration or by deletions in or amendments to the particulars contained in the electoral rolls. Local authorities must take an immediate decision on any claims thus submitted.

As soon as the electoral commissions for the various districts are established, the local authorities will supply them with copies of the electoral lists, together with certified copies of the evidence on which they are based. The district commission will scrutinize this evidence and approve the list provided that it is satisfied, and to the extent to which it is satisfied, that this list has been drawn up in a proper manner.

Appeals may be lodged with the district commission against the decisions of local authorities on claims for rectifications of the electoral rolls. Appeals against the decisions of the district commission should be lodged with the Supreme Court.

Claims may be lodged up to 15 days before the date of the elections and decisions thereon must be given immediately. Appeals against decisions on claims must also be given urgent consideration.

No one may be deprived of the right to vote if he has been entered on the electoral rolls or if a valid decision has been given in favour of his name being included on the electoral rolls.

14. The elections will be supervised by special commissions; a Supreme Commission for the Territory as a whole, a district commission for each district and a local commission for each polling office.

15. The Supreme Commission will be appointed by the Provisional Council of Government. It will consist of six members, four of whom should be Italians and two Yugoslavs. Each member shall have a deputy. All the members and deputies on the Supreme Commission will be appointed from the members of the Provisional Assembly.

District commissions will be appointed for each district. Each district commission will consist of three members and each member shall have a deputy. If two of these members and their deputies are to be Italian, one member and his deputy shall be Yugoslav provided the Supreme Commission does not unanimously decide otherwise.

Local commissions will be appointed for each polling office. Each local commission will consist of three members with three deputies. Local commissions will be constituted in accordance with the provisions of the foregoing paragraph.

16. All these who submit a list of candidates will be entitled to appoint a representative from the list to each electoral commission of whatever category. Each representative may have a deputy. The rep-

representatives of lists of candidates will be entitled to take part in the work of the commission in an advisory capacity and to make observations which, if they so request, shall be entered in the minutes of the commission.

17. The Supreme Electoral Commission shall meet not later than three days after the date fixed for the elections. It shall be the function of this Commission :

a. To appoint members and deputy members of the district and local commissions, to remove them where necessary from office and replace them where necessary by new members and deputies ;

b. To take decisions on appeals against the rulings of district commissions provided the present provisions do not stipulate that appeals should be lodged with the Supreme Court ;

c. To confirm the lists of candidates ;

d. To determine the general results of the poll and allocate the seats on an absolute proportional basis.

18. The functions of the district commission will include :

a. Deciding on appeals or claims lodged against the decisions of the local commission or the local authorities who prepared the electoral rolls ;

b. Consideration of the composition of electoral rolls and confirmation of rolls properly compiled and the annulment of entries found to be irregular ;

c. Deciding contentious matters not settled by the local commissions ;

d. Ascertaining the results of the poll in the district.

The district commission shall meet not later than 20 days after the announcement of the elections.

19. It shall be the duty of local commissions to arrange for the polling and determine the result of the poll [in] their polling offices, and transmit to the district commission the voting papers, boxes, etc. within 24 hours after the close of the poll.

Local commissions should meet three days before the poll in order to receive from the local authorities the rolls and the voting papers, boxes, etc.

20. The National Assembly shall meet on the tenth day after the announcement of the final result of the elections and of the allocation of seats by the Supreme Electoral Commission.

As soon as the National Assembly has chosen its officer the Provisional Council of Government will be legally discharged and the National Assembly will appoint the Council of Government which should enjoy the support of the National Assembly.

The Council of Government thus appointed will exercise executive authority, while legislative authority will be vested in the National Assembly.

The High Commissioner will take up office as soon as the Council of Government is appointed and exercise his powers in accordance with the Permanent Statute. Should a High Commissioner not be appointed or not take up his office, his functions will continue to be exercised pending his arrival by the Inter-Allied Commission referred to in paragraph . . . of the present Regulations.

C.P.(Gen)Doc.1.U.29.

ANNEX 9

(See Article 16)

Statute of the Free Port of Trieste

Article 1

The Port of Trieste, in respect of the areas which are to be used for international goods traffic, including the installations and warehouses in these areas, shall become a Free Port.

The international legal regime of the said Free Port shall be determined by the provisions of this Statute.

[Article 2]

The territory of the Free Port of Trieste shall be comprised of the following areas:

- a.* Areas within Piers 0 to 3, including Docks 1, 2 and 3, and the western part of Dock 4, together with the installations and warehouses in these sections of the port; and
- b.* The areas comprised within Pier 5, with sections 5 and 6 of the quays, and the corresponding installations and warehouses.

These areas are indicated on the annexed map which forms an integral part of the present Statute.

The Governing Body of the Free Port, in agreement with the Council of Government of the Free City of Trieste, and the Government of the Federative People's Republic of Yugoslavia, may enlarge the area of the Free Port, if justified by the increase of international traffic.

Article 3

The Federative People's Republic of Yugoslavia shall have the right to establish at Trieste a free port zone, under its own administration, and exclusively for the use of Yugoslav railway traffic and shipping.

This Yugoslav free port shall comprise the following areas, installations and warehouses:

- a.* Pier 4 and the eastern part of Dock 4, together with the western part of Dock San Giorgio;

b. Pier 6 with the eastern side of Quay 6, and the whole of Quay 7 (as far as Lloyds Warehouse "Arsenale").

The limits of this zone are indicated on the annexed map, which forms an integral part of the present Statute.

Within this zone the Federative People's Republic of Yugoslavia shall be responsible for the upkeep of the port, the harbour services, the port customs, public health, postal, telegraph and other services necessary for the free port zone and the shipping making use of it.

Article 4

The Free City of Trieste shall cede without compensation, for public use, to the Free Port of Trieste and to the Federative People's Republic of Yugoslavia in the latter's free port zone, the areas, installations and warehouses enumerated in the above articles.

With the coming into force of the Peace Treaty with Italy, public property which had hitherto been Italian, and State or para-statal property in that area, together with the property of the "Azienda Magazini Generali", shall become the property of the Free City of Trieste, and in so far as it is located in the above-mentioned areas, shall be ceded for the use of the Free Port or the Federative People's Republic of Yugoslavia.

Article 5

Unless otherwise provided in the present Statute, the laws and regulations in force in the Free City of Trieste shall apply to persons and property in the Free Port, and the authorities lawfully responsible for their application in the territory of the Free City of Trieste shall also be empowered to carry out their functions in the Free Port territory.

Article 6

Merchant vessels and goods of all countries shall enjoy unrestricted right of free access to the Free Port of Trieste for loading and unloading, both as regards goods in transit, and those consigned to or coming from the territory of the Free City of Trieste.

The Yugoslav-Triestine customs union and the Government of the Free City of Trieste shall not levy customs dues, or other fiscal charges, on such goods whether being imported into, exported from, or in transit through the Free Port of Trieste. But in the case of goods being imported from the Free Port of Trieste into the Free City of Trieste, or exported from that territory, the regulations in force in the Free City of Trieste shall apply.

The trans-shipment, warehousing, sorting and packing of goods imported into the Free Port is authorized, and shall be free of duty.

The processing and manufacture of goods within the Free Port shall be prohibited. Notwithstanding, the undertakings located in the Free

Port before 3rd September, 1943, may continue to carry on processing operations freely.

Article 7

The Authorities of the Free City of Trieste shall be authorized to carry out inspections within the Free Port, as far as is necessary to apply customs and other regulations in force in the territory of the Free City of Trieste for the prevention of smuggling.

Article 8

The Free Port Administration shall fix the amount of, and levy the harbour dues and fees payable for the use of the harbour installations and services available to users, except in the Yugoslav free zone. The charges shall be reasonable, and shall correspond to the cost of operation, administration, upkeep and development of the Free Port.

In levying such charges, and in the provision of loading and unloading services, no discrimination shall be made on the basis of the nationality of the vessel, the ownership of the goods, or on any other ground.

Article 9

The movement of persons to and from the Free Port area shall be regulated by the rules in force in the Free City of Trieste.

Such regulations shall not unnecessarily interfere with the movement to and from the Free Port of persons who, irrespective of their nationality, are engaged in legitimate activities therein.

Article 10

All regulations applicable to, and all schedules of charges leviable in the Free Port, must be published and made accessible to the persons concerned.

Article 11

Coastwise shipping, and inland navigation within the territory of the Free City of Trieste, shall be carried on in conformity with regulations issued by the competent authorities of the Free City of Trieste, and in this respect the provisions of the present Statute shall not impose any limitations on the Triestine authorities.

Article 12

Within the Free Port, and on vessels while in the Port, measures for the protection of public health, and the prevention of animal and plant diseases, shall be applied by the authorities of the Free City of Trieste in accordance with their own regulations.

Article 13

It shall be the duty of the authorities of the Free City of Trieste to supply the Free Port and the Free Yugoslav Zone with water, gas, electric light and power, communications, public sanitation, and other public services, at rates not exceeding the rates normally prevailing in the Free City of Trieste, and to provide police forces and fire services for the Free Port.

Article 14

Goods passing through the Free Port of Trieste shall enjoy freedom of transit on the railways of the other countries represented on the Governing Body of the Free Port. No customs duties or other fiscal charges shall be levied on such goods, except fees for handling the goods.

Customs formalities on goods in transit shall be confined solely to measures for the maintenance of law and order, the safety of persons and property, the protection of public health, and the health of animals and plants.

Article 15

The Free Port of Trieste shall be administered by an "Administration of the Free Port of Trieste", acting as an autonomous international body, whose attributions shall be defined by the present Statute.

The international administration shall be represented and managed by a Governing Body, composed of representatives of the Union of Soviet Socialist Republics, the United States of America, the United Kingdom, France, the Federative People's Republic of Yugoslavia, Italy, Czechoslovakia, Austria, Hungary, Poland, Albania, Rumania, the Soviet Socialist Republic of Ukraine, and by the representative of the Free City of Trieste, who shall also be the Chairman of the Governing Body.

Article 16

The attributions of the Governing Body shall be: to draw up regulations for the application of the Port Statute and to ensure that its provisions are properly enforced, and for the proper functioning of all the harbour services; to draw up and adopt the budget and the scale of taxation; to supervise the application of all regulations concerning the working of the port, and to determine the general policy and programme of the port; to appoint the Port Director, his assistant, and the Harbour Master, and to remove them from office; to administer all property belonging to the Free Port, and to direct its financial policy; to defend the interests of the Free Port and to represent it.

The decisions of the Governing Body shall be carried out by the Director of the Port.

Article 17

The Director of the Port is vested with authority to carry out, in the Free Port, the decisions of the Governing Body, and all provisions in force in the port; he shall supervise all harbour services, and be responsible for the organisation and direction of all work in the port; and for regulating working conditions in the port in accordance with the regulations in force and with local customs; he shall represent the port as a corporate body, in accordance with the full powers conferred upon him by the Governing Body.

Article 18

The Governing Body shall draw up regulations for the port staff. These regulations shall determine the emoluments, duties, and rights of the staff. Members of the staff shall be appointed and dismissed by the Director of the Port. Citizens of the Free City of Trieste shall have priority in obtaining employment.

Article 19

Persons or States concerned shall have the right to appeal to the Governing Body against any action or measures by the Director of the Port or by any other organ of the Free Port.

Article 20

Representatives of States on the Governing Body shall enjoy all diplomatic privileges and immunities.

Article 21

The Free Port shall only be entitled to incur debts after a previous decision by the Governing Body. The latter shall not be authorised to mortgage port buildings, installations or warehouses, or to permit creditors to collect or levy taxes or dues. The terms of any loans incurred shall not entitle creditors to establish a financial control over the policy of the port. Nor shall such a right be recognized to creditors even as a result of a judicial decision.

Article 22

The Free Port of Trieste shall not be entitled to register ships or other floating objects, except in the following cases:

1. The Free Port shall be empowered to open maritime registers for the registration of ships and other floating objects serving the needs of the port. Such ships or other craft shall fly the flag of the Free City of Trieste, with the initials P.T./Porto di Trieste (Trsansko Pristanisti);

2. The Free Port shall open special maritime registers for Czechoslovak, Hungarian and Austrian ships and floating objects. These shall fly the flags of their own countries.

The courts of the Free City shall be competent as regards such ships and floating objects.

Article 23

Italian, Slovene, and Croat shall be the official languages of the Administration of the Free Port. The official languages of all the States represented on the Governing Body shall be recognized as working languages.

Article 24

The present Statute shall be deemed to be an integral part of the Peace Treaty with Italy and of the permanent Statute of the Free City of Trieste.

The provisions of the present Statute can only [be] amended with the agreement of the Governing Body of the Free Port and of the Security Council.

The provisions concerning the Yugoslav free zone shall be regarded as conventions between the Federative People's Republic of Yugoslavia and the Free City of Trieste, and shall not be modified without their consent.

AMENDMENTS PROPOSED BY THE DELEGATION OF YUGOSLAVIA
PEACE [TREATY] WITH HUNGARY

C.P.(Gen)Doc.1.U.30.

ARTICLE 2

At the end add: "as well as the right to be taught in their mother tongue."

C.P.(Gen)Doc.1.U.31.

ARTICLE 3

At the end of the paragraph [which] now becomes paragraph 1 add the following paragraph:

2. No Hungarian national belonging to one of the United Nations shall be prosecuted or ostracised in any way on account of the political views which he held after 4th November, 1918, in so far as such views were not pro-Fascist or pro-Nazi.

C.P.(Gen)Doc.1.U.32.

ARTICLE 9

Exchange of population.—Restitution.

(Amendment withdrawn by the Delegation of Yugoslavia,
September 14, 1946.)

C.P.(Gen)Doc.1.U.33.

ARTICLE 22

1. At the end of the first paragraph add: "within a period of six months of the date of submission of the claim for restitution".

2. In paragraph 2 delete the word "identifiable" and add at the end of the paragraph: "When, as a result of the war, the property removed cannot be returned, the Hungarian Government will, within a period of six months of the date of submission of the claim for restitution, indemnify the Government of the country from whose territory the property was removed by property of equivalent value".

3. In paragraph 7 add after the word "duress": "or under cover of the occupation".

4. At the end add a new paragraph 8 reading as follows:

"Hungary shall return in good condition to the People's Federative Republic of Yugoslavia, within three months of the coming into force of the present Treaty, the rolling stock which she obtained when Yugoslav rolling stock was allocated in 1941. Should Hungary fail to return such rolling stock within the above-mentioned time-limit, she shall indemnify the People's Federative Republic of Yugoslavia within 30 days with rolling stock of the same nature from its own supplies."

C.P.(Gen)Doc.1.U.34.

ARTICLE 22A

In connection with reparation and restitution, the States entitled to reparations will be represented in Hungary by Reparation and Restitution Delegations. The personnel of these Delegations will enjoy diplomatic status and the maintenance costs of such Delegations will be borne by the Hungarian Government.

C.P.(Gen)Doc.1.U.35.

ARTICLE 23

1. In paragraph 1, change the date "April 10th, 1941" to read "April 5th, 1941" . . .

2. Paragraph 4 should be worded as follows:

“Hungary recognizes the necessity for compensation for the property of the United Nations or their nationals in Hungary lost or damaged during the war. In view of the fact, however, that Hungary broke off relations with, and declared war on Germany and in consideration of the losses sustained by Hungary in the course of military operations against Germany on Hungarian territory, it is agreed that such compensation will be made in part to the extent of the average reparation quotas accruing under the present Treaty to the Allied and Associated Powers for losses due to the war.”

3. Delete Article 6.

C.P.(Gen)Doc.1.U.36.

ARTICLE 27

At the end, add a new paragraph 3, as follows:

3. Neither the Allied and Associated Powers whose territory was occupied by Hungary and to whom, under the present Treaty, Hungary is required to pay reparations, nor their nationals will refund any amounts due to Hungary or to Hungarian nationals.

C.P.(Gen)Doc.1.U.37.

ARTICLE 29

Maintenance of Water Supply Systems

(Amendment withdrawn by the Delegation of Yugoslavia,
September 14, 1946.)

C.P.(Gen)Doc.1.U.38.

ANNEX 7

Transfer of Population

(Amendment withdrawn by the Delegation of Yugoslavia,
September 14, 1946.)

C.P.(Gen)Doc.1.U.39.

ANNEX 8

Maintenance of Water Supply Systems

(Amendment withdrawn by the Delegation of Yugoslavia,
September 14, 1946.)

CERTAIN AMENDMENTS PROPOSED IN OTHER DOCUMENTS

CFM Files

Proposal by the United States Delegation to the Political and Territorial Commission for Italy on Article 16

C.P.(IT/P)Doc.16

AUGUST 22, 1946.

When the Council of Foreign Ministers concluded its session in July it had agreed upon the text of a decision in respect of the Free Territory of Trieste. It is obvious that this decision, which has been included in the draft Peace Treaty with Italy, was not prepared in a form suitable for insertion in the final treaty and requires implementation in the form of specific treaty articles.

The U.S. delegation therefore submits a draft of four articles to be inserted as Articles 16(a), 16(b), 16(c), and 16(d) as well as the draft of an Annex giving special provisions in respect of property in the Free Territory. These are not to be considered as amendments or new proposals but merely as the instrument to give effect to the decision of the Council.

In addition to creating the new territory, establishing its frontier and providing for the guarantee of the Security Council, the U.S. proposal contains suggested clauses relating to special nationality and property clauses which must of necessity differ from the general nationality and property clauses relating to ceded territories.

It will also be noted that the present draft reproduces the text of the U.S. proposal for the frontier between the Free Territory of Trieste and Yugoslavia now contained in the draft treaty.

DRAFT OF ARTICLE 16 FOR INSERTION IN PEACE TREATY WITH ITALY
Article 16 (a)

1. There is hereby constituted the Free Territory of Trieste which is recognized by the Allied and Associated Powers and by Italy. They agree that the integrity and independence of this Free Territory should be guaranteed by the Security Council of the United Nations and that they will undertake the necessary measures to support this guarantee.

2. (a) The boundary between the Free Territory of Trieste and Italy is that defined in Article 4.

(b) The boundary between the Free Territory of Trieste and Yugoslavia shall follow a line that extends from a point on the boundary between the Italian provinces of Gorizia and Trieste, approximately 2 kilometers Northeast of the village of San Giovanni, southeastward along this boundary to Monte Lanaro (546) and thence in a southeasterly direction to Monte Coouso (667), crossing Highway No. 58 from the city of Trieste to Sesana approximately 3.3. kilometers West

of the town of Sesana and leaving the villages of Vegliano and Orle within Yugoslavia.

Crossing the railroad from Trieste to Cosina, the line extends to Monte Carso (456), and continues in a southerly direction following the boundary between the Italian provinces of Trieste and Istria to a point approximately 0.7 kilometer southwest of the town of San Servola;

Following the crests of westward facing escarpments southeastward to a point approximately 0.5 kilometer East of Besovizza, the line then bears westward to a point 0.5 kilometer North of Monte San Antonio (355) leaving the village of Santa Maria del Risano about 0.5 kilometer to the North of the line within Italy and the town of Covedo about 0.5 kilometer to the South of the line within Yugoslavia;

The line then continues southwestward to a point approximately 0.6 kilometer Northwest of the village of Chermi, roughly paralleling and lying about 0.6 kilometer Northwest of the road from Maresego through Duori and thence extends Southeast to a point 0.5 kilometer East of the town of Cernova, leaving the town of Boste within Italy and the town of Truscolo within Yugoslavia;

Thence the line continues in a southwesterly direction Southeast of the road between the villages of Cernova and Chervoi leaving this road approximately 0.8 kilometer East of the village of Cucciani and thence in a South-Southwesterly direction passing about 0.5 kilometer East of Monte Braico and about 0.4 kilometer west of the village of Sterna Filaria, reaching the Quietto River at a point approximately 1.6 kilometer South of the town of Castagna, passing about 0.4 kilometer West of the town of Piedmonte and about 0.5 kilometer East of the town of Castagna;

Thence the line follows the principal and improved channel of the Quietto to its mouth and extends through the Porto del Quietto to the high seas by following a line placed equidistant from the coastlines of the Free Territory of Trieste and Yugoslavia.

3. Italian sovereignty over the territory lying between the Adriatic Sea and the boundaries defined in Article 4 of the Treaty and paragraph 2 of the present article shall be terminated upon the coming into force of the Treaty.

4. Upon the renunciation of Italian sovereignty the Free Territory of Trieste shall be governed by the provisions of Annex (Provisional Government of the Free Territory of Trieste) which shall remain in effect until such a time as the Security Council shall, upon recommendation of the Provisional Governor, direct the coming into force of the permanent statute, approved by it (recommendations for which are contained in Annex). Such permanent statute shall

be considered as an integral part of the present treaty and the Free Territory shall thenceforth be governed by its provisions.

5. The Free Territory of Trieste shall not be considered as ceded territory within the meaning of Article 13 and Annex 3 of the present treaty.

Article 16 (b)

Italy and Yugoslavia undertake to give to the Free Territory the guarantees set out in Annex 9. Italy, Yugoslavia and the Free Territory will carry out and give effect to the provisions of Annex (property and debt provisions relating to the Free Territory of Trieste).

Article 16 (c)

In the Free Territory there shall be established and maintained a Free Port in accordance with the provisions of Annex

Article 16 (d)

1. Any Italian citizen, who was domiciled on June 10, 1940 in the area comprised within the Free Territory or who is a child born after June 10, 1940 to any such person, shall become an original citizen of the Free Territory, with full civil and political rights, upon the termination of one year after the coming into force of this treaty, unless such person shall within such year opt, either himself or through his parents, to retain his Italian citizenship or to acquire Yugoslav citizenship under paragraph 2 of the present article.

2. Any Italian citizen who is eligible to become an original citizen of the Free Territory may, in lieu of opting to retain his Italian citizenship, opt, either himself or through his parents, to acquire Yugoslav citizenship provided the acquisition of that citizenship by such person shall be acceptable to the Yugoslav Government.

3. Any person over 18 years of age or, if married, of any age, eligible to become an original citizen of the Free Territory under paragraph 1 of this Article may become an original citizen of the Free Territory, without awaiting termination of the one-year period referred to in that paragraph, by filing a declaration of his intent to become such citizen.

4. Persons who become citizens of the Free Territory under this Article shall thereupon cease to have Italian citizenship.

5. The options referred to in paragraphs 1 and 2 of this Article may be exercised by any person eligible to exercise such option who is over 18 years of age or is married. An option on the part of the husband shall not constitute an option on the part of the wife. An option on the part of the father, or if the father is not alive, on the part of the mother, shall however automatically include all unmarried children under the age of 18 years.

6. A person who has exercised an option to retain his Italian citizenship, or to acquire Yugoslav citizenship may be required by the Free Territory to move to the state whose citizenship he possesses or acquires, or to such other state as may be willing to accept him.

ANNEX 13

PROPERTY AND DEBT PROVISIONS RELATING TO THE FREE TERRITORY OF TRIESTE

1. The Free Territory of Trieste shall receive, without payment to Italy, all property within the Free Territory owned by the Italian State or by Italian para-statal organizations and all rights and interests of the Italian State or of Italian para-statal organizations relating to property within the Free Territory. The Free Territory of Trieste shall also receive all relevant archives concerning the Free Territory and the Free Port.

The following are considered as State or para-statal property for the purposes of this Annex: movable and immovable property of the Italian State, of local authorities and of public institutions and publicly owned companies and associations, as well as movable and immovable property formerly belonging to the Fascist Party or its auxiliary organizations.

2. The Free Territory of Trieste shall not be required to assume pecuniary obligations of the Italian State or its agencies, except to the extent that specific Italian State or para-statal properties transferred to the Free Territory, or the revenues therefrom, have been hypothecated as security for such obligations. Any such hypothecated properties or revenues shall continue to be security for the obligations assumed by the Free Territory of Trieste.

3. Special arrangements shall be concluded between Italy and the Free Territory of Trieste to govern the conditions under which the obligations of Italian public or private social insurance organizations towards the inhabitants of the Free Territory of Trieste and a proportionate part of the reserves accumulated by the said organizations shall be transferred to similar organizations of the Free Territory.

4. Natural persons who opt for Italian or Yugoslav nationality and move to Italy or Yugoslavia shall be permitted, after the settlement of any debts or taxes due from them in the Free Territory of Trieste, to take with them their movable property and, where necessary, to transfer their funds, provided such property and funds were lawfully acquired. No export or import duties will be imposed in connection with the moving of such property. Further they shall be permitted to sell their movable and immovable property under the same conditions as nationals of the Free Territory of Trieste.

The removal of property to Italy or Yugoslavia will be effected under conditions and within the limits agreed upon between Italy or Yugoslavia and the Free Territory of Trieste.

The conditions and time periods of the transfer of funds, including the proceeds of sales, shall likewise be agreed.

5. Debts owed by persons in Italy or in territory ceded to Yugoslavia to persons in the Free Territory of Trieste or by persons in the Free Territory of Trieste to persons in Italy or in territory ceded to Yugoslavia shall not be affected by the establishment of the Free Territory. Italy, Yugoslavia and the Free Territory of Trieste undertake to facilitate the settlement of such obligations. As used in this paragraph, the term "persons" includes juridical persons.

6. The properties in the Free Territory of Trieste of United Nations and their nationals, if not already freed from Italian measures of sequestration or control and returned to their owners, shall be returned in the condition in which they now exist.*

7. The provisions of paragraphs 1, 2, 5 and 6 of Article 65; Article 66; Article 67; paragraph 3 of Article 68 and Article 70 shall be deemed to be parts of this Annex for the purpose of their application to the Free Territory of Trieste in like manner as to Italy.

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Proposal by the French Delegation to the Economic Commission for Italy on Article 68

C.P.(IT/EC)Doc.58

[SEPTEMBER 18, 1946.]

PROPERTY OF UNITED NATIONS

a) Nationals of the United Nations including juridical persons considered as such by the Italian Government, shall from the point of view of the reparation of war damage sustained in Italian territory, benefit by a regime and facilities which shall in no case be inferior to the treatment enjoyed by Italian nationals or juridical persons considered as Italians having sustained war damage of the same nature.

In no case shall the compensation granted to nationals of the United Nations be less than a certain % of the damage suffered.

b) Nationals of the United Nations having direct or indirect interests in corporations or associations not covered by the definition of "United Nations Nationals" given in par. 8a of this Article and having sustained war damage in Italian territory, shall be entitled to compen-

*The question of compensation by Italy in case restoration of property is impossible should be studied in relation to the appropriate provisions of the treaty. [Footnote in the source text.]

sation corresponding to their interests in the said corporation, according to the provisions of the following paragraph.

c) Compensation shall be paid in lire, and shall be exempt from taxation and other imposts. It shall be possible to utilize the sums in question in Italy, subject to such foreign exchange regulations as may be in force in that country during the period under consideration.

d) The Italian Government undertakes to grant to nationals of United Nations the same treatment and facilities as are granted to Italian nationals in respect of the allocation of the raw materials necessary for the reconditioning of their property, and to supply under similar conditions, such foreign currency as may be required for importing the said raw materials.

e) The Italian Government shall grant nationals of the United Nations an indemnity in lire sufficient to compensate, at the date of payment, the losses and damage due to the special measures applied to their property during the war, and which were not applicable to Italian property.

CFM Files

*Proposal by the United States Delegation to the Economic
Commission for Italy on Article 68*

C.P.(IT/EC) Doc. 59

SEPTEMBER 18, 1946.

REVISION OF PARAGRAPH 4

(a) The Italian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Italian Government compensation in lire to the extent of ____ percent of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favorable treatment with respect to compensation than that accorded Italian nationals.

(b) United Nations nationals who have ownership interests, held directly or indirectly, in corporations or associations which are not United Nations nationals within the meaning of paragraph 8(a) of this Article but which have suffered a loss by reason of injury or damage to property, shall receive compensation, in accordance with subparagraph (a) above, proportionate to their beneficial interests in the corporation or association.

(c) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Italy but shall be subject to the foreign exchange control regulations which may be in force in Italy from time to time.

(d) The Italian Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such material and will in no event discriminate in these respects against such nationals as compared with Italian nationals.

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Proposal by the United Kingdom Delegation to the Economic Commission for Italy on Article 68

C.P.(IT/EC)Doc.60

SEPTEMBER 20, 1946.

REVISION OF PARAGRAPH 4

a) The Italian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Italian Government compensation in lire of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered.

b) United Nations nationals who have ownership interests, held directly or indirectly, in corporations or associations which are not United Nations nationals within the meaning of paragraph 8(a) of this Article, but which have suffered a loss by reason of injury or damage to property, shall receive compensation in accordance with subparagraph (a) above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.

c) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Italy but shall be subject to the foreign exchange control regulations which may be in force in Italy from time to time.

d) The Italian Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such material, and will in no

event discriminate in these respects against such nationals as compared with Italian nationals.

e) The Italian Government agrees similarly to compensate in lire United Nations nationals whose property has suffered loss or damage as a result of special measures taken against their property during the war which were not applied to Italian property.

CFM Files

Proposal by the United States Delegation to the Economic Commission for Italy on Article 68

C.P.(IT/EC)Doc.65

SEPTEMBER 23, 1946.

REVISION OF PARAGRAPH 4

(*a*) The Italian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Italian Government compensation in lire to the extent of percent of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favorable treatment with respect to compensation than that accorded Italian nationals.

(*b*) United Nations nationals who have ownership interests, held directly or indirectly, in corporations or associations which are not United Nations nationals within the meaning of paragraph 8(*a*) of this Article, but which have suffered a loss by reason of injury or damage to property, shall receive compensation in accordance with sub-paragraph (*a*) above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.

(*c*) Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Italy but shall be subject to the foreign exchange control regulations which may be in force in Italy from time to time.

(*d*) The Italian Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such material and will in

no event discriminate in these respects against such nationals as compared with Italian nationals.

FRENCH PROPOSAL

The French delegation supports this amendment, subject to the addition of the following para (*e*)

(*e*) The Italian Government shall grant nationals of the United Nations an indemnity in lire sufficient to compensate, at the date of payment, the losses and damage due to the special measures applied to their property during the war, and which were not applicable to Italian property."

CFM Files

Proposal by the Yugoslav Delegation to the Political and Territorial Commission for Italy

C.P.(IT/P)Doc.103

OCTOBER 1, 1946.

AMENDMENT PROPOSED BY THE YUGOSLAV DELEGATION TO PART II,
SECTION II, ART. 16 OF THE DRAFT PEACE TREATY WITH ITALY

This amendment replaces the amendment proposed on the same matter by the Yugoslav Delegation as CP.Gen.Doc.1U.10

Title: Replace the title "Free Territory of Trieste" by the title "Free City of Trieste".

Article 16 should read as follows:

Article 16

I. Italy renounces her sovereignty to the territory of the City of Trieste and its surroundings, within the following boundaries . . .

II. The territory of the City of Trieste and its surroundings, as delimited by the boundaries mentioned in paragraph I, shall constitute the Free City of Trieste, according to the following principles:

1. The Free City of Trieste shall have complete independence and integrity assured by the Security Council and shall be in real union with Yugoslavia. The territory of the Free City shall be neutral and demilitarized.

2. Sovereignty in the territory of the Free City of Trieste shall rest with the people. The latter shall exercise their power through the People's Assembly, elected by universal, equal and direct suffrage, and by secret ballot. Legislative authority shall be exercised by the people's representative, subject to the sole restriction, that the Constitution and the laws of the Free City of Trieste shall remain within the limits set by the Statute. There shall be no other restrictions.

3. Executive authority shall be exercised by the Council of Government of the Free City of Trieste. The Council of Government shall

be appointed and relieved of its functions by the People's Assembly. All officials and all armed forces for the maintenance of public order shall be placed under the Government. Local self-Government, also elected by democratic suffrage, shall, however, conduct the affairs of self-governing, local, territorial units.

4. The Constitution shall guarantee to all citizens, irrespective of sex, national sentiments, language, race and religion, the fundamental human rights and rights of citizenship.

5. Judiciary shall be organized on the principle of the full freedom and independence of the judges. The details of the organisation shall be provided for by the Constitution.

6. Citizenship of the Free City of Trieste shall be granted to Italian citizens who inhabited the territory of the Free City of Trieste before June 10th 1940, and who continue to live within this territory. The inhabitants, who are not Italian citizens, but who fulfill the other conditions, shall be able to become citizens of the Free City of Trieste by making a statement to this effect. Citizenship shall, however, not be granted to those Italian immigrants who are considered war criminals, or were prominent Fascist leaders or Fascist public servants. Former Austro-Hungarian citizens, who were domiciliated in the Free City before the occupation by the Italian armed forces in 1918, and who left the City on account of the occupation, as well as the children of these citizens, shall be considered citizens of the Free City if they make a statement to this effect.

7. The Port of Trieste shall be an internationalized free port, and Yugoslavia shall be given the right to establish her free zone therein. The parts of the port, which do not serve the needs of international traffic, shall remain under the administration of the Free City.

8. The real union between Trieste and Yugoslavia shall be reflected in a monetary agreement, in a customs union, in a joint railway system, in a joint postal, telegraph and telephone service, in freedom of work and employment on a reciprocal basis, in unrestricted frontier traffic of persons and goods, in the obligation on the part of Yugoslavia to protect the interests of the Free City of Trieste abroad.

9. The observance of the international Statute of the Free City shall be under the supervision of the Security Council.

In questions which concern Yugoslavia in connection with the real union, the Federal People's Republic of Yugoslavia shall be represented by the Governor of the Free City.

10. a) The present Military Government shall cease within a period of one month from the coming into force of the Peace Treaty ;

b) An Inter-Allied Commission, composed of the representatives of the USA, of the USSR, of the UK, and France, shall be established. This Commission shall exercise the powers of the High Commissioner,

pending elections for the Constituent Assembly and the appointment of the Council of Government, which shall be responsible to the Assembly;

c) The Inter-Allied Commission shall, after due consultation with all democratic groups, appoint a Provisional Council of Government, composed of representatives of the Italians and the Yugoslavs, and a Provisional Consultative Assembly, both of which shall exercise authority within the territory under the supervision of the Inter-Allied Commission, and pending elections for the regular Constituent Assembly.

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Proposal by the French Delegation to the Political and Territorial Commission for Italy

C.P. (IT/P) Doc.105

OCTOBER 2, 1946.

STATUTE OF THE FREE TERRITORY OF TRIESTE

Proposal by the French Delegation

The Commission

Having taken note of the report of the Sub-Commission on the Statute of the Free Territory of Trieste

Approves those provisions in the draft Statute on which unanimous agreement has been reached by the Sub-Commission,

And in order to facilitate the elaboration by the Council of Foreign Ministers of the Permanent Statute, the Free Port Regime, and the Provisional Regime, the Commission

Recommends that

The principles contained in paragraphs 2, 4, and 6 of the decision of the Council of Foreign Ministers of July 3, 1946, which appears under Article 16 of the Draft Treaty should be expanded in the Permanent Statute as follows:

(1) The integrity and independence of the Free Territory is assured by the Security Council. This responsibility implies that the Council shall

(a) ensure the observance of the Permanent Statute and in particular protect the basic human rights of the inhabitants of the Free Territory.

(b) assure the public order and security in the Free Territory.

(2) The Free Territory shall be demilitarized. No armed forces, except upon direction of the Security Council, shall be allowed in the Free Territory.

(3) In conformity with the principle that the legislative and executive authority of the Free Territory shall be established on democratic lines, the Permanent Statute of the Free Territory shall provide for the creation of a popular Assembly and a Council of Government formed by and responsible to the Assembly.

(4) By reason of the responsibilities imposed upon the Security Council it is inevitable that certain limitations shall be imposed upon the powers of the popular Assembly and the Council of Government. These limitations result from the rights now conferred upon the Governor, subject to any modification which the Security Council may subsequently determine.

Position of the Governor.

(5) The Governor shall be appointed by the Security Council after consultation with Yugoslavia and Italy. He shall be the representative of the Security Council in the Free Territory, and shall in particular have the duty of supervising the observance of the Statute.

(6) In matters which in his view affect the responsibilities of the Security Council as defined in paragraph one above the Governor shall have the right to propose legislation to the popular Assembly and to prevent the entry into force of legislative measures subject to reference to the Security Council if the popular Assembly does not accept his views and recommendations.

(7) In the meetings of the Council of Government, the Governor shall express his views on all matters affecting his responsibilities.

(8) The primary responsibilities of the Governor would be

(a) the maintenance of public order and security.

(b) the conduct of foreign relations in the closest liaison with the elected authorities of the Territory.

(c) the appointment of the judiciary on the advice of the Council of Government and, subject to safeguards to be established by the Constitution, the removal of members of the judiciary for conduct incompatible with their judicial office.

(9) When as a result of exceptional circumstances, the independence and integrity of the Free Territory, public order and security, or the human and civic rights of the inhabitants are endangered, the Governor may take all necessary measures subject to his making an immediate report to the Security Council. Under the same reservation he may proclaim a state of siege.

Citizenship.

(10) (a) Domicile in the Free Territory on June 10th, 1940 as provided in Article 13 of the Peace Treaty with Italy shall be the qualification for original citizenship of the Free Territory.

(b) The conditions for the acquisition of citizenship by persons not qualified for original citizenship shall be determined by the Assembly of the Free Territory and embodied in the Constitution.

FREE PORT AND ECONOMIC QUESTIONS

(11) (a) A Free Port Regime is desirable irrespective of whether or not it is ultimately decided that the whole Territory shall be a Free Customs Zone.

(b) The establishment of special zones under the exclusive jurisdiction of any country is incompatible with the status of the Free Territory and of the Free Port.

(c) Freedom of transit shall be assured to goods and means of transport between the Free Port and the States which it serves, without any discrimination and without customs or fiscal charges, by the States whose territories are traversed.

(d) Economic union or associations of an exclusive character with any other country are incompatible with the status of the Free Territory.

PROVISIONAL GOVERNMENT

(a) From the date of the entry into force of the Treaty of Peace until the entry into force of the Permanent Statute, the Provisional Government of the Free Territory will be organized by the Security Council which in particular will appoint a Governor and define his powers.

(b) The Security Council shall fix the date or dates for the withdrawal of foreign troops stationed in the Free Territory.

CFM Files

Four-Power Proposal to the Economic Commission for Italy

C.P.(IT/EC)R.34

[OCTOBER 3, 1946.]

ITALIAN REPARATIONS FOR COUNTRIES OTHER THAN THE USSR

Proposal for Article 64-B, C, and D, by France, UK, USA
and USSR

B. Reparations for Albania, Ethiopia, Greece and Yugoslavia

[1.] Italy shall pay reparation to the following countries:

Albania in the amount of \$
Ethiopia in the amount of \$
Greece in the amount of \$
Yugoslavia in the amount of \$

These payments shall be made during a period of 7 years from the date of the coming into force of this Treaty. Deliveries from current industrial production shall not be made during the first two years.

2. Reparation shall be made from the following sources:

(a) A share of the Italian factory and tool equipment designed for the manufacture of war implements which is not required by the permitted military establishments and is not readily susceptible of conversion to civilian purposes and which is removed from Italy pursuant to Article 58 of this Treaty.

(b) Italian current industrial production;

(c) All other categories of capital goods or services, including either or both the passenger vessels *Saturnia* and *Vulcania* if, after their value has been determined by the method indicated in paragraph 6 below, they are claimed within 90 days by one of the countries indicated in paragraph 1, part B of this Article.

(d) U.K.—U.S. proposal—opposed by France and U.S.S.R.

The ownership interest held by the Italian State and parastatal organizations in commercial enterprises in ceded territories.

3. The quantities and types of goods and services to be delivered shall be the subject of agreements between the Italian Government and the beneficiary governments, and shall be selected and deliveries scheduled in such a way as to avoid interference with the economic reconstruction of Italy and the imposition of additional liabilities on other Allied and Associated Powers.

Agreements concluded under this paragraph shall be communicated to the Four Ambassadors in Rome of the USSR, UK, USA and France. (The USA, UK, and France agree that the Four Ambassadors should be given wider powers. In any event, Article 76 must provide a procedure in the event of disputes after 18 months.)

4. The governments beneficiary of reparation from current industrial production shall furnish to Italy on commercial terms the materials which are normally imported into Italy and which are needed for the production of these goods. Payments for these materials shall be made by deducting the value of the materials furnished from the value of the goods delivered.

5. The basis for calculating the settlement provided in this Article will be the United States dollar at its gold parity on the 1st July, 1946, i.e. 35 dollars for an ounce of gold.

6. The Four Ambassadors shall determine the value of the Italian assets to be transferred to the beneficiary governments.

C—Special provision for earlier deliveries.

(USA, France and USSR Proposal)

With respect to deliveries of current industrial production, capital-goods and services, nothing in either paragraph A or paragraph B shall be deemed to prevent deliveries during the first two years, if such deliveries are made in accordance with agreements between the Italian Government and a beneficiary government.

D—Reparations for other Powers.

1. Claims of the other Allied and Associated Powers shall be satisfied out of the Italian assets subject to their respective jurisdiction, under Article 69 of this Treaty.

2. Claims of countries receiving ceded territories, which are not mentioned in part B of the present article, shall also be satisfied out of the ownership interests of Italian nationals, including both natural

and juridical persons, resident in Italy, in companies of ceded territories engaged in the following services: water, gas, electricity and transport. The Italian interests thus transferred shall remain subject to all charges and liens held by natural or juridical persons not of Italian nationality.

3. *USSR Proposal*

The states not mentioned in the present Article and not benefiting under § 2 of this section and which have reparation claims against Italy arising out of the presence of Italian armed forces on their territory during the war, and which also took an active part with considerable military contingents in the operations against Fascist Italy, shall set off their governmental and private prewar debts to the Italian Government and Italian nationals against such claims.

CLAUSE TO BE ADDED IN THE FORM OF A THIRD PARAGRAPH TO ARTICLE 70

The Allied and Associated Powers declare that the rights attributed to them under Articles 64 and 69 of this Treaty cover all their claims and those of their nationals for loss and damage due to acts of war, including measures due to the occupation of their territory attributable to Italy and having occurred outside Italian territory, with the exception of claims based on Article 65.

CFM Files

Proposal by the Australian Delegation to the Economic Commission for Italy

C.P.(IT/EC)Doc.94

OCTOBER 4, 1946.

PROPOSED NEW PART C OF ARTICLE 64

1. There shall be an Italian Reparations Commission to co-ordinate and supervise the execution of the provisions of Part B of this Article.

2.(a) The Italian Reparations Commission shall consist of a representative of each of the countries entitled to reparations under the provisions of Part B of this Article, together with a representative of the United States, the United Kingdom, the U.S.S.R., and France.

(b) The representative of the United States shall be president of the Commission.

(c) The Commission shall determine its own procedure.

(d) The Commission may employ such staff as it requires.

(e) The administration expenses of the Commission shall be met by the Italian Government.

(f) The members and staff of the Commission shall enjoy such diplomatic privileges as are necessary for the discharge of their functions.

3.(a) The Commission shall co-ordinate and supervise the execution of the provisions of Part B of this Article with respect to reparations in the form of current production and industrial equipment.

(b) Each Government entitled to reparations under Part B shall, before completing its agreement with the Government of Italy, as provided in Part B, submit the proposed agreement to the Commission for its approval. The Commission will examine all such agreements in the light of the provisions of this Article and shall have special consideration for the need to avoid conflict or overlapping in the allocation of Italian production and resources among the several countries entitled to reparations.

(c) Each Government entitled to reparations under Part B shall make regular reports to the Commission on deliveries made in accordance with the approved Agreements. In the event of any failure by Italy to adhere to the schedule of deliveries or other terms of the agreement, the Commission shall investigate the reasons for such default and may, if it thinks fit:

(i) Impose penalties upon the Italian Government in cases where the remedy for the default, in the opinion of the Commission, is within the competence of the Italian Government (provided that the penalties imposed under this provision shall not exceed per cent of the reparations deliveries due in the period of default) or

(ii) Order a postponement of deliveries, in whole or in part, for a specific period, or otherwise modify the terms of the agreements, in cases where such action is, in the opinion of the Commission, necessary to safeguard the interests of the countries entitled to reparations or is in the interest of the Allied and Associated Powers signatory to this Treaty.

(d) The Commission may, at the request of any of the Governments entitled to reparations, undertake on behalf of that Government such negotiations with the Italian Government and such executive functions as may be delegated to the Commission by that Government, to give effect to the provisions of this Article and the agreements made under it.

(e) The Commission shall prepare an annual report which shall be distributed to each of the Allied and Associated Powers signatory to the present treaty.

VI. MISCELLANEOUS CONFERENCE DOCUMENTS

CFM Files

Draft Rules of Procedure, Prepared by the Commission on Procedure

C.P. (Plen) Doc.1

[AUGUST 7, 1946.]

ORGANIZATION AND PROCEDURE OF THE PEACE CONFERENCE

(The underlined paragraphs ¹ are additions made by the Commission on Procedure to the suggestions of the Council of Foreign Ministers) ²

I. ORGANS OF THE CONFERENCE

1. The draft Treaties prepared by the Council of Foreign Ministers will be submitted to the Plenary Conference composed of all Member States represented by the Heads of their Delegations. The Conference will refer them to Commissions for study, the various sections of the Treaties being referred to the competent Commissions.

The Conference may, at the request of one or more delegations, place on its agenda any question connected with the draft peace treaties.

The Plenary Conference shall receive reports drawn up by Commissions, discuss them and adopt all recommendations it deems appropriate.

2. A General Commission, composed of one representative from each of the Member States, shall be set up to assist the Plenary Conference. It will co-ordinate the work of the various Commissions.

[3.] The following Commissions will be set up to study the various sections of the Treaties and to make recommendations to the Plenary Conference.

(a) Commissions for Italy, Roumania, Bulgaria, Hungary and Finland to consider the political and territorial clauses of each Treaty.

These Commissions will in each case consist of the representatives of the Members of the Council who prepared the Draft Treaties and of the Member States at war with the enemy State in question.

(b) Two Economic Commissions: the first to consider the economic and financial clauses of the Treaty with Italy and to be composed of

¹ These paragraphs are printed in italics.

² For the text of C.F.M. (46)204 (2nd Revision), July 9, 1946, the Rules of Procedure suggested by the Council of Foreign Ministers, see vol. II, p. 852. The present document was approved by the Commission on Procedure at its Twelfth Meeting, August 7; for the United States Delegation Journal account of the proceedings of that meeting, see vol. III, pp. 130-131 ff.

representatives of the States at war with Italy; the second to consider the economic and financial clauses of the Treaties with Roumania, Bulgaria, Hungary and Finland and to consist of representatives of the Members of the Council who prepared the Draft Treaties and of the Member States at war with any one of the enemy States in question.

(c) *The representatives of any States-Members of the Conference may be heard by any Commission, if they so notify the Chairman of the Commission concerned.*

(d) A Military Commission to consider the military, naval and air clauses of all five Treaties.

(e) A Legal and Drafting Commission.

The Military and Legal and Drafting Commissions will be composed of representatives of all the Member States. All the Commissions may set up Sub-Commissions in order to study particular questions.

II. CHAIRMEN, RAPPORTEURS

The Chairmanship of the Conference will be held in the first place by the representative of the host Government and thereafter in turn by each of the Members of the Council of Foreign Ministers in the French alphabetical order, each Chairman holding office for three days.

Each Commission will elect a Chairman and a Vice-Chairman respectively and appoint Rapporteurs.

No member of the delegation of any state represented on the Council of Foreign Ministers shall be eligible for election to the chairmanship of any commission.

No member of the delegation of any state having one of its members elected to the chairmanship of any commission shall be eligible for election to the chairmanship of any other commission.

III. INVITATION TO OTHER STATES

The Conference will invite Italy, Roumania, Bulgaria, Hungary and Finland to state their views in accordance with the conditions which will be laid down.

The Conference may invite other countries which are not members of the Conference to state their views.

The Secretariat is asked to invite the representatives of Italy, Roumania, Bulgaria, Hungary and Finland to attend and submit their views at Plenary Meetings of the Conference beginning on 10th August. Commissions may arrange for representatives of ex-enemy States to be heard as and when deemed desirable.³

³ In the course of the Eighth Plenary Meeting, August 9, during which the present document was approved, it was decided to transfer the third paragraph of Section III to the Annex; it became Annex II of the Rules of Procedure of the Conference. The verbatim record of the Eighth Plenary Meeting is printed in vol. III, p. 148.

IV. OFFICIAL AND WORKING LANGUAGES

English, French and Russian will be the official and working languages of the Conference and Commissions.

V. SECRETARIAT

1. Under the direction of the Secretary General who will be appointed by the Conference at its first meeting the organisation of the Conference will include:

- an Administrative Secretariat;
- a Secretariat responsible for the work of the Conference and the Commissions;

2. The Administrative Secretariat will be exclusively French.

3. A Secretariat of eight members will be set up including a representative of each of the Members of the Council who prepared the Draft Treaties, and an equal number of Members appointed by the Conference.

The additional staff necessary for the working of the Secretariat will be provided by the French Government and the various Delegations.

VI. VOTING

(a) Plenary Conference

Decisions of the Conference on questions of procedure will be adopted by a majority vote. Decisions on all other questions will be adopted by a two-thirds majority.

Recommendations of the Plenary Conference shall be of two kinds:

(1) those adopted by a majority of two-thirds of the members of the Conference,

(2) those which obtained a majority of more than half but less than two-thirds of the members of the Conference.

Both types of recommendation shall be submitted to the Council of Foreign Ministers for their consideration.

(b) Commissions

Should a two-thirds majority be obtained in any Commission, the Commission's report will be presented as a recommendation, but the minority will have the right to present its views and to ask for a decision. Should a two-thirds majority in any Commission not be obtained, the Commission will submit two or more reports to the Conference, each member retaining his full right to present his own point of view and to request that this should be the subject of a decision in the Conference.

VII. RECORDS OF THE MEETINGS

Verbatim records will be made of the meetings of the Plenary Conference.

For the Commissions a summary record of decisions will be prepared. To the record will be annexed copies of the statements which delegates have asked should be inserted in the record and proposals submitted, in the form in which they have been handed by delegations to the Secretariat.

VIII. GENERAL PROVISIONS

On all questions of procedure not covered by these rules of procedure the Conference and the Commissions shall in appropriate cases be guided by the principles of the rules of procedure of the General Assembly of the United Nations Organization.

IX. AMENDMENTS AND SUSPENSIONS

The Conference may decide to amend or suspend the provisions of the Rules of Procedure after their adoption.

Annex

RESOLUTION

Should a proposal made by an Allied State which borders on the State whose particular case is under discussion not be accepted either by a two-thirds or a simple majority, the Government of the said Allied State may submit such proposal direct to the Council of Foreign Ministers for its consideration.⁴

CFM Files

Memoranda Submitted by the Albanian Government on the Draft Peace Treaty With Italy

C.P.(Gen)Doc.7

AUGUST 30, 1946.

MEMORANDUM No. 1⁵

Italy has always tried to make the Adriatic an Italian sea and Albania a bridgehead for her imperialist expansion in the Balkans.

The occupation of a portion of Albania by Italian troops in 1917, the Titoni-Venzelos Agreement of 1919, the decision of 9th November, 1921 by which the Ambassador Conference, under Italian diplomatic pressure acknowledged Italy's privileged position in Albania, all the agreements, arrangements, conventions and treaties

⁴The Conference adopted two Annexes to the Rules of Procedure at the Ninth Plenary Meeting, August 9; for an account of the discussion on the Annexes at that time, see the editorial note on the Ninth Plenary Meeting, vol. III, p. 162. The present resolution became Annex I; for identification of Annex II, see footnote 3, p. 797.

⁵Addressed to the Political and Territorial Commission for Italy.

of every type imposed by Italy on Albania between 1922 and 1939 reveal Italy's imperialistic designs on our country.

The armed aggression of 1939 was the brutal realisation of this policy. When, after the occupation, the independence of Albania was abolished, Italy employed every means to put an end to every right and freedom, even to the physical existence of our people.

All this proves that Italian policy constituted a permanent danger to the existence of the State and people of Albania.

In the face of this danger the people of Albania unreservedly and at the cost of immense sacrifices fought the Italian invader and made an important contribution to the common victory over Fascist Italy.

Having suffered so much at the hands of Italy, Albania asked the Paris Conference to see that the Peace Treaty puts an end to all Italian imperialistic designs on her in future and provides her with reliable guarantees.

The draft Peace Treaty grants Albania rights and imposes on her obligations which have an ultimate bearing on her economic and political life and her national independence.

To this end the Albanian Delegation proposes an amendment to the Peace Treaty with Italy acknowledging Albania's right to be considered, for the purposes of this Treaty, as an Associated Power.

In addition it ventures to propose a number of other amendments to various Articles of the Peace Treaty with Italy.

1. As can be seen, Article 21 of the Draft imposes on Italy an obligation to respect the sovereignty and independence of Albania but makes no mention of her territorial integrity.

In order to reinforce the guarantee which this Article provides for Albania and to avoid any misinterpretation to which the present wording might possibly give rise, the Albanian Delegation has ventured to amend it so that the guarantee will also cover the territorial integrity of the country.

2. Article 23 of the Draft deals with the renunciation of [by] Italy of all property, rights, interests and advantages acquired by Italy in Albania, but it does not refer, as it should, either to Italian concessions wrested from time to time from Albania or to Italian parastatal institutions and enterprises in that country.

Yet it is well known that these concessions were obtained in circumstances favouring the Italian State and under conditions unfavourable to Albania and that they were exploited not for the benefit of the country's economy but for military purposes and in order to facilitate the economic absorption of Albania and, therefore, Italy's political grip on the country.

These are the reasons why we propose the amended draft of Article 23 herewith.

It should also be emphasised that, in order to make the meaning of the last sentence of the same Article more specific and clear, it has been felt necessary to complete it by a reference to the legal instruments on which the special interests of Italy in Albania were based.

3. The Albanian Delegation notices that in the Section of the Draft Peace Treaty with Italy dealing with Albania, there is no reference to debts owing to Italy or her nationals by Albania or her nationals.

Now one feature of Italy's imperialistic policy in Albania was the imposition on Albania, by continuous pressure, of Italian financial aid for purely military purposes and with a view to the economic and political endowment of the country. For this reason the Albanian Delegation deems it necessary to suggest the insertion, in Section V of the Draft, of a new article to be numbered 23*a*.

4. In order to fill a gap in Section V of the Treaty concerning Albania, the Delegation proposes to insert in Article 25 a new paragraph, so as to extend the application of this Article of the Draft to treaties, agreements, conventions and arrangements concluded between Italy and Albania before 7th April, 1939.

5. Lastly, since a large number of Italian, German and other war criminals responsible for crimes committed in Albania and Albanian war criminals who collaborated with them, are now in Italy, a new paragraph 4 should be added at the end of Article 38 enabling Albania to benefit by the provisions of this Article.

6. Further, in view of the damage suffered by the small Albanian Navy as a result of Fascist oppression, the need for Albania to own a few units for the protection of her long coastline and the policing of her territorial waters, the Albanian Delegation would ask for a reasonable quota of Italian naval vessels, proportionate to her needs, to be allotted to Albania.

In this connection it should be emphasised that Albania has already sent a note to this effect to the Council of Foreign Ministers in May 1946.

7. Since the armed forces left to Italy under the Peace Treaty could constitute a menace to the security and independence of Albania and of the other Balkan countries, the Albanian Delegation ventures to propose two amendments suggesting a further reduction of the strength of Italy's armed forces.

The Albanian Delegation feels sure that these amendments, prompted as they are by the wish to establish an enduring peace and maintain collective security, will be considered and adopted as reasonable.

AMENDMENTS TO THE DRAFT PEACE TREATY WITH ITALY

Article 21

This Article should read as follows:

“Italy recognises and undertakes to respect the sovereignty, the independence and the territorial integrity of the State of Albania.”

Article 23

This Article should read as follows:

“Italy formally renounces in favour of Albania all property, (apart from normal diplomatic and consular premises), rights, concessions, interests and advantages of all kinds acquired before or after 1939, by the Italian State or its parastatal institutions in Albania, or belonging to them. Italy also renounces all claims to special interests or special influence in Albania, which she acquired as the result of the aggression of 7th April, 1939, or which may have been granted to her under earlier bilateral or international instruments.

Other Italian property and other economic relations between Albania and Italy will come under the economic clauses of this Treaty applicable to all the Allied or Associated Powers.”

Article 24a

After Article 24 add a new Article 24a, worded as follows:

“Neither Albania nor Albanian nationals shall repay to Italy or Italian nationals any debt incurred before or after 7th April, 1939.”

Article 24b

Add a new Article 24b, worded as follows:

“The Italian Government undertakes to restore to the Albanian Government any gold reserves of the former National Bank of Albania located in Italy.

The Italian Government recognises that this obligation is not affected by any transfers or withdrawals of gold which may have been made from Italian territory for the benefit of other Axis Powers or of a neutral country.”

Article 25

Add a paragraph 2 reading as follows:

“Article 37 of the present Treaty will apply to all treaties, agreements, conventions and arrangements made between Italy and Albania before April 7th, 1939.”

Article 26a

After Article 26, add a new Article 26a reading:

“For the purposes of this Treaty, Albania shall be considered as an Associated Power.”

or else amend the first paragraph of Article 77, to read as follows:

“Any member of the United Nations Organization not a signatory to the present Treaty, which is at war with Italy, and also Albania, may accede to the Treaty and upon accession will be deemed to be an Associated Power for the purpose of the Treaty.”

Article 38

At the end add the following paragraph :

“The provisions of this Article shall also apply to Albania.”

Article 47

In paragraph 1, sub-paragraph “a”,
for “Two Battleships” read “One Battleship”,
for “Four Cruisers” read “Three Cruisers”,
for “Sixteen Torpedo Boats” read “Twelve Torpedo Boats”,
for “Twenty Corvettes” read “Fourteen Corvettes”.

Article 52

In paragraph 1, for “65,000 Carabinieri” read “30,000 Carabinieri”, and for “250,000 men” read “215,000 men.”

Article 65

Add a final paragraph reading :

“The benefits of these provisions will apply to Albania as to all the United Nations concerned.”

Article 66

After “the 1st September, 1939” add “and after April 7, 1939, in the case of Albania.”

Article 68

After “June 10, 1940” add “and on April 7, 1939, in the case of Albania and Albanian nationals.”

Article 69

The first paragraph should read as follows :

“Each of the Allied and Associated Powers shall have the right to seize, retain or liquidate all property, rights and interests within its territory, which on the day of Italy’s entry into war, and until the coming into force of the present Treaty, belonged to Italy or to Italian nationals or had been acquired by Italy or Italian nationals.”

Paragraph 5, sub-paragraph b, should read as follows :

“Property belonging to religious bodies or private charitable institutions and used for religious or charitable purposes, unless such institutions were engaged in political activities on behalf of the enemy on occupied territory.”

Article 73

At the end add: "and also to Albania".

MEMORANDUM No. 2⁶

Italy has always coveted Albania particularly since the last world war.

On the strength of the decision of the Conference of Ambassadors dated November 9, 1921 which unfairly granted Italy a privileged position in respect of Albania, Italy imposed on the latter, from 1922 to 1939, a whole series of conventions, agreements and treaties such as the Postal Agreement of 1922, the S.V.E.A. Agreement of 1925, the Agreements concerning concessions for minerals and the Treaties of Tirana of 1926 and 1927 guaranteeing Italy virtual domination over Albania. Italy granted Albania loans for the maintenance of the Albanian Army and for construction works, mainly of a military character such as certain roads and fortifications for imperialistic purposes, like the Fort of Durazzo, which largely exceeded the requirements of the country. These constructions were executed in the main by Italian State and parastatal enterprises, which acted as powerful agencies for Fascism in Albania.

By the armed aggression of April 7, 1939, Fascist Italy attempted to satisfy by force her longstanding greed for Albanian territory for 4½ years from April 7, 1939 to September 9, 1943, Albania was occupied by Italy and subject to the systematic destruction and spoliation. Italy exploited all the resources of the country and, in order to frustrate the Albanian Liberation Movement it devastated the country by fire, pillage and massacre; the Italian Army, the Black Shirts, the Carabinieri, the Italian administrative and political organisations, the Italian economic and financial corporations and enterprises did their worst to ruin completely our economic system, to decimate our population and to make our country a battle-field for an Italian imperialistic war.

The losses and damage caused by Fascist Italy during the occupation of Albania have seriously affected every aspect of the country's life.

Agriculture, Livestock, Forests

Albania is an essentially agricultural country. The Italian invaders requisitioned our corn to feed their troops; during their reprisals against the fighting population they set fire to our cornfields and large quantities of wheat in the villages, devastated the forests, the vine-

⁶ Addressed to the Economic Commission for Italy.

yards, in particular in the Korça, Leskovik and Pogradec regions, killed and looted the cattle and took away livestock.

The various measures adopted by the Fascists: price policy, taxes, looting, destruction or requisition of beasts of burden, displacement of the population, reduced Albanian agricultural livestock and foodstuff production by 50%.

The fisheries became a monopoly of the Italian *Pescalba* concern and were exploited quite irrationally.

Industry and Trade

Our small industry has suffered heavy losses at the hands of the Italians; installations have been destroyed or damaged, machinery and equipment removed, raw materials and other products requisitioned in almost all cities and in all industrial regions.

The country's industry has also suffered losses owing to the competition of the Italian finished article, competition which has systematically hampered and paralysed our industry, and trade and caused them considerable loss and damage.

Large stocks of goods have been looted, requisitioned or burnt, particularly in the towns of Bilishti, Permeti, Leskovik and Berat.

The most of our salt-works have been ruined and large areas of land expropriated.

Posts, Telegraphs and Telephones and Transport

The Albanian telegraphic network was partly destroyed during the war between Italy and Greece; another part was transferred by Fascist Italy to Greece and Yugoslavia after the occupation of those countries by the Axis Powers. The postal services were ruined or devastated in various localities as a result of the war.

No postal or telegraphic dues were ever paid for by the enemy.

Almost all transport facilities were removed, destroyed or requisitioned by the enemy. An important Italian parastatal enterprise, the S.A.T.A., was granted a monopoly of passenger transport which succeeded in paralysing the small Albanian enterprises.

Roads and Bridges—Port Installations

Our road system suffered great damage owing to the continual movement of enemy troops, bombing, and attacks by partisans. Bridges of all sizes were blown up.

Our harbours, especially the port of Durazzo, suffered almost irreparable damage, and 114 sailing ships with auxiliary engines were destroyed or removed. Some of these are still in Italian ports.

Government and Private Buildings

The Italian invaders destroyed or systematically set fire to our towns and villages, schools, sanctuaries, and houses, in order to ter-

rorize the inhabitants and prevent them from fighting a war of liberation. Entire districts, such as Piza, Mallakastra, Skrapari, Kurveleshi, were razed to the ground; churches of inestimable historical and artistic value, such as those of Voskopoja, Vithkup, Berat were looted and set on fire.

The museum of Vlora, the archeological institutes of Buthrotum and Pojani were despoiled of their ancient works of art by the Italian Fascists.

Finances, Customs, Pensions

The Italians never paid any port, quarantine, or landing dues. The cost of their army of occupation was a heavy burden for Albania and after the capitulation of Italy, more than 70,000 Italian soldiers found refuge and aid there through the generosity of our people who kept them for two years.

The abolition of the Albanian Customs (Legislative Decree of April 20, 1939), inflicted great loss on Albania.

Italy, an aggressor nation, must compensate the Albanians for the expenses incurred on behalf of the Army of National Liberation, and for military aid to the Allies.

The families of thousands of victims of the Italians, and those wounded in the war against Italy have a right to pensions. Compensation should be paid to the thousands of Albanians deported or employed on forced labour during the occupation.

In the course of their punitive expeditions, Italian soldiers looted a great quantity of valuable objects from the civilian population, and from sanctuaries.

Pecuniary Losses

Italy controlled the former National Bank of Albania. She collected all the Albania gold, about 300,000 gold francs, and transferred it to Italy. After the occupation, the Italians caused serious inflation of the Albanian currency which cost the Albanian people 150,128,826 gold francs. The gold reserves, constituting a cover of 8,062,827 gold francs for the Albanian paper currency in 1939, were transferred by the Banca d'Italia to the Reichsbank in Berlin.

This is a brief summary of the losses inflicted on Albania by Fascist Italy; they attain the figure of 3,544,232,626 gold francs, a figure far below the real losses of the country.

These losses and damages have gravely imperilled the Albanian economic structure which cannot recover without adequate compensation by Italy which was responsible. By reason of her contribution to the common victory, Albania demands as a right that Italy should be compelled to make reparation to the greatest possible extent, and to restore the objects which were removed.

The Albanian Delegation to the Paris Conference, therefore proposes the two following amendments:

AMENDMENT TO THE DRAFT PEACE TREATY WITH ITALY

Article 25a

After Article 25, add a new Article 25a, reading as follows:

“Italy shall restore to Albania, without delay, all works of art, or of historical, archeological or religious importance belonging to Albania which were removed to Italy after April 7, 1939. The Government of the People’s Republic of Albania will submit a list of objects to be restored.

“Italy shall restore to Albania all official archives and documents belonging to Albania, and all surveys, and plans of works already executed, or to be executed in Albania.”

Article 64

Under heading B, “Reparation for other Powers”, insert the following:

“(1) Italy shall pay, over a period of seven years, commencing from the entry into force of the present Treaty, reparation to France to the value of U.S.A. dollars, to the Yugoslav Federative People’s Republic, to the value of U.S.A. dollars, to Greece to the value of to Albania to the value of 1.106.655.468 U.S.A. dollars 1938, and to Ethiopia to the value of

(2) Deliveries in respect of reparation shall come from the following sources:

(a) Part of Italian industrial plant and machinery intended for the production of war material, which are neither necessary for the military forces authorised, nor immediately adaptable to civilian use, and which are taken from Italy in pursuance of Article 58 of the present Treaty.

(b) The installations of the Bari refineries specially built for refining Albanian oil.

(c) The Italian mercantile marine, the aggregate registered tonnage of which is , an estimated figure based on the average tonnage of Italian ships.

(d) Current Italian industrial output, to be delivered in seven equal yearly instalments;

(e) Any surplus of the gold reserves of the Bank of Italy, after the settlement of the liabilities under Article 65 of the present Treaty;

(f) Work carried out by Italy in countries which have a right to Italian reparations.

(3) The total quantities, and categories of goods to be delivered by Italy, as well as the works to be carried out shall form the subject of an agreement between the Italian Government and the governments which have a right to Italian reparations. Italy undertakes to conclude these agreements within six months of the coming into force of the present Treaty. Such agreements shall be concluded on the basis

of the plans to be submitted, in agreement with the Italian Reparation Commission, by the governments owing right to such reparation. Until these agreements come into force, Italy shall effect, on the same conditions as for reparation and by way of reparation, deliveries from her industrial output up to the amount of dollars to France, of dollars to the Federated People's Republic of Yugoslavia, of dollars to Greece, of 1.106.655.468 dollars to Albania, and of dollars to Ethiopia.

CFM Files

Note by the Secretariat

C.P.(Sec) N.S. 119

[SEPTEMBER 6, 1946.]

Covering letters addressed to the Secretary-General by the Austrian and Italian Delegations, dated 6th September, 1946, and accompanying the text of an Austro-Italian Agreement of 5th September, 1946, concerning the rights of the German-speaking population of the South Tyrol [are herewith circulated,] together with the text of the Agreement (transmitted in English by the Austrian Delegation and in the three official languages by the Italian Delegation).

Annex I

The Austrian Delegation to the Secretary General of the Paris Peace Conference

6 SEPTEMBER, 1946.

SIR: I have the honour to inform you that the Austrian and Italian Delegations recently discussed a number of questions concerning the German-speaking population of the South Tyrol. I am pleased to be able to state to-day that our two governments have reached agreement on this matter. The text of this agreement, signed on 5th September, 1946, by Signor de Gasperi and by myself is attached herewith. As you will see, this agreement guarantees the German-speaking inhabitants of the province of Bolzano and the neighbouring bilingual towns of the province of Trentino complete equality of rights with the Italian-speaking population. Moreover, the populations of these regions will enjoy legislative and executive autonomy; the Hitler-Mussolini Agreement of 1939 will be revised; special arrangements will be made for the mutual recognition of the validity of certain university degrees and diplomas; an agreement will be concluded to facilitate the transport of passengers and goods by rail and by road between the North and South Tyrol; and agreements will be made to facilitate frontier traffic and commerce between Austria and Italy.

Although this agreement mainly concerns Austria and Italy, it seems to us that it is of great interest and considerable importance for

the United Nations as a whole and more especially for those governments which at the present time are negotiating the peace treaty with Italy. A certain number of countries have shown interest in the problem of the South Tyrol and its German-speaking population and we feel convinced that all the United Nations will learn with satisfaction that Austria and Italy have been able to reach agreement on this matter. We hope that the conclusion of this agreement will eliminate one of the many difficulties which have arisen during the negotiations connected with the Peace Treaty with Italy.

For this reason and because we believe that it would be a great advantage if those nations which in various ways have shown their interest in the future of the South Tyrol gave their formal sanction and approval to the terms of the said agreement, the Austrian Government sincerely hopes that it will be possible to embody the text of the agreement in the Peace Treaty with Italy. Such an arrangement would confer on this agreement the seal of approval of the other nations concerned and would considerably enhance its power and authority. Moreover, this would materially contribute to the alleviation of the difficulties which up to the present have unfortunately arisen between the two governments in connection with problems concerning the future of the South Tyrol.

I have therefore the honour to request that the text of the Austro-Italian Agreement enclosed herewith and that of the present letter should be circulated to the members of the Conference. If it were possible, the text of the agreement could replace or complete the present Article 10 of the Draft Treaty with Italy, the substance of which—I take the opportunity of pointing out—is embodied in Article 3,c) of the present Agreement.

I have [etc.]

DR. GRUBER

Annex II

The Italian Delegation to the Secretary General of the Paris Peace Conference

PARIS, 6 September, 1946.

SIR: Faithful to the ideals which inspired the new Italian democracy in its treatment of ethnic minorities and in particular of the problem of the Upper Adige, the Italian Delegation has in the course of conversations held in the last few days with the Austrian representatives renewed in more precise form the assurances (already given to the Deputy Ministers on the 30th May) guaranteeing within the framework of regional autonomy, the ethnic characteristics as well as the cultural and economic development of the German-speaking minority of Upper Adige.

The attached document, signed by Dr. Gruber and by myself on the 5th inst., lists in paragraph 1 (sub-paragraphs *a*, *b*, *c* and *d*) and in paragraph 2 the legislative and administrative measures for this purpose already adopted or under consideration by the Italian Government.

Further, with a view to establishing cordial and good-neighbourly relations between their countries, Austria and Italy have agreed to hold joint consultations on a number of measures listed in paragraph 3 (sub-paragraphs *a*, *b*, *c* and *d*) of the same document and relating to matters of mutual interest arising from the past or designed to ensure better co-operation in the future.

In making this communication, the Italian Government is persuaded that it is not only contributing decisively to the solution of the problem of the Upper Adige which was referred to the Peace Conference but is also proclaiming before the United Nations its faith in the supreme value of international co-operation.

I have [etc.]

DE GASPERI

Annex III

*Austro-Italian Agreement**

[SEPTEMBER 5, 1946.]

1.—German-speaking inhabitants of the Bolzano Province and of the neighbouring bilingual townships of the Trento Province will be assured complete equality of rights with the Italian-speaking inhabitants, within the framework of special provisions to safeguard the ethnical character and the cultural and economic development of the German-speaking element.

In accordance with legislation already enacted or awaiting enactment the said German-speaking citizens will be granted in particular:

- (*a*) elementary and secondary teaching in the mother-tongue;
- (*b*) participation of the German and Italian languages in public offices and official documents, as well as in bilingual topographic naming;
- (*c*) the right to re-establish German family names which were Italianized in recent years;
- (*d*) equality of rights as regards the entering upon public offices, with a view to reaching a more appropriate proportion of employment between the two ethnical groups.

2.—The populations of the above-mentioned zones will be granted the exercise of autonomous legislative and executive regional power.

*English text as communicated by the Delegations. [Footnote in the source text.]

The frame within which the said provisions of autonomy will apply, will be drafted in consultation also with local representative German-speaking elements.

3.—The Italian Government, with the aim of establishing good neighbourhood relations between Austria and Italy, pledges itself, in consultation with the Austrian Government and within one year from the signing of the present Treaty :

(a) to revise in a spirit of equity and broadmindedness the question of the options for citizenship resulting from the 1939 Hitler-Mussolini agreements;

(b) to find an agreement for the mutual recognition of the validity of certain degrees and University diplomas;

(c) to draw up a convention for the free passengers and goods transit between Northern and Eastern Tyrol both by rail and, to the greatest possible extent, by road;

(d) to reach special agreements aimed at facilitating enlarged frontier traffic and local exchanges of certain quantities of characteristic products and goods between Austria and Italy.

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Rules of Procedure for the Closing Meetings of the Plenary Conference

C.P. (Plen) Doc. 25

OCTOBER 7, 1946.

1. The Plenary Conference will consider the drafts of the Peace Treaties in the order decided by the Berlin Conference: Italy, Roumania, Bulgaria, Hungary, Finland.

2. The reports of the Commissions on each draft Treaty will be distributed in the three languages, in principle at least 24 hours before the meeting at which they will be discussed.

3. Consideration of each of the draft Peace Treaties will commence with a general discussion. Delegations wishing to speak will inform the Secretary General before the opening of the discussion.

No Delegation may be allowed more than 30 minutes on the same draft Peace Treaty.

4. Delegations are earnestly requested to supply an advance copy of their statement to the Secretariat, whenever this can be done, in order to ensure translation in the speediest and best conditions.

5. After the closure of the general discussion, the Conference will proceed to vote on the articles of the draft Treaties and on the amendments and proposals submitted by the Commissions for consideration by the Plenary Conference as presented in the Commissions' Reports, in accordance with paragraph VI of Rules on Organization and Procedure of the Conference.

In cases where unanimity is not secured voting shall be by roll call.

6. The reports of Commissions in respect of each Treaty shall be submitted in the following order: Political and Territorial Commission, Military Commission, Economic Commission.

Presidents and Rapporteurs of the Commissions concerned will be available to assist the President of the Conference.

7. No explanation of the reasons for casting a vote will be permitted and no new amendment may be proposed. Delegations however will be free to ask for the insertion in the minutes of the meeting, of the observations explaining their attitude or the reasons of their vote concerning any matter examined by the Conference.

8. The time allotted to the consideration of each draft Treaty shall be:

- three days for the draft Peace Treaty with Italy;
- one day for each of the drafts of the Treaties with the Balkan States and Finland.

In the light of this timetable the Conference will decide how many sessions it need hold in the course of each day.

9. In respect of any questions which have not been dealt with in present Rules of Procedure, the President shall apply the Rules of Procedure of the Conference and those of the General Assembly of the United Nations.

10. A record of the recommendations adopted by the Plenary Conference will be drawn up, in accordance with the provisions of Article VI (a) of the Rules of Procedure of the Conference.

11. The record of recommendations and the minutes of the plenary sessions will be presented to the Council of Foreign Ministers.

VII. UNITED STATES DELEGATION PAPERS

740.00119 EW/7-3146

The Italian Ambassador (Tarchiani) to the Acting Secretary of State

No. 8550

WASHINGTON, July 31, 1946.

DEAR MR. ACTING SECRETARY: I wish to draw your attention to a question which my Government instructed me to immediately take up with the Department of State.

The Preamble of the draft of the Peace treaty submitted by the Big Four to the Paris Conference does not contain any reference whatsoever to an event of major importance, that is, the declaration of war by Italy against Japan which took place on July 13th, 1945.

I wish to recall here that the conversations about the Italian declaration of war took place in Washington, between the Department of State and this Embassy. In fact during the first months of 1945, the Italian Government informed, through me, the United States Government of their intention to participate in the war against Japan. The Department of State, not only expressed its appreciation, but also took steps for securing that a similar attitude be taken by the British and Russian Governments.

The Department of State did not limit itself to the above, but encouraged further Italy to take such a decision.¹

I was myself repeatedly requested to interpret to my Government this American wish and I deem it opportune to recall now the following statement which, on the 26th of June, 1945, I was requested to communicate to Rome: "The American Government is of the opinion that a declaration of war on Japan at the present moment would improve Italy's political and juridical situation with respect to the next meeting of the Big Three as well as with respect to the United Nations."

On July 7, 1945, the Undersecretary of State, Mr. Grew, sent me a letter following a conversation we had on the same day, saying that Italian declaration of war "will be greeted with approval by the American people" and adding: "the American Government naturally hopes that the announcement will be made at an early date".

¹ For documentation on United States approval of the Italian declaration of war against Japan, see *Foreign Relations*, 1945, vol. iv, pp. 955 ff.

Moreover, the fact must be taken in due account that Italy declared war on Japan before the USSR did, a fact which was acknowledged in the Potsdam declaration and in the speech made by the President of the United States on his return from Germany.

Only the unpredictably speedy conclusion of the military operations in the Far East prevented that effective participation in the war effort on that front for which Italy was making ready, as officially communicated to the United States.

Now the inclusion of such a record in the Preamble should, I believe, be first of all the concern of the United States. Its exclusion in the Preamble might have serious future consequences. All the more so, as Japan is specifically mentioned in the same Preamble and in Art. XV of the Draft.

I am confident that the American Delegation at Paris, realizing the above and the developments which might occur, will sponsor the revision of the Preamble, also because it cannot be denied that its terms are far from complying with the terms and spirit of the Potsdam declaration. Italy has certainly not deserved such a deterioration.

I shall appreciate it very much if you will kindly interpose your kind interest in the matter with the American Delegation in Paris on the strength of the documents and records of the time.²

Accept [etc.]

TARCHIANI

868.014/8-246

The Greek Prime Minister (Tsalدارis) to the Secretary of State

PARIS, 2 August, 1946.

MY DEAR MR. SECRETARY: As you are of course aware, the American Senate, on a motion by Mr. Connally, president of your Foreign Affairs Committee, a few days ago unanimously adopted Resolution No. 82, stressing the necessity for the return of the Dodecanese and Northern Epirus to Greece.³

As regards the Dodecanese Islands, the Council of Foreign Ministers has already decided that they should be restored to Greece. This decision will be merely confirmed and recorded at this Conference. But

² The preamble proposed in the Italian written observations on the Treaty included mention of the declaration of war on Japan; see pp. 118-119. No nation supported this modification before the Political and Territorial Commission for Italy. Neither the Commission nor the Conference recommended inserting such a statement; none was included in the final treaty.

³ Senate Resolution 82, approved on July 29, reads as follows:

"That it is the sense of the Senate that Northern Epirus (including Corytsa) and the 12 islands of the Aegean Sea, known as the Dodecanese Islands, where a strong Greek population predominates, should be awarded by the peace conference to Greece and become incorporated in the territory of Greece" (*Congressional Record*, vol. 92, pt. 8, p. 10336). For documentation on the resolution, see vol. VI, pp. 20-21.

the question of Northern Epirus, Greek for thousands of years, continues to remain undecided, in spite of the innumerable historical, ethnological, economic, strategic, ethical and legal rights which Greece possesses upon it. These rights were solemnly confirmed once more by the recent Resolution of the American Senate, which testifies to the firmness of the Senate's views upon this subject ever since 1920 when the first Lodge Resolution was voted.

This state of uncertainty permits the illiberal régime now in power in Albania to terrorise the inhabitants of this long suffering area and to carry on its programme of systematic obliteration of the Greek character of Northern Epirus. Furthermore, owing to the state of war existing between Greece and Albania from 28th October 1940 and the incessant incidents deliberately provoked by the Albanian authorities at the Greek-Albanian frontier, there is great danger of more general disturbances being created in the Balkans and in the Southeastern Mediterranean basin.

Under these circumstances, the Senate's recent Resolution has been received with extreme satisfaction by the Greek people, who are seriously disturbed at so unjustified a prolongation of the non-settlement of the question of Northern Epirus. This Resolution has created the certainty in Greece that a solution will be found at the present Conference to put an end to this unfortunate state of affairs, which was brought about in 1912 by Italian imperialism and which has cost thousands of North Epirotes their lives.

I believed it opportune to bring this matter to your notice and to express our sincerest thanks for this new gesture of justice which has reached us from the United States of America in the shape of the Connally Resolution.

Please accept [etc.]

C. S. TSAIDARIS

740.00119 Council/8-246: Telegram

*The Assistant Secretary of State for American Republic Affairs
(Braden) to the Secretary of State, at Paris*

CONFIDENTIAL

WASHINGTON, August 2, 1946—5 p. m.

3824. Secdel 585. For the Secretary from Braden. Embassy, Mexico City, reports President Avila Camacho indicated in public address concern over growing influence great nations and small role assigned little states. Ambassador Thurston comments:

“Although I take it for granted, of course, that full consideration has been given, in connection with preparations for the current Paris Peace Conference, to the place to be assigned to Latin American [countries] therein, I venture to recommend that unless there are reasons of major policy which would indicate the necessity of a contrary course, careful and immediate thought be given to the oppor-

tunity that exists for the US to seize leadership by sponsoring cause of small nations through support of proposal for admission of Mexico to Conference.

"I believe that by this action we could emerge as the champion of small states, regardless of outcome of voting, greatly enhance our prestige in Latin America, and consolidate our position among American Spanish-speaking states."

I realize difficulties involved and know you have subject in mind, but think you will be interested in above comment and believe any action which we can take to champion rights of small states will help our situation in Latin America.

[BRADEN]

740.0011 EW (Peace) / 8-246

*Memorandum by Mr. Jacques J. Reinstein, Economic Adviser, United States Delegation*⁴

SECRET

PARIS, August 2, 1946.

MAJOR PROBLEMS IN THE ECONOMIC CLAUSES OF THE PEACE TREATIES

REPARATIONS

Italy

Our past position, which has been shared by the British and French, has been that claims of countries other than the Soviet Union, (notably France, Yugoslavia, Greece, Albania and Ethiopia), should be met out of Italian assets in their territories and certain economic benefits which they will obtain from territorial cessions, together with a share of the munitions producing equipment in Italy which is not technically convertible to peace-time use. The Soviets have indicated that they will press their proposal for \$200 million in reparations for Yugoslavia, Greece and Albania.

It is proposed that we maintain our past position. As a matter of tactics, it is our intention to call upon all countries having claims to submit them and justify them. We will attempt, through analysis of the claims and through inquiry as to the assets available from the various sources indicated above, to develop the thesis that no calls on other sources of reparations (principally current production) are required.

In view of the establishment of a specific figure for the Soviet Union, the position which we propose to take may be difficult to maintain, and we may have to consider revising our position as the discussion develops. The Soviet statement of damage sustained as a result of

⁴This memorandum was forwarded to Assistant Secretary of State Clayton the same day with the recommendation that he discuss it with the Secretary at an early date.

Italian action amounts to \$2 billion, which will be satisfied to the extent of 5 per cent. Yugoslavia and Greece can allege that the damages they have suffered from Italy amount to about \$10 billion. While these claims are obviously exaggerated, it is likely these countries will be able to show very large losses. Yugoslavia and Albania will benefit substantially by the provisions we have proposed, but the benefits would be considerably less in the case of Greece and perhaps also Ethiopia.

It is assumed that the Secretary will approve the adoption of the position we propose to take. It will undoubtedly be necessary to consult with him closely as the discussion proceeds.

Signor Nenni has indicated that Italy intends to ask that a special commission be established to proceed to Italy for the purpose of examining into Italian capacity to pay reparations. It would be desirable to obtain the Secretary's views on this question as soon as possible. Should such a commission be established, we may have difficulty in obtaining personnel to represent the United States.

Hungary

We intend to avail ourselves of our reservation to re-open the Hungarian reparations question⁵ and to ask for the creation of a special subcommission to examine into the question and to call upon the Hungarian Government for information regarding the Hungarian economic situation. It appears unlikely that the Hungarian Government will attack reparations obligation directly, although it is very likely it will make some statements on the difficulties of the Hungarian economic position. If we can get representatives of the Hungarian Government before a special subcommission, we hope through well-planned questioning to elicit facts necessary to support an attack on the present reparations program.

Bulgaria

The Bulgarian armistice provides that Bulgaria is to make reparations to Greece and Yugoslavia but does not specify the amount. The Council of Foreign Ministers agreed that the matter should be left for the determination of the Peace Conference. We would be particularly interested in seeing that some fair settlement in favor of Greece is made in the treaty.

Our plan is to provide for a hearing of the Greek and Yugoslav claims and an examination, perhaps by a special subcommission, of the question of Bulgarian capacity to pay.

⁵ Regarding the U.S. reservation, see telegram 3556, July 19, from Paris, and telegram 3960, July 28, from Paris, printed in vol. III, pp. 5 and 24, respectively.

UNITED NATIONS PROPERTY
(all treaties)

It is our intention to continue to press strongly for full compensation in local currency for all damage to United Nations property resulting from or connected with the war, including removals by the Soviets under the armistice agreements and similar losses.

GENERAL ECONOMIC RELATIONS

We intend to continue to press for the inclusion of specific provisions on civil aviation. We regard provision for nondiscriminatory treatment with regard to this subject as an essential part of our program for developing international trade and commerce on a free basis.

We will of course continue to oppose the Soviet proposal for the exception of relations between neighboring countries from the obligations of most-favored-nation treatment, as well as the Soviet proposals regarding state-owned enterprises. Both of these proposals are designed to obtain explicit recognition of a closed economic orbit in Eastern Europe.

Trieste

At the time of drafting this memorandum, this matter is scheduled for general discussion. It may be that the meeting will wish you to discuss the problem with the Secretary. Our position is that no political solution can survive unless there is both an interim economic program, and the means of establishing a permanent regime.

DRAFTING CHANGES IN TREATIES

The economic provisions of the treaties were prepared for the most part within a very short period of time. Some of the provisions are not well drafted. These provisions will affect the interests of the countries which will participate in the Conference, and they will undoubtedly desire drafting changes in many cases where they do not disagree with the substance of the C.F.M. draft.

It would be helpful to obtain from the Secretary an indication of whether we are free, in our commissions and subcommissions, to vote for drafting changes which will improve the treaty provisions and which do not alter the substance, or whether we are obligated to defend every comma in the drafts.

CFM Files

Press Release Issued by the United States Delegation

USDEL(PC) (PR)-4

AUGUST 4, 1946.

LIST OF SUBJECTS UNAGREED IN COUNCIL OF FOREIGN MINISTERS

A. Italian Treaty

1. Delimitation of Frontiers of Italy, Yugoslavia and Free Territory of Trieste (agreement in principle reached on French Line for Italo-Yugoslav frontier and French line bounded on north by a line drawn from Duino for Free Territory of Trieste.) Articles 3, 4, and 16.

2. Boundary Commission. U.S. proposal for demarcation of Free Territory of Trieste. Article 5.

3. Civic Rights in Ceded Territories. U.S. proposal to extend to successor state obligations relating to human rights. Article 13.

4. Statute of Trieste. Trieste regime. Renunciation of Italian sovereignty and guarantees for Free Territory of Trieste. Article 15 and Annex 9.

5. Distribution of Surplus Units of Italian Fleet. Agreement on this point to be reached between USSR, UK, USA, and France.

6. Reparation—for states other than the USSR. Article 64 (Claims of other powers to be considered at Peace Conference.)

7. United Nations Property in Italy (question of compensation whether in whole or in part). Article 68. Equitable allocation of raw materials and foreign exchange.

Note: This same provision appears in Rumanian, Bulgarian, and Hungarian treaties.

8. Italian Property in the territory of Allied and Associated Powers. Exemption relating to property in ceded territories and Free Territory of Trieste. Article 69.

9. General Economic Relations. Article 71.

a. Provision relating to state enterprises and limitation of exemption of most-favored-nation clause to monopolies.

b. Equality of opportunity in securing international commercial and aviation facilities.

Note: These same provisions are unagreed in the Rumanian, Hungarian, and Bulgarian treaties.

10. Settlement of Disputes. Article 72.

Note: These same provisions are unagreed in the Rumanian, Hungarian, and Bulgarian treaties.

11. Interpretation of Treaties. Article 76 (jurisdiction of International Court of Justice).

Note: These same provisions are unagreed in the Rumanian, Hungarian, and Bulgarian treaties.

12. Economic and Financial Provisions Relating to Ceded Territories.

a. Exemption from public debt.

b. Exemption from provisions relating to Italian property in territory of Allied and Associated Powers.

13. Transfer of Head Offices (Siège Social). Annex 3.

14. Special Provisions Relating to Certain Kinds of Property. Annex 6.

a. Provision to ensure that Italy obtains no greater rights than any of the other of the United Nations which regards treatment of industrial, literary, and artistic property.

b. UK proposal relating to insurance. Similar proposal in Rumanian, Bulgarian, and Hungarian treaties.

15. Contracts, Prescriptions and Negotiable Instruments. Annex 7. UK proposals (similar proposals have been made by UK for Hungarian, Bulgarian, and Rumanian treaties).

16. Judgments. Three proposals presented:

(1) by US and USSR,

(2) by UK, and

(3) by France.

Similar provisions exist in Hungarian, Bulgarian, and Rumanian treaties.

B. Rumanian Treaty

See Italian Treaty for unagreed provisions common to all.

1. Rumanian Property in Germany. Article 27. A similar situation exists with respect to the Bulgarian and Hungarian treaties.

2. General Economic Relations. In addition to unagreed provisions similar to those contained in Italian Treaty there has been no agreement upon USSR proposal to exempt from the most-favored-nation treatment relations with neighboring countries.

Note: Unagreed USSR proposal appears also in Bulgarian and Hungarian treaties.

3. Clauses Relating to Danube. UK and US Proposal.

Note: The same proposals appear in Bulgarian and Hungarian Treaties.

4. Special Provisions Relating to Certain Kinds of Property. Annex 4. UK proposals relating to shipping and petroleum have not been agreed for Rumanian Treaty.

C. Bulgarian Treaty

See Italian Treaty for unagreed provisions common to all.

1. Agreement upon the frontiers of Bulgaria existing on January 1, 1941, is tentative with respect to Greek-Bulgarian frontier until Greece and Bulgaria have been heard by the Peace Conference. Article 1.

2. Reparations. Article 20. The CFM decided to postpone consideration of the Article on Reparations until the matter could be discussed with Yugoslavia and Greece.

3. Bulgarian Property in Territory of the Allied and Associated Powers. Article 24. US, UK, and French proposal to include in Bulgarian Treaty Articles similar to those contained in Italian and Rumanian treaties has not been agreed (the same situation exists with respect to the Hungarian Treaty).

4. US has reserved rights to propose Article relating to War Graves.

D. Hungarian Treaty

See Italian Treaty for unagreed provisions common to all.

1. Frontiers of Hungary and Czechoslovakia are tentative until both Governments have presented their views to the Peace Conference. Article 1.

2. Reparation. Article 21. The US reservation relating to payment by Hungary of reparations is before the Conference although the full text is not contained in the printed text for the Hungarian Treaty. This was omitted with the understanding that the US reserved the right to make any explanation of its omission.

740.00119 EW/8-546 : Telegram

The Chargé in Italy (Key) to the Acting Secretary of State

RESTRICTED

ROME, August 5, 1946—7 p. m.

[Received August 6—1 p. m.]

3414. Embassy has received formal memo from Italian Foreign Office, dated August 1,⁶ stating government has urgently examined economic financial clauses Draft Peace Treaty and must inform Embassy as follows:

1. Collaboration of Allied Governments and AC helped meet Italian minimum requirements without which Italian situation would have been transformed into economic and social disaster. Assistance has been insufficient, however, for economic reconstruction.

2. Need of foreign credits is salient aspect of Italian situation. Program for 1947 supplies contemplates need for financing at least 900 million dollars.

3. In this situation, peace treaty if unchanged, would impose new burdens on Italy so grave as to reduce enormously capacity to meet needs without outside help. Consequently, either Italian need for credits will be "enormously increased sufficiently to enable it to bear new burdens imposed or Italy will be precipitated into economic and monetary chaos."

⁶ Not printed. The memorandum and an accompanying letter were transmitted to the Department as enclosures to despatch 3915, August 5, from Rome.

Memo concludes requesting Embassy to inform United States Government "very grave consequences which might derive" from economic financial clauses peace treaty. Identical note apparently sent United Kingdom Embassy.

Accompanying letter from Prunas Foreign Office Secretary General states Government is "proceeding to detailed examination of economic financial clauses" and will supplement its earlier arguments "which do not appear to have been given due consideration." General impression of Italian experts is that if clauses remain unchanged, "consequences would be fatal for Italy" which would emerge "scarcely alive" from application of treaty. Prunas believes it clear Allies "did not wish pursue that objective" when drafting treaty but fears that "perhaps permanent weakness Italian economy has not been sufficiently made known" and that "apparent and momentary abundance of goods may have been considered indication well being when it is actually sign profound economic weakness due almost total lack purchasing power Italian population." Similar phenomenon observed in defeated countries after First World War preceding their collapse, he adds.

Prunas questions finally "whether sufficient evaluation has been made of consequences capable of being produced on Italian economy by total effect of individual clauses taken all together", adding that if economy is pushed toward collapse, it would become "element of permanent disturbance for all Europe with incalculable consequences for all."

Texts follow airmail.

Sent Department 3414, repeated Paris for United States Delegation 523.

KEY

740.00119 EW/8-646

Memorandum by the State-War-Navy Coordinating Committee to the Secretary of State

SECRET

WASHINGTON, August 6, 1946.

Subject: Military Implications in Internationalization of Trieste.

In response to a request ⁷ from the Acting State Member of 15 July 1946 on the above subject, the Joint Chiefs of Staff have advised the State-War-Navy Coordinating Committee as follows:

"In accordance with the request contained in State-War-Navy Coordinating Committee memorandum of 16 July 1946, subject: 'Security of the Proposed Free Territory of Trieste', the following views of the Joint Chiefs of Staff regarding the military features of arrange-

⁷ Not printed.

ment to insure the integrity and independence of the proposed Free Territory of Trieste are submitted :

“The development of the military situation in the proposed Free Territory of Trieste will depend largely on the political development of the area, the nature of which is yet to be determined. At this time it would appear that the transition of the subject area from its present status to that of a free territory will occur in three stages as follows :

“*a.* An initial period from the present time until United States and British forces evacuate Italy (within 90 days after ratification of the Italian peace treaty).

“*b.* An interim period from withdrawal of British and United States forces from Italy until arrangements for establishment of a provisional government come into effect. If the political situation permits, it would be preferable to eliminate this period or to reduce its duration to a minimum by obtaining early agreement on the nature of the provisional government to be established and the time it comes into existence. Should rapid progress be made in this respect while delays are encountered in ratification of the Italian peace treaty (thus delaying evacuation of British and United States troops from Italy), this interim period will in fact be reduced and may even be completely eliminated.

“*c.* A final period beginning with the establishment of the provisional government and lasting until the permanent government of the Free Territory of Trieste becomes firmly established and is able to take over full responsibility to the United Nations for maintenance of internal order and frontier protection. This period may last for some time after establishment of the permanent government.

“It is considered that the following general principles should apply in the solution of the military problem presented :

“*a.* United States and British forces should remain in the area in sufficient strength to prevent either Italy or Yugoslavia from interfering with the establishment of the government of the Free Territory and to maintain internal order and frontier protection until the local government is capable of taking over these responsibilities. The troops should remain in the Free Territory as long as necessary to insure establishment of a firm local government free from Italian or Yugoslav compulsion or influence.

“*b.* During the transition from the present until the final establishment of the Free Territory of Trieste, the strength and composition of the internal security forces (police and border guards) should be such as to provide only for internal security and frontier control. They should in no sense be designed to withstand aggression by neighboring states since the Free Territory must rely on the United Nations for protection from such acts.

“*c.* Yugoslav forces should be withdrawn at the earliest possible date from those areas included in the Free Territory, and under no circumstances should they be permitted to remain in the area later than the date the provisional government comes into existence. In view of the conduct of the members of the Yugoslav detachment in

Zone 'A' of Venezia Giulia since the conclusion of the Morgan-Jovanovic Agreement,⁸ and the current Italian and Yugoslav antagonism toward the decision of the Council of Foreign Ministers to create a Free Territory, the presence of either Yugoslav or Italian troops in any part of the area comprising the Free Territory would be a constant source of trouble and a great handicap to the successful functioning of the provisional government, which will be faced with a most difficult task in the early stages of its existence.

"d. Russian military participation should be avoided during all stages, since their participation might delay final military settlement through the raising of many additional problems, including those of command and staff organization of combined forces. Furthermore, employment of Russian troops in the Trieste area would greatly extend their lines of communication in Europe and would thereby provide grounds for increasing the strength of Soviet occupational forces under the guise of protecting lines of communication.

"During the initial period (from the present until British and United States forces evacuate Italy) maintenance of the *status quo* is believed to be the most desirable and practical solution. While it would be highly desirable to have Yugoslav forces withdrawn during this period from all areas included in the Free Territory, such action should not be pressed at the expense of admitting Russian forces under a new agreement. During this period agreements must be reached and arrangements completed for adequate British and United States forces to remain in the Free Territory after the evacuation of Allied forces from Italy. In view of the impasse which Russia has produced in the Military Staff Committee with regard to United Nations military forces,⁹ completion of these arrangements would be expedited if they were covered by the statute establishing the Free Territory instead of by submitting them to the United Nations for resolution. It is essential that arrangements which provide for the evacuation of British and United States forces from Italy (within 90 days after the ratification of the Italian peace treaty), should also provide for the simultaneous evacuation of the Yugoslav Detachment now located in Zone 'A' of Venezia Giulia in accordance with the terms of the Morgan-Jovanovic Agreement.

"During the interim period (between the evacuation of Allied forces from Italy and the establishment of the provisional government) continued maintenance of the *status quo* and retention of sufficient British and United States forces to maintain internal order and guard frontiers will be the best practical solution. It is estimated that there

⁸ For documentation on U.S. concern regarding the situation in Venezia Giulia, see *Foreign Relations*, 1945, vol. iv, pp. 1103 ff. Regarding U.S. occupation policy in Venezia Giulia in 1946, see *ibid.*, 1946, vol. vi, pp. 867 ff.

⁹ For documentation on U.S. policy regarding the negotiations of the United Nations Military Staff Committee, see vol. i.

will be required a British-United States force of approximately one composite Allied division with an integrated Allied staff and comprising one British brigade group and a U.S. regimental combat team. Early evacuation of Yugoslav forces from areas to be included in the Free Territory would be desirable but may not be politically attainable until the provisional government comes into existence. During this interim period military government of the area and the command of the military forces should continue under present Allied arrangements. In the event that the area passes to the United Nations control before the provisional government is established there should be as little alteration of existing arrangements as possible.

“The final period (from the establishment of the provisional government until evacuation of British and United States military forces) should see the immediate withdrawal of Yugoslav forces from those areas included in the Free Territory, and the termination of Allied military government, if such have not been accomplished previously. During this period it will be to United States military interest to facilitate rapid and efficient progress toward conditions under which the new state is able to take over its own internal security, thus permitting the earliest possible withdrawal of our military forces.

“From the military point of view it would facilitate the orderly transfer of areas concerned, or eliminate likely sources of irritation and unrest after establishment of the provisional government, if early agreement could be reached with the Yugoslav Government to revise the Morgan-Jovanovic Agreement with a view to eliminating the Yugoslav detachment now in Zone ‘A’ and permitting readjustment of British-United States and Yugoslav forces along the French ethnic line (which is to be the basis for establishing the final Italo-Yugoslav frontier and the boundaries of the Free State) instead of along the present Morgan line. Such action would permit the early establishment of Allied military government in the large area south of Trieste which is now under Yugoslav control but which will ultimately be included in the Free Territory. This would place the entire area comprising the Free State under a common government at an early date and would greatly simplify the turnover of control to the provisional government at the proper time. The advantages of eliminating the Yugoslav detachment now in Zone ‘A’ are obvious. Notwithstanding the military advantages to such a course of action, which greatly outweigh any disadvantages, it is recognized that there may be strong Allied political or Yugoslav objections to any attempt to revise present arrangements or commitments in the area.

“Other preliminary actions which would facilitate the orderly military transition of the area are :

"a. To mark clearly and unmistakably the various established boundaries through early action by a boundary commission.

"b. To provide maximum assistance to all persons, particularly Italians and Yugoslavs living in the areas who elect to be transferred, to dispose of their holdings and move to the country of their selection. This is especially important in the case of Italians living in the Pola enclave.

"c. To encourage the provisional government, while Allied military government is in control, to have its officials work alongside of Allied military government officials as long as possible before the transfer from the military to the provisional government takes place.

"It is apparently the intention of the Council of Foreign Ministers that the status of the Free Territory of Trieste will be that of a demilitarized free port with its integrity and independence guaranteed by the Security Council of the United Nations. Accordingly the requirement for internal security will demand a constabulary or police force, a coast guard, an immigration organization, and a frontier guard comparable to the frontier guards maintained by Italy and Yugoslavia at the border of the Free Territory.

"The size, composition, and character of these agencies will be determined by the local situation, particularly as it is affected by the attitude of the neighboring states of Italy and Yugoslavia. The police force and other security agencies of the Free State could well be built around the existing Venezia Giulia police force, which is soon to be increased to a strength of 6,000. This organization has had considerable success under Allied direction and its personnel has been especially selected to deal with the local situation. If the attitude is one of peaceful acceptance of the decision to establish the Free Territory, the requirement will be a diminishing one until a normal level is reached. If, on the other hand, either Italy or Yugoslavia, or both, continue their active opposition to the decision and seek by propaganda and other subversive means to incite the local population, the need to retain British and United States troops in the area may be prolonged. Under these circumstances there will be a greater requirement for maintaining substantial internal security forces. Such increases in requirements are unlikely to be met satisfactorily by recruiting solely local Italian and Yugoslav personnel. Hence, greater dependence must be placed on enlisting disinterested nationals into these agencies.

"Until more is known regarding the political details which establish the Free Territory it is not practicable to state what the proper command channels will be for the British and United States forces remaining in the area when the Territory comes under United Nations' control. These forces, however, will be present and available to support the new government as required but should not participate in routine internal security activities. The Joint Chiefs of Staff

understand that this question is now under study within the State-War-Navy Coordinating Committee. It is also under study by the Joint Chiefs of Staff, who assume that their views will be requested before a policy is determined. It seems clear, in view of the functions and nonmilitary character of the internal security agencies visualized as ultimately required for the permanent government of the Free Territory, that upon withdrawal of the military forces from the area, the governor thereof will be responsible to the Security Council for all matters, including internal security, pertaining to the Free Territory.”

For the State-War-Navy Coordinating Committee:

JOHN D. HICKERSON
Acting Chairman

740.00119 Council/8-146

*The Acting Secretary of State to the Ambassador in Mexico
(Thurston)*

WASHINGTON, August 7, 1946—7 p. m.

840. There are given below summaries of telegrams nos. 765 and 783 from American Delegation in Paris.¹⁰ Latter telegram is in reply to Department's telegram submitting to Secretary your comments on desirability our championing rights smaller nations and desirable effect which such action would have in Latin America,¹¹ and you may, in your discretion, carry out suggestion contained in last paragraph of telegram 783 from the Secretary.

(*Begin 765*) Acting on representations from Mexican Ambassador I offered sponsor at opportune moment motion which would permit Mexican Government present its views to Peace Conference on draft Italian treaty. Mexican Counselor of Embassy stated last night specific proposals have been received from Mexican Government regarding Italian terms. He added that Mexican Government is very anxious for question of Mexican participation to be settled soon. He was informed that until conference has approved rules of procedure the timing and manner of making motions could not be determined in message. (*End 765*)

(*Begin 783*). It is doubtful that enlarging participation of the Peace Conference to modify Moscow Agreement would meet with success. Statement “that arrangements concluded at Moscow must of necessity be binding on United States under the circumstances” made in my instruction 8496 of March 23, 1946, to Mexico City¹² still applies. Although I have replied favorably to approach from Mexican Ambassador here to support a proper Mexican request that its views be heard,

¹⁰ Neither telegram printed in full.

¹¹ See telegram 3824, August 2, from the Assistant Secretary of State to the Secretary of State in Paris, p. 815.

¹² Not printed.

it does not appear that Mexican Government has taken advantage of opportunity "to consult with United States Government on terms of peace treaty with Italy". In your discretion instruct Thurston to speak with Mexican Foreign Minister in above sense and to repeat it must be appreciated that realities of situation would prevent any change in terms of reference for participation although I should have desired to have it otherwise and should have welcomed participation of all United Nations which had declared war on one of the countries for which treaties are being prepared. (*End 783*)

ACHESON

Moscow Embassy Files

*Memorandum by Mr. Frederick T. Merrill, Secretary,
United States Delegation*¹³

SECRET

PARIS, August 8, 1946.

Istvan Bede, Hungarian Minister, en route to his post in London after several weeks in Budapest, made the following comments today on the draft treaty for Hungary:

1. The Hungarian Delegation will be forced by strength of public opinion at home to raise the Transylvanian issue.

2. The Delegation will hope to provoke discussion of Hungary's economic situation in the Economic Commission. The Soviets' waiver of reparation penalties was made to prevent the Hungarians from talking reparations. This concession will help the stabilization program by enabling the Government to balance the budget for at least several months, but Hungary had to pay a stiff price for this relief by surrender of capital assets (the coal mines in Transylvania). In addition, the Soviets' assessment of the value of these assets was arbitrary and \$20,000,000 below the Hungarian figure. The Hungarians after study of the treaty provisions feel that the Soviet position on the controversial economic clauses other than reparations is more favorable to them than our proposals.

3. The Czech proposal to deport 200,000 Hungarians from Slovakia was completely unjustifiable both from a humane and economic point of view and the Hungarians would protest. He understood we were opposed. The Czech territorial demands opposite Bratislava would cut the main highway to Vienna and were motivated primarily by prestige considerations. Bratislava had a sufficient area to expand in their present bridgehead and along the northern bank of the Danube. Ceding this territory to Czechoslovakia, however, might be the basis for some sort of an exchange of territory with the Czechs, but he did not mention a specific proposal which the Hungarians are said to have ready.

4. The Hungarian people are now fully aware of the draft treaty provisions and are shocked at the severity of the terms. Many of those well informed were blaming Rakosi for having sabotaged peace treaty preparations. The present Government would fall if such a treaty were

¹³ This memorandum was directed to Messrs. Matthews and Reber.

signed but no repercussions as a result of the treaty would occur until after signature. At the moment internal political questions were uppermost.

Bede discussed the internal political situation at some length. Some of his remarks may be of interest to the Department and Budapest. The accompanying telegram is suggested.¹⁴

CFM Files

*Memorandum by Mr. Cloyce K. Huston, Secretary, United States
Delegation* ¹⁵

CONFIDENTIAL

PARIS, August 9, 1946.

Doc: Although my Conference assignment has no special reference to Albania, I hope you will not mind if, on the basis of my past association with Albanian matters, I make a few observations in connection with the Yugoslav proposal regarding that country.

I presume it is our general position that Albania should be heard in the Conference but not take part as a voting member. This would be reasonable because, whereas Albania does have a cause and has earned the right to defend it, it was not included in the setting up of the Conference, was not technically at war with Italy, and it does not now have official relations with most of the twenty-one states, including, notably, ourselves.¹⁶

Between the wars, the Albanian people and Government were exceptionally friendly to the United States. No small part of their sentiment toward us was based on the fact that the United States intervened on Albania's behalf at Versailles, and it is a popular conception among Albanians that if it had not been for President Wilson Albania would have been "partitioned" and ceased to exist as an independent state. That small reservoir of good-will is still there, despite the anti-American attitude of the Tito-like Hodza [*Hoza*] regime, and it may still be useful to us. This sentiment would, of course, be largely dissipated if the Albanians found we were opposed to their being even heard this time.

Other pertinent facts are that, as you know, Albania was invaded and occupied and put up a continuing resistance against, first the Italians, and later the Germans. Hoza's [*Hoza's*] Communist-dominated resistance group edged to the forefront just as Tito's did in Yugoslavia. Since our diplomatic relations were severed after the Italian

¹⁴ Not printed.

¹⁵ This memorandum was directed to Mr. Matthews.

¹⁶ Secretary Byrnes set forth the U.S. position on Albania's desire to participate in the Peace Conference at the 9th Plenary Meeting, August 9; an extract from the Verbatim Record of that meeting, including Byrnes' statement, is printed in vol. III, p. 163. For documentation on U.S. efforts to establish diplomatic relations with the Albanian regime, see vol. VI, pp. 1 ff.

occupation, formal relations with the Hodza [*Hoxha*] regime required a positive act which we have not yet taken. Actual Albanian participation in the Conference would simply mean another stooge vote and make it more difficult to accomplish anything. An Albanian hearing at the Conference is probably not very important with respect to the Italian treaty, but is important with respect to the fantastic territorial claims which Greece will undoubtedly endeavor to put forward.

CLOYCE K. HUSTON

CFM Files

*Memorandum by Mr. Walter N. Walmsley, Jr., Political Adviser,
United States Delegation*¹⁷

PARIS, August 10, 1946.

Subject: Views on the draft treaties of other American Republics, other than Brazil, which declared war.

The following Latin American Countries declared war on at least Italy but are excluded from the Conference under the principle of the Moscow declaration: Mexico, Cuba, Haiti, Dominican Republic, Honduras, El Salvador, Nicaragua, Guatemala, Costa Rica, Panama and Bolivia.

We offered to consult with the Governments of these countries with regard to their views on the draft treaties; and said that although we would have been happy to have them at the Conference it was under the circumstances impossible but we would be glad to transmit their views to the Conference. The Mexican case differs slightly from those of the other countries in that Mexico had first approached us, and our offer was in reply to the Mexican *démarche*.

From the eleven mentioned above we may eliminate Bolivia, because the Government which sent us its views has been overthrown and the new Government has not renewed the expression of Bolivian interest; and Haiti and Nicaragua, which have not replied to our offer.

The remaining countries may be classified thus: 1) those which protested against exclusion from the Conference, and 2) those which replied within the proper limits of our offer.

1ST. GOVERNMENTS WHICH PROTESTED THEIR EXCLUSION

a) *Mexico*

On February 12 the Mexican Government addressed a memorandum to us asking for admittance to the Peace Conference. On March 23, we instructed Ambassador Messersmith to express our regrets but to offer to consult with Mexico with the purpose of conveying its views to the Conference. The Mexican Ambassador here furthermore approached the members of the Council.

¹⁷ None of the notes and memoranda mentioned in this document is printed.

In early July Mr. Matthews under instructions of the Secretary informed the Mexican Ambassador that the Secretary would be glad to sponsor a motion at the Conference for Mexico to be heard.

In subsequent talks I have had with the Mexican Ambassador and members of his staff I recommended that the Mexican desire to be heard be made known to the International Secretariat, it being anticipated that the rules of procedure eventually adopted by the Conference would make provision for hearing third countries. I am informed that the Mexican Ambassador has now in fact addressed the International Secretariat.

b) Cuba

Cuba did not reply to the Department, but the Cuban Minister under instructions wrote the Secretary in Paris on July 31 citing the reasons why "Cuba aspires to take part in the work of preparing the Peace treaties". The Cuban Minister has it is understood consulted the International Secretariat; and presumably we would be glad to lend support to a Cuban initiative to be heard.¹⁸

With the Cuban note came a note from the Minister of State expressing the Cuban Government's views on the draft treaties as follows, and asking that "the peace conventions neither be discussed nor signed without the participation and approval of all the United Nations which declared war on the members of the tripartite pact".

The Cuban views are that the treaties should be based on

1. equity and justice.
2. self determination and geographic unity.
3. non-recognition of conquests, without prejudice to means of avoiding renewed aggressions.
4. reparations by aggressors.
5. like conditions of work in home country and colonies.
6. consideration in the Italian treaty of Italian contributions to the Allied cause and of its democratic reforms so as to permit reconstruction of the country.

2D. GOVERNMENTS WHICH ASK THAT THEIR VIEWS BE CONVEYED,
WITHOUT PROTEST AT EXCLUSION ¹⁹

a) Costa Rica

Costa Rica conveyed its views to the Council at London in Sep-

¹⁸ In a note dated August 9, Secretary Byrnes informed Hector de Ayala, Cuban Minister in France, of his willingness to transmit the Cuban note of July 31 to the Conference Secretariat and "to support any proper measure designed to afford an opportunity for the Conference to hear the Cuban views". (CFM Files)

¹⁹ On August 20, the United States Delegation presented statements by the six nations, the views of which are described here, to the Secretary General of the Conference. The views of the six governments were circulated as C.P. (Plen) Doc. 13, not printed.

tember and has repeated them to us through a Foreign Office memorandum of April 22, 1946 handed our Embassy in San Jose, and a note to the Department of May 4, 1946 signed by the Costa Rican Ambassador at Washington. The Costa Rican views may be summarized thus:

- (i) It hopes Italy will be required to adopt liberal principles permitting UN to maintain cordial relations with Italy.
- (ii) Italy should renounce any claims against Costa Rica on account of Costa Rican war measures affecting Italy.
- (iii) Italy should consent to measures affecting its interests Costa Rica may take for its own security or for the security of UN.

The Costa Rican Ambassador's note of May 4 specifically justifies the impounding of \$142,000 US currency which the Italian Legation had confided to the Spanish Legation and the latter had turned over to the Costa Rican Government. This sum is intended to be held on account in connection with the Costa Rican claims of damages caused by the scuttling of the USS *Fella* in Puntarenas harbor.

b) Dominican Republic

The Dominican Foreign Office addressed our Embassy in Ciudad Trujillo on July 12 expressing very general views to the effect that Italy having chosen a democratic form of Government, the peace terms should be just and equitable.

On July 29 the Dominican Minister in Paris left a note with Ambassador Caffery stating in effect that the Dominican Government reserves the right to indemnify itself and Dominicans for losses of ships and lives by the application of Axis property within the Republic against such claims.

c) El Salvador

On May 7, 1946 the Salvadoran Foreign Office addressed a note to our Ambassador at San Salvador stating that it had no special conditions which it thought should be covered by the treaty with Italy, but that the Salvadoran Government would wish that the treaty contain a provision requiring Italy to waive any claims against the Salvadoran Government originating in measures taken as a result of war affecting Italian nationals and property in El Salvador.

d) Honduras

The Government of Honduras in a memorandum of April 27 stated that it had no claims to make upon Italy "for war or other reparations" but that the Honduran Government would expect Italy to renounce any right to make claims against Honduras for harm to Italian interests arising from measures taken by the Honduran Government for war purposes.

e) Guatemala

The Guatemalan Government's views are contained in a Foreign Office note to our Ambassador to Guatemala dated May 6. In the first place the Guatemalan Government expects the peace treaties with the Axis satellites to contain provisions protecting Guatemala against claims of the enemy states in question or their nationals arising out of war emergency measures in Guatemala. In the second place the Guatemalan Government wishes the enemy states to recognize in the treaties their obligation to repay to Guatemala the damages and harm suffered by Guatemala because of the war. The Guatemalan Government goes on to state that it reserves the right to communicate additional views with regard to the treaties and reserves the right furthermore to consider itself unbound by treaties until it has duly ratified them.

f) Panama

The Panamanian Government in a memorandum of July 16 delivered to our Embassy in Panama expresses the hope, based upon its friendly sentiments toward Italy, that the terms of the treaty will be sufficiently lenient to permit the rehabilitation of Italy.

874.00/8-1046 : Telegram

*The United States Representative in Bulgaria (Barnes) to the
Acting Secretary of State*

SECRET

SOPIA, August 10, 1946—5 p. m.

620. United States and United Kingdom representatives here, both political and military, have long felt peace treaty with Bulgaria should contain provision limiting militia as well as regular military establishments. Both have regretted that no such provision contained draft treaty. Announcement today of submission of bill to National Assembly Minister of Interior Yugov for "creation frontier militia and placing responsibility on Minister of Interior for safeguarding frontiers" seems to support fears we have all felt that military limitations of treaty will be circumvented from outset. Bill provides that "frontier militia shall be recruited from barracks." Prime Minister has also submitted bill for "forced labor battalions" to be recruited from Bulgarians not required to perform military services. In my opinion it is already clear that Bulgaria has no intention of respecting any limitation of her military establishments that may be imposed by peace treaty. This govt is thoroughly unreliable in western sense and those of us who know govt from first hand contact have no illusions about its willingness to carry out any obligations not to its liking but which

it must appear to accept in order to obtain peace with west and regularize its relations with western democracies. Repeated to Paris No. 159 for Delsec and to Moscow as No. 278.

BARNES

740.0011 EW(Peace)/8-1246 : Telegram

*Colonel Charles H. Bonesteel, Military Adviser, United States
Delegation, to the War Department*

SECRET PRIORITY

PARIS, [undated.]

OCD 83. For Norstad personal from Bonesteel. 1. Mr. Cohen on basis of idea put in by General Smith²⁰ is working on question as to whether there should not be definite evidence in Italian Peace Treaty that restrictions therein can not apply indefinitely. This believed desirable primarily to help Italian morale and combat Communist influence in Italy. Secretary Byrnes is sympathetic to idea.

2. While U. S. is committed to supporting present draft treaty, Cohen is suggesting possibility, if Italians make strong plea before Conference, of discussing informally with Big Four to obtain agreement to an amendment to Article 39, Military Clause in Treaty. At present, article reads as follows :

“Each of the military, naval and air clauses of the present treaty will remain in force until modified in whole or in part by agreement between the Allied and Associated Powers and Italy or, after Italy becomes member of United Nations, by agreement between the Security Council and Italy.”

3. As written this article permits Russian or French veto to keep Italian armament under strict regulation indefinitely. Question is, are there any War Dept objections to (a) setting definite time limit (about 5 years) on application of regulatory restrictions on Italian armed forces (Sections III, IV and V of Part IV of draft treaty; State Dept has copies of draft treaty); (b) setting definite time limit on restrictions on armed forces and on the demilitarizations of frontiers, islands, etc.; or (c) setting definite time limit as in (a) above after which restrictions will be lifted unless Allied powers (CFM) or Security Council by affirmative action decide restrictions should be extended. Note that (c) twists the veto around. Present feeling here is that (c) is desirable, (a) and (b) should not be given serious consideration.

4. There appear to be a number of implications pro and con. My feeling is that overall idea is sound and that its specific application to

²⁰ See telegram 2254, July 23, from Moscow, vol. III, p. 8.

military clauses may be good or bad depending on political rather than military evaluation of implications. I think alternative (c) on balance is good idea.

5. Some obvious implications are:

(a) Help to Italian morale and counteractive to Communist propaganda.

(b) Would remove feeling of indefinite hopelessness and possible ultimate surrender in face of protracted Yugoslav and Albanian war of nerves.

(c) Under western democratic government Italy unlikely to try to raise armed forces to size which will be serious drain on national economy.

(d) Amendment of Italian treaty is likely, if accepted by Russians, to set precedent for similar amendment Balkan treaties. This would be undesirable from standpoint preservation of legalistic controls on Balkan armaments but not apt to make much difference realistically. However the special situation of Bulgaria as neighbor of Greece and Turkey requires consideration.

(e) Lifting restrictions on Italy would remove legalistic controls in event Italy becomes Communist. Here again value legal controls must be based on their political rather than military usefulness. Lifting restrictions might also permit Italians to build navy vessels for Russians, although this may not be so likely five to ten years from now.

(f) No particular effect on United Nations regulation of armament since if it has got anywhere it should be easy to apply to Italy. There might be some criticism that by supporting this change U.S. is showing lack of faith in Security Council's ability to act objectively on this matter in future.

(g) Not seen here are any implications regarding Japanese or German peace treaties, particularly since Italy and ex-satellites are generally recognized as being in different category than main Axis aggressors.

6. If it is decided by U.S. Delegation to support amendment regarding time limit, it is still not sure it could be carried through since French have all along been prime opponents to easing up on Italian military and Russians on behalf Yugoslavs and Albanians may well oppose.

7. Request War Dept views on above.²¹ If War opposes, let me know

²¹ The War Department's reply, War 97488 of August 15, included the following: "Proposal outlined in your OCD83 appears to be substantial abandonment of restrictions which were to lead toward reduction of armaments which are on one hand a burden and the other a threat . . . If such proposal were put forward by U.S., would it not cut some ground from under Mr. Byrnes' proposal for long-term disarmament of Germany and Japan? . . . However, there is *no* overriding military objection, if State Department considers it a valuable political move to propose such relaxation within reasonable limits for minor Axis partners." (CFM Files)

soonest. Balmer and Gerhardt agree with above. Adm. Conolly sending message Navy Dept same subject.²²

CFM Files

*United States Delegation Memorandum*²³

SECRET

PARIS, August 18, 1946.

Subject: Possibilities of a Czech-Hungarian Settlement.

In regard to the last paragraph of the underlying memorandum re possibilities of a Czech-Hungarian settlement:²⁴

(1) The Hungarians here in Paris have indicated they would be only too willing to arrive at some such solution. Auer, Hungarian Minister in Paris, will publish a conciliatory article in the *Herald Tribune* Tuesday morning, August 20. Cession by the Czechs of territory, however small, is the *sine qua non*, for the present middle-road regime (which we now favor) will have difficulty surviving if its delegation returns from Paris without having been able to break the "Trianon frontiers", a fixation which has beset Hungarian thinking in foreign affairs for two decades.

(2) Masaryk has already indicated publicly he also would accept some such solution in a published statement made in 1943 as well as privately in Paris a week ago. However, part of his delegation, particularly Clementis (Foreign Ministry Under Secretary, who is a Slovak) opposes and this group is desirous of carrying out the full deportation of the Hungarian minority without delay.

(3) Count Michael Karolyi, ex-President of Hungary, has recently discussed the Czech-Hungarian problem with Beneš in Prague. Karolyi is now in Paris and Auer states Karolyi plans to make an overture

²² In an August 12 memorandum to Mr. Cohen, Admiral Conolly advised against the proposed change, doubting that it would be effective in creating favorable sentiment in Italy. He quoted the views of the Chief of Naval Operations:

"A primary factor in the future strength of Italy and hence her possible value in support of our interests is the existence of a healthy, stable and substantial economy able to resist infiltration of adverse political elements into her government. Attainment of this condition would be jeopardized by attempting to support extravagant military and naval establishments. Even with serious prejudice to the establishment of a suitable economy it is doubtful if the military strength Italy could attain within foreseeable future would be of significant value to the United States. Italy's record in two world wars is also pertinent. A basic question is: Can Italy's future loyalty be considered sufficiently certain to make it advisable to decide now what ceiling limitations on her armed forces will be automatically removed in five years. I do not believe that a categorical affirmative answer is possible." (740.0011 EW Peace/8-1246)

At the 19th Meeting of the Military Commission, September 17, the United States supported Article 39 as drafted by the Council of Foreign Ministers; for the United States Delegation Journal summary of the proceedings of that meeting, see vol. III, p. 470.

²³ Presumably prepared by Frederick T. Merrill, Secretary, United States Delegation. This memorandum was addressed to Ambassador Smith, Mr. Matthews, Mr. Reber, and Mr. Bohlen.

²⁴ No document identifiable as the memorandum under reference has been found in Department files.

to Masaryk by telephone on Tuesday afternoon, August 20. Auer states further that if the Hungarian Delegation is rebuffed and concludes there is no possibility of compromise, it intends to protest the election of the Czechs as *rappporteur* to the Hungarian Commission and will probably then leave the Conference.

(4) Any influence which we can now bring to bear from the top level on the Czech Delegation might well impel the Czechs to seek a solution with the Hungarians bilaterally, which solution could then be written into the peace treaty. The British, who apparently have given up temporarily the hope of detaching the Czechs from the Soviet sphere, have now told us that they are no longer unwilling to exert pressure on the Czechs along these lines and would be interested in making parallel representations. An indication that the Soviet bloc might not be adverse to such a settlement is found in Kisselev's and Vyshinsky's speeches, August 15, in the 18th meeting of the Conference.²⁵ Kisselev said: "It would be well to eliminate these sources of trouble which may cause further difficulties between Czechoslovakia and Hungary at some future date." The Soviet Delegate stated his delegation intended "to take an active part in the search for the most *equitable* solution".

(5) Should the Czechs put forward their territorial claim against Hungary in the Hungarian Commission and raise the question of the expulsion of their Hungarian minority, and should they meanwhile have proved receptive to our suggestions, the U.S. Delegation on the Commission might put forward the following in regard to Article 1, part 4 which the Council of Foreign Ministers agreed should be regarded as tentative pending the presentation of the Czech and Hungarian views.

"The Commission has considered carefully the statements of the two governments and believes it desirable that the problem of the Hungarian minority in Czechoslovakia be settled once and for all. It therefore recommends to the Conference that the two governments concerned be urged to seek at once a mutually satisfactory agreement both on the question of their frontiers and the transfer of populations. The Commission will then consider the desirability of recommending the incorporation of any agreements so reached, in whole or in part, into the peace treaty for Hungary." *²⁶

²⁵ See vol. III, p. 221.

*Czechoslovakia on October 12, 1938, offered to Hungary the Csallokos territory, an area of 1300 square kilometers with a population of 121,000. It is agreed by all authorities that this region is settled by an overwhelming majority of Hungarians. This is probably the maximum territory Czechoslovakia would be willing to cede to Hungary.

Of the 450,000 Hungarians then remaining in Slovakia, 100,000 will elect to move into Hungary under terms of the 1946 population exchange agreement, 150,000 to 200,000 are apparently willing to accept Czechoslovak citizenship, leaving only some 150,000 to be accepted by Hungary as part of an agreement involving an exchange of territory. [Footnote in the source text.]

²⁶ For the substance of the United States position actually advanced, see the United States Delegation Journal account of the 9th Meeting of the Political and Territorial Commission for Hungary, September 9, vol. III, p. 410.

CFM Files

Memorandum by Mr. Samuel Reber, Political Adviser, United States Delegation

PARIS, August 19, 1946.

MEMORANDUM FOR THE SECRETARY

As you will recall, representatives of the American Jewish Conference, the Board of Deputies of British Jews, and the World Jewish Congress, speaking on behalf of the Jewish committees in Great Britain and the United States, have asked that an opportunity be afforded them to state their views to the Conference. As I understand it, they were informed that they were free to submit any specific proposals which they might have to the Secretary General of the Conference to be brought to the attention of the states members.²⁷

Representatives of these groups called on me yesterday to endeavor in addition to enlist the support of the United States Delegation either in presenting their proposals or in supporting them. As they relate almost in their entirety to already agreed articles such as the Human Rights, Non-Discriminatory Legislation provisions and certain of the economic clauses in the Hungarian and Rumanian treaties, they were informed that the United States Delegation was committed to support previously agreed texts and could not take the initiative in making any suggestions for their alteration nor could the United States Delegation commit itself to giving support to any such amendments if offered by another Delegation.

In brief, their proposed alterations of the Rumanian and Hungarian treaties amount to the creation of a special status for Jews residing in these countries, the establishment of a special machinery to supervise and enforce the execution of these provisions, and restoration of all property to individuals of Jewish origin.

As you are aware, we have favored a different approach to the problem of minorities whether religious, ethnic or political. It is our contention that the human rights clause in these treaties provides protection for all minorities from the point of view of guaranteeing the fundamental freedoms and non-discrimination. The insertion of these general clauses in the treaties makes them a part of international law and provides the forum of the United Nations organization, particu-

²⁷ The Jewish organizations sent Secretary Byrnes a copy of their letter to the Chairman of the Commission on Procedure, dated August 6. This letter expressed concern that the rules of procedure being considered contained no provision concerning communications to the Conference from non-governmental organizations. Byrnes replied on August 8 that the United States Delegation was confident that such communications would be made known to the Conference by the Secretary General. (CFM Files)

The Jewish organizations subsequently submitted memoranda on the draft peace treaties with Rumania, Bulgaria, and Hungary, none of which is printed. (CFM Files)

larly the Economic and Social Council, for any discussion whether these guarantees are being fulfilled or violated. In our opinion our present articles are so broad and their principles so general that we should hesitate to see additional clauses specified for particular minorities. Such an insertion would seem to imply that the assurances given minorities in general will not be adequate. Something along the foregoing lines might also be said at a Plenary Session or in Commissions should the question be raised by any Delegation.

Furthermore, if proposals are accepted on behalf of any one group they will inevitably lead to the presentation of demands by other special groups and to an unending discussion of whose particular needs are greater.

740.00119 Council/8-2046 : Telegram

*The Assistant Secretary of State for Economic Affairs (Clayton) to
Mr. James C. Dunn, Member of the United States Delegation*

SECRET

WASHINGTON, August 20, 1946—7 p. m.

4245. Secdel 714. For Dunn from Clayton for his information. Re Molotov's speech regarding terms Italian Treaty warning Italians against linking to American capital as in civil aviation.²⁸

Contrast activities of US and Soviet Union in international civil aviation.

US has sought to join with other Govts in development of means whereby benefits of civil aviation might be made available on most economical and impartial basis to all peoples. It convened international civil aviation conference Chicago 1944²⁹ to which Soviet Govt, together with fifty other states, was invited. Invitation was accepted by Soviet Govt but shortly before the first meeting it was announced on radio in Moscow that Soviet Govt would not participate in conference; reason advanced was that it did not care participate in meeting to be attended by certain other states. Soviet Govt's original acceptance had been made in full knowledge of fact that Govts to which it objected had been invited. Soviet record since Chicago Conference clearly indicates determination in no way to participate in international efforts to solve problems confronting international civil aviation. It has declined to attend the initial meeting, regional confer-

²⁸ The reference is presumably to Molotov's address at the 14th Plenary Meeting, August 13, in which he asserted that in the name of "equality of opportunity" in civil aviation, Italy was being presented claims incompatible with her sovereignty and national interests. See the United States Delegation Journal summary of that meeting, vol. III, p. 139.

²⁹ For documentation on the International Civil Aviation Conference, see *Foreign Relations, 1944*, vol. II, pp. 355 ff.

ences, and meeting of the first Assembly of PICAQ,³⁰ and despite special invitation declined accept seat on Interim Council directive body of PICAQ.

US position respect civil aviation in ex-enemy states exceedingly clear. It has stood firmly on policy which demands that no one state or group of states acquire monopolistic or exclusive aviation rights in ex-enemy states. The contractual arrangement between Italian Govt and a private American carrier is neither exclusive nor monopolistic. Italian Govt able to make similar contracts with any other company or govt. Policy adopted by US as one best calculated to further rehabilitation and hasten development of transportation facilities essential for economic health.

In contrast is policy Soviet Govt in Balkans. It has exercised extremely heavy pressure upon Govts of Rumania, Hungary, and other states to force them turn over development of their air transport systems to company, nominally jointly owned by those Govts with Soviet Govt but actually fully controlled by Soviet interests. While these agreements have not specifically conferred exclusive privileges, no doubt but that is practical effect. Furthermore Soviet Govt has exercised pressure both directly and indirectly to prevent these Govts from permitting US civil aviation enterprises to operate into or through their territories even despite desire of Govt concerned acquire benefits such services for its people.

[CLAYTON]

740.00119 Council/S-2346

Memorandum by Mr. Samuel Reber, Political Adviser, United States Delegation

SECRET

PARIS, August 23, 1946.

MEMORANDUM FOR THE SECRETARY

There is enclosed a secret memorandum prepared by the British Delegation in respect of Trieste which Mr. Bevin has asked be brought to your attention as he would like to talk to you on this subject some time in the near future.

Our experiences in the Commissions dealing with this subject have paralleled those of the British, and we can therefore agree with many of the observations contained in their memorandum.

With the completion of reports on the Permanent Statute and the Free Port regime, which are now before the Conference, the Special Commission for Trieste is ready to commence its study of a provisional regime to provide a government for the Free Territory during any

³⁰ Provisional International Civil Aviation Organization.

possible hiatus between the coming into force of the Treaty, which establishes the Territory, and the Security Council's approval of a statute to govern it.³¹

As you are aware, there has been no agreement upon the form that the Permanent Statute should take, and four drafts have been circulated in the Commission's report. In brief the principal differences between the U.S. and the U.S.S.R. drafts are that the U.S. proposal gives extensive powers to the Governor and envisages Security Council approval of the Constitution whereas the Soviet proposal vests virtually all executive power in the Council of Government and limits the role of the Security Council to mere approval of the terms of the Statute and a general guarantee. Unlike the U.S. draft which is silent on the subject the U.S.S.R. draft provides for close ties between Yugoslavia and the Free Territory.

As I understand our position, the United States Government is committed to insuring that Free Territory of Trieste will have a sound independent existence (and will in fact be a separate territory) guaranteed by the Security Council. The British, and to a lesser degree the French, take the same position.

But it has unfortunately been made clear that the Soviet and Yugoslav Delegations through their emphasis on the prompt transfer of authority, by means of elections, to the local inhabitants and through strict limitations of the Governor's powers, plan to take advantage of the present political turmoil and of the very efficient Yugoslav political organization already established in the area, in order to gain effective control for Yugoslavia. Given the present Yugoslav infiltration into Trieste and their methods of "persuasion" amounting to terrorization, elections under these conditions could not constitute a true reflection of the will of the people. We are of course convinced of the importance and necessity of granting the inhabitants full voice in their own administration, but we nevertheless feel that full realization of democratic processes must in this stage remain secondary to the necessity for a firm and unified rule. Otherwise such democratic processes become a sham and a cloak for Yugoslav domination.

The essential feature of any administration as we see it is the Governor. We shall have to rely upon the international character of his office and upon his personal objectivity and to give him full powers

³¹ The body under reference is the Special Commission on the Statute of the Free Territory of Trieste, a subsidiary of the Council of Foreign Ministers. Its report on the Permanent Statute, submitted to the Peace Conference as C.F.M.(46)253 on August 9, and also circulated as C.P.(IT/P)Doc.40 of September 13, is printed *ante*, p. 592. The Commission's report on a draft instrument for the Free Port of Trieste, C.F.M.(46)254 of August 20, is not printed. Regarding the work of the Special Commission, see the following documents in vol. III: Telegram 3554 (Delsec 727), July 19, from Paris, p. 3; and telegram 3653 (Delsec 740), July 26, from Paris, p. 19.

during the provisional period and, later, adequate reserve powers under the Permanent Statute. In advocating these we shall of course be attacked for endeavoring to set up a dictatorship. We must however stand firm on this point as the results of any other course are too obvious.

To provide for the interim period referred to above (between the establishment of the Free Territory and the entry into force of its Permanent Statute) we must have agreement upon an instrument setting up a sound provisional government. Covering as it will the establishment of the first government including determination of conditions for elections, this instrument is at least as vital as the Permanent Statute, and like it should be approved by the Security Council. Such approval is needed as an international guarantee for the security of this area during the interim period. We plan to include this instrument as part of the Treaty and can only hope the Security Council will accept it before the Treaty is ratified. Failing this there is real doubt that the provisions of the Treaty in this respect can enter into force.

We do not however see how the Yugoslavs during the interim regime can be prevented from carrying out their obvious intent to seize control of the Territory through any means unless there is a clear-cut understanding authorizing the retention within the Territory of U.S.-U.K. troops and of Allied Military Government at least until such a time as the Provisional Governor can constitute an administration including the internal security forces requisite for the preservation of order in the Free Territory. On this point we will undoubtedly meet active opposition not only from the Yugoslavs but from the Soviet group as well, one of whose methods will be to attack AMG as a reactionary force and sharply to criticize the full authority which must be granted the Governor.

The economic outlook ahead for this Free Territory is moreover exceedingly precarious, and it must be assured of United Nations' financial support. For example, its budgetary deficit alone may well, as far as we can estimate, approximate \$5 to \$6 million per annum. In order to find funds for this purpose we have only the United Nations to turn to; and it is difficult to see how the latter can underwrite a deficit unless approved by the Assembly in the annual budget. Furthermore the Yugoslavs have openly contended that the new Territory cannot live without their backing and cooperation and that therefore both the Triestini and the Anglo-Saxon powers must come to terms with them. They insist that the independence of the Territory is not practical either politically or economically and there are indications that they will exert pressure both within and outside the Free Territory to prove their point.

None of these problems would be insoluble if we could feel that the U.S.S.R. sincerely supported the idea that a real international Free Territory was the best possible solution. They have not yet openly admitted the contrary, but the suggestions they have put forward merely disguise their intention of making Trieste an appendage of Yugoslavia.

For the present, however, we must at least go forward with negotiations for the Permanent Statute and for the Provisional Government. Nevertheless I am confident in the course of these negotiations either that the Slav Bloc will insist upon a Statute and a Provisional Government of such a character as to make it impossible to insure the international control necessary to guarantee the Territory's independence and the enjoyment of civil rights by its citizens or else they will attack our insistence upon a strong international administration as blocking any agreement. Having made this point, they may then seek to regain their freedom from the Ministers' decision of July 3.³² If this should be the result of our discussions, it should be made clear upon whom the responsibility for reversing the decision rests. Of course in this event we too should feel free to revert to the original U.S. position.

If, as I see it, a long wrangle occurs at the Conference regarding the Statute, the provisional regime, or the status of the Governor, all of which are very complicated issues, we may be forced to consider that the immediate creation of the Free Territory is an unworkable hypothesis in the present political situation and evolve some formula which, while preserving the Ministers' decision, would give the Security Council time to elaborate the Statute and solve some of these questions which I have listed above. After all, it took many months to prepare the Constitution of Danzig, which was not approved by the League until May 1922 and even then was not satisfactory. The basic Statute for a new territory, such as Trieste, not only requires most careful preparation but can best be affected in an atmosphere divorced from the political maneuverings and tactics of the Soviet bloc at the present Conference. In other words thought might well be given at this time to the possibility of another solution which while preserving the principle of the Ministers' decision of July 3 would postpone its entry into force, following the analogy of the colonial settlement. This differs from de Gasperi's suggestion³³ in that we should agree in the

³² The Council of Foreign Ministers agreed upon the internationalization of Trieste at the 33rd Meeting of their second session at Paris, July 3. The United States Delegation Record and Record of Decisions of that meeting are printed in vol. II, pp. 730 ff.

³³ In his address to the 11th Plenary Meeting, August 10, Italian Prime Minister de Gasperi suggested that the Trieste question be deferred for one year as was being done regarding the question of Italian colonies. For the Verbatim Record of that meeting, see vol. III, p. 175.

treaty to the principle of the Free Territory, establish its frontier, but the renunciation of Italian sovereignty would not go into effect until such a time as the Security Council could prepare and approve the new regime. This would be satisfactory from our point of view only if our present Military regime were allowed to continue to bridge this gap; without this the Yugoslavs would almost surely take over. As you can appreciate, this again would subject us to considerable attack from the Slav block, but in my opinion it makes little difference whether these attacks are faced over this issue or over the issue of the Provisional Government which in any case, as indicated above, will require the temporary maintenance of AMG.

As we expect such Slav attacks on AMG administration there, we are now preparing the material to have it ready for tabling in answer to any such criticism.

[Annex]

Memorandum by the Representative of the United Kingdom on the Special Commission on the Statute of the Free Territory of Trieste (Waldock)

TOP SECRET
Brief No. 10

PARIS, 17 August, 1946.

VIABILITY OF THE FREE TERRITORY OF TRIESTE

The problem of Trieste and the Italo-Yugoslav boundary has become more, rather than less, complex and dangerous since its settlement by the Council on the 3rd July. As the position may become exceedingly delicate even during the Conference and before the Four Power stage, I think it desirable to try and sum up the present position.

2. The Council last September set out to draw a boundary which would leave a minimum under alien rule. Meeting an impassable rock in Trieste, it devised the Free Territory, a solution in harmony with the principle of leaving a minimum under alien rule. It is true that by extending the Free Territory further to the south along the British line, and perhaps a little more to the north towards Gorizia, even fewer persons would have been left under alien rule. Nevertheless, the essential principle was carried into effect to the greatest extent that seemed negotiable.

3. The compromise was, however, justifiable only if each one of the Four Powers intended to co-operate loyally in implementing the decision. My experience of the past five weeks shows that the Russians neither have, nor ever had any genuine intention to carry out the Council's decision. The question therefore is whether the settlement of the 3rd July and in particular the proposal concerning the Free

Territory is viable at all and, if not, what is to be the outcome. De Gasperi pertinently asked whether it was really intended "to enclose in the fragile cage of the Statute with meagre rations and abundant political rights the two adversaries". I, myself, am anxious not merely about the fragility of the structure that we have undertaken to create but the difficult, long drawn-out negotiations which must still precede its creation.

4. The Free Territory is terrifyingly fragile—

(a) Racial animosities already present have been artificially stimulated to a high pitch during the past fifteen months. The Yugoslavs are determined to get Trieste and will go to great lengths. They possess a widespread organisation of efficient agents trained to take over political control in the classic Slav manner. The Italians, who are in the majority, are less well organised, but have now lost their supineness of nine months ago. Today civil war is averted only by the presence of Anglo-U.S. Military Government and troops.

(b) The economic outlook is almost equally precarious. The Free Territory is an unnatural economic unit. It was indeed subsidised by Italy before the war, and its separation from the economy of Italy, which largely absorbed its products, will create currency and fiscal difficulties the solution of which will be greatly hindered by the political jealousies of Italy and Yugoslavia. Even at the best we must apparently look forward to a budgetary deficit of not less than 2½ millions per annum for some years. Moreover, this insolvent territory requires at the outset a reconstruction loan. Admittedly these economic difficulties might be overcome in time with real goodwill and a peaceful stable territory. The general instability in the territory is, however, likely to increase the economic instability and vice versa.

5. Accordingly, even if we might expect some co-operation from the Russians, a peaceful and stable regime in the Free Territory could be achieved only by the strongest and most skilful measures within the territory and by some degree of forbearance by Italy and Yugoslavia. In fact the Russians and the Yugoslavs are co-conspirators to prevent the creation of a truly international neutralised territory and to make it at almost any cost an appendage of Yugoslavia. If it is necessary to their plans, the Slavs will probably not shrink from fostering civil strife and economic collapse within the Free Territory.

6. The establishment of the Free Territory in a form capable of weathering the dangers described in the preceding paragraph requires the successful negotiation of numerous points, any one of which may involve prolonged controversies with the Russians; e.g.

(a) A permanent statute providing for adequate supervision by the Security Council and an impartial Governor with adequate powers;

(b) A satisfactory Provisional Regime preventing manipulation by the Slovenes of the machinery for establishing the Permanent Regime;

- (c) Elections free from fear;
- (d) Following from (b) and (c), the retention of A.M.G. and Anglo-U.S. military forces at least until the first elections;
- (e) Economic clauses both for the Provisional and Permanent regime covering such questions as currency, the budgetary deficit and a reconstruction loan and clauses in the Peace Treaty giving the Territory special treatment in such matters as property, public debt and reparations;
- (f) Guarantees by Yugoslavia and Italy concerning electricity and water supply;
- (g) A satisfactory regime for the Free Port, including guarantees by Yugoslavia and Italy concerning transit facilities for the Free Port;
- (h) The rejection of numerous proposals designed to give Yugoslavia a special position within the Free Territory.

Some of the above are moreover mere chapter headings comprising several detailed points all calling for arduous negotiation.

7. The conclusions which I draw from the above are that *unless there is a complete change of heart forced on the Russians in the Peace Conference or in the Four Powers—*

(a) The setting up of the Free Territory in a form to give it the slightest chance of survival will involve protracted and acrimonious negotiations.

(b) The Free Territory even if set up will probably collapse within a very much shorter period than Danzig and Memel thereby bringing grave discredit on the Four Powers and U.N.O.

8. If these conclusions are correct, very serious questions of high policy arise which are beyond my competence. I venture, however, to make the following observations on the assumption that we are not prepared to see the question of Trieste solved by fraud and chicanery.

9. Even if we should be brought to decide that Russian Chauvinism renders it impossible to proceed with the decision to establish the Free Territory we shall have to be very wary about the way in which the decision is overturned. On the record we are committed to support the Free Territory and the French Line. It seems to me that we might be absolved from this commitment in the following ways:

(a) The majority opinion in the Peace Conference might express such grave doubts about the viability of the Free Territory that the Council's decision was necessarily re-opened at the Four Power stage.

(b) A deadlock might be reached either during the Conference or at the Four Power Stage concerning the permanent regime or provisional arrangements for the Free Territory.

(c) The economic unsoundness of the Free Territory might either during the Conference or at the Four Power stage by itself cause a re-opening of the decision.

(d) The insincerity of the Slav proposals for the Free Territory might even become so manifest that it could not be overlooked.

10. In any of these cases it will plainly be desirable so to manoeuvre

that the responsibility for the overturning of the decision of the Council of Foreign Ministers appears to impartial opinion to vest on the shoulders of the Slavs.

11. Although I think Russia's present Chauvinistic intentions to be beyond doubt, it does not yet seem necessary to take final decisions. Our immediate policy would seem to be to go forward with the present negotiations for establishing the Free Territory, yielding on no point which seems to us essential for the creation of a sound regime. We should stand absolutely firm on such points jointly with the Americans until deadlock occurs, seeking to persuade impartial opinion in the Conference of the rightness of our views. It is even conceivable that a firm Anglo-U.S. front supported by majority opinion might shake the Slav Camp into accepting the fact that a real international Free Territory is the best that they can obtain.

12. Nevertheless I suggest that we should begin to think of the course that we should follow in the event of the establishment of the Free Territory becoming impossible. The wider implications of this event may be very delicate but the course to be adopted on the particular issue of Trieste and the Boundary seems fairly obvious. We should return to our former standpoint of Trieste for the Italians and a boundary fixed at the French Line. Other possibilities might emerge from the discussions at the Conference. Thus, if Italy's title to Gorizia were weakened in the Conference the possibility of a bargain might be opened up. But generally speaking we should adhere to the French Line already accepted by three of the Four Powers.

13. My impression is that the Americans—and indeed the French—at the official level have also reached the conclusions in para. 7 above. You may think it worth asking Mr. Byrnes, on a convenient occasion, what impression he has formed from the Soviet attitude in the Special Commission for the Free Territory.

C. H. M. WALDOCK

740.00119 EW/8-2946 : Telegram

*The Minister in Hungary (Schoenfeld) to the Secretary of State,
at Paris*

SECRET

BUDAPEST, August 29, 1946—2 p. m.

368. Personal for Secretary. Hungarian Prime Minister called on me last night and asked me to convey following to you on his behalf:

Referring Czechoslovak proposal to include in treaty with Hungary provision for expulsion from Czechoslovakia into Hungary of some two hundred thousand Magyars³⁴ in excess of number affected by exist-

³⁴The Czechoslovak proposal was contained in C.P.(Gen) Doc.1.Q.5; for text of proposed article to follow article 4 of treaty, see p. 727.

ing Czechoslovak agreement for exchange populations, Hungarian Government has reason to expect that if Czechoslovak proposal is defeated at conference Czechoslovaks will be willing to enter into direct negotiations with Hungary for equitable settlement. Soviet Government has given Hungarians to understand it must support Czechoslovak proposal for inclusion in treaties but Hungarian Government has definite impression such support will not be maintained against real opposition. Since American delegation among several others opposes Czechoslovak proposal, Nagy is convinced that if its acceptance by conference is prevented successful direct negotiations between Czechoslovakia and Hungary will be facilitated. He therefore appeals to you on humanitarian grounds to lend your influence against adoption of Czechoslovak proposal by conference.

Nagy went on to say that in implementing exchange agreement through joint Czechoslovak Hungarian Commission Czechoslovaks were endeavoring to include about sixty thousand Magyars in war criminal category whose expulsion with loss of property was contemplated in Hungarian Czechoslovak exchange agreement apart from those to be exchanged for Slovaks volunteering to leave Hungary.³⁵ As result this manifest abuse of agreement, Prime Minister had been forced to order suspension operations of joint commission. He explained this Czechoslovak maneuver as due to fact that of total of more than eighty thousand Slovaks who had registered for repatriation some fifty thousand or more have lately declared unwillingness to leave Hungary with more defections daily from remaining registrants because of advantages they seek in current financial stabilization in Hungary.

Turning to Transylvania matter, Prime Minister intimated desire to submit following suggestion to you. He said that at session of Rumanian Subcommittee August 27 Australian delegate had pointed out Hungarian Foreign Minister in his opening address to conference had claimed small part of Transylvania notwithstanding decision of CFM last May to grant entire area to Rumania. As result of Australian delegate's reminder there was debate on subject in Rumanian Subcommittee.³⁶ Nagy hoped it might be possible to bring about joint session of Hungarian and Rumanian Subcommittees at conference to consider this matter thus affording opportunity to reopen discussion on merits and perhaps to hear argument of Hungarian delegation.

³⁵ For documentation on the Czechoslovak-Hungarian exchange of populations question, see vol. VI, pp. 361 ff.

³⁶ For text of the Hungarian opening address under reference, see the extract of the Verbatim Record of the 17th Plenary Meeting, August 14, vol. III, p. 210. For documentation on the CFM decision on Transylvania, see vol. II, index entry under Transylvania. Regarding consideration of the subject by the Political and Territorial Commission for Rumania, see the United States Delegation Journal account of the 5th Meeting of that body, August 29, vol. III, p. 311.

Mentioning internal situation in Hungary, Nagy repeated that it remains his policy to avoid action that might force leftist minority into open opposition with possibility of civil war which would jeopardize progress being made in economic and social matters. This progress redounds steadily to advantage of democratic majority in this country. As Hungary is surrounded by Communist controlled states his policy Prime Minister said is designed to preserve only remaining democracy in this part of Europe and to afford no pretext for its submergence by Marxists who would profit from challenging attitude towards Communists desired by many short sighted members majority party. He earnestly hoped United States would ease accomplishment this difficult policy by understanding help.³⁷

Concluding Nagy expressed belief United States is only great power whose policy is founded on moral principle rather than on considerations of political or strategic advantage. Therefore United States is only bulwark against conclusion of treaties founded on such consideration which might preclude attainment enduring peace. His conviction, in this respect, he said, explains present personal appeal to you.

Sent Paris for Secdel: as 368; repeated Department 1640.

SCHOENFELD

865.014/8-3046

The Counselor of the Italian Embassy (di Stefano) to the Deputy Director of the Office of Near Eastern and African Affairs (Villard)

WASHINGTON, August 30, 1946.

MY DEAR MR. VILLARD: Following to our conversations, I am enclosing herewith a short memorandum outlining the amendments which, in view of the Italian Government, should be adopted in the Italian peace treaty draft.

The Italian Government would appreciate it very much if the State Department could give them the most favorable consideration.³⁸

Thanking you again for your constant assistance, I am [etc.]

M[ARIO] DI STEFANO

³⁷ For documentation on U.S. interest in the maintenance of democratic government in Hungary, see vol. VI, pp. 250 ff.

³⁸ In a memorandum dated September 18, the Department of State acknowledged the receipt of the Italian memorandum and indicated that it had been transmitted to the United States Delegation in Paris for appropriate action (865.014/8-3046).

[Enclosure]

*Memorandum From the Italian Embassy*³⁹

Article XVII, paragraph I, of the Italian peace treaty draft⁴⁰ sets forth Italy's renunciation of her sovereignty over her colonial possessions.

On June 22nd, the Italian Government in its communications to the Council of Ministers of Foreign Affairs in Paris, made it known that it would be by no means able to accept the clause of the unconditional renunciation of sovereignty over its African territories.⁴¹

The Italian Government therefore asks that the clause contained in paragraph I be suppressed.

Paragraph II of the same article XVII provides that Italian possessions remain under the present administration until their fate is definitely decided.

The Italian Government has suggested that the wording of said paragraph read as follows: "Italian territorial possessions in Africa, that is, Libya, Eritrea and Italian Somaliland, shall remain under the present administration until their fate is definitely established."

However, it would seem necessary to integrate the above-mentioned paragraph so as to establish that the present administration should refrain from altering the status quo. That addition might read as follows:

"The present Administration shall continue to apply the laws governing those territories at the time of the occupation."

A second addition to the same paragraph should also set forth a wider participation of Italian officials in the administration of said territories during the year before their final assignment.

The addition might read as follows:

"An adequate number of Italian officials shall be placed by the Italian Government at the disposal of the present administration to integrate the present organization and facilitate its normalization."

As far as paragraph 3 is concerned, the Italian Government expresses the wish that to the joint declaration of the four Governments therein referred to, be added a phrase which, while reaffirming the principals of the San Francisco Charter, take[s] into consideration the Italian interests in those territories.

³⁹ Confidential reports from unnamed sources in the possession of the Italian Government regarding conditions in Tripolitania and Eritrea, not printed, were appended to this memorandum.

⁴⁰ For text, see pp. 1, 12.

⁴¹ The note from the Italian Ambassador in the United States to the Acting Secretary of State on this subject, dated June 25, is printed in vol. II, p. 628.

CFM Files

*Memorandum by Mr. John C. Campbell, Secretary, United States Delegation*⁴²

PARIS, September 2, 1946.

HUNGARIAN CLAIM FOR THE RECTIFICATION OF THE HUNGARIAN-
RUMANIAN FRONTIER

The territorial claim put forward by Hungary at the joint meeting of the Hungarian and Rumanian Commissions on August 31, 1946⁴³ is based purely on ethnic considerations. It is about the same as the hypothetical ethnic line worked out in the Department which is shown in the upper left-hand corner of the attached cartogram.⁴⁴

The population in the territory claimed, according to the census of 1930, is 489,147. According to the criterion of declared nationality 261,169 (53.4%) of these people are Hungarians while 141,353 (28.9%) are Rumanians. According to the criterion of mother tongue, 320,680 (65.6%) are Hungarian-speaking while 127,098 (26%) are Rumanian-speaking. The figure of 67% given by Mr. Auer in his speech is undoubtedly based on the latter criterion. The principal reason for the considerable difference in these figures is that some 45,000 Jews and 15,000 Germans in this territory in 1930 spoke Hungarian but declared themselves in the census to be Jews and Germans respectively. The figures on language are too favorable to the Hungarians; those on nationality are probably somewhat prejudiced in favor of the Rumanians. A balanced estimate would be that some 55 to 58 percent of the population is Hungarian in national sentiment and 26 to 28 percent is Rumanian.

It is thus apparent that a cession of territory based on the Hungarian claim would reduce the number living under alien rule, at the maximum, by less than 200,000. 150,000 would be a reasonable estimate, taking into account the fact that many of the Jews and Germans which inhabited this territory in 1930 are no longer there, and even if they were there, might have no preference for Hungarian as opposed to Rumanian rule.

In making their claim the Hungarians have proposed a frontier which takes no account of economic and geographic factors and cuts off the cities of Szatmar (Satu-Mare), Nagyvarad (Oradea Mare), and Arad from their hinterland to the east and even from their im-

⁴² This memorandum was directed to Ambassadors Harriman and Smith.

⁴³ For the United States Delegation Journal account of the First Joint Meeting of the Political and Territorial Commissions for Rumania and Hungary, August 31, see vol. III, p. 330.

⁴⁴ Not printed.

mediate suburbs. The Rumanians will probably stress these arguments in their rebuttal of the Hungarian claims.

It is clear that the proposed frontier rectification would by no means solve the problem of the Hungarian minority in Rumania, which would remain over one million strong. Also, the fact that the frontier would cut the main north-south railway at several points and would sever the frontier cities from their economic hinterland would introduce complications and would make absolutely necessary an arrangement between the two countries for the unhampered passage of goods and persons across the frontier. There can be no doubt, however, that some such rectification would have an important political effect in Hungary since it would represent a change in the Trianon frontier on the basis of Hungary's justifiable ethnic claims. It might create an atmosphere more calculated to bring about better relations between Hungary and Rumania through the establishment of a frontier which could be regarded as more or less permanent by both nations and which other nations might feel able, with less hesitation, to support and to guarantee. It would probably improve the position of the present coalition regime in Hungary and avoid a situation whereby the Smallholders Party could be charged with complete failure to obtain in the peace settlement even the granting of Hungary's most reasonable claims.

In the Deputies' meeting of August 31⁴⁵ it was apparently decided that the Big Four would support in the Commissions the text of the articles on this frontier as they now stand in the draft treaties. Should there be any review of this decision and any later discussion by the Deputies on the merits of the case in which, by mutual agreement among the CFM members, we were able to state a view not in accordance with the decision to restore intact the 1938 frontier, we might give as our view that the Hungarian claims appear reasonable with the exception of the claim for Arad and the immediate vicinity of that city. Arad is a particularly important center for the surrounding area to the south and east, and its loss would be felt by Rumania. Since the population of the area of Arad and vicinity claimed by Hungary is about equally divided between Rumanians and Hungarians, there seems to be more reason to leave it with Rumania than to award it to Hungary. The other areas claimed by the Hungarians, however, are definitely more Hungarian than Rumanian in the character of their population and might well be allowed to change hands if there is any disposition on the part of the other members of the Big Four to make any change in the frontier.

Should the CFM members reach general agreement on the desirability of a change, it could be arranged for the Hungarian and Rumanian Commissions to recommend to the Hungarians and Ru-

⁴⁵ No record of the 108th Meeting of the Deputies on August 31 is printed.

manians that they work out together a solution based on the Hungarian claims (minus Arad). If within a given time they reached no agreement the Commissions could themselves study the details of the problem and make a definite recommendation of frontier rectification to the Plenary Conference.

740.00119 Council/9-646

Memorandum by Mr. Cavendish W. Cannon, Political Adviser, United States Delegation ⁴⁶

PARIS, September 6, 1946.

MR. CAFFERY: I had a meeting today with Messrs. Diamantopoulos, Pipinelis and Stephanou of the Greek Delegation concerning the Greco-Bulgarian frontier question. The Greek Delegation appears to be determined to refer this question to the Military Commission, and Mr. Pipinelis started the discussion by saying that he understood that the American Delegation was not favorable to this procedure.

I said that his understanding was correct. We feel that this is primarily a "political and territorial" question, and consequently clearly within the terms of reference of our Commission, and that while we did not wish actively to oppose any Greek plan which would carry the discussion forward, we felt that the Military Commission would certainly refuse to take the responsibility for decisions and that there would be just that much more time and motion lost in the Conference work. I said that it seemed to us that the military aspects of the question could be dealt with by inviting each Delegation to ask its respective military advisers to sit with us in the Political Commission for discussion of this aspect of the problem.

The ensuing discussion covered the old ground, the only new point mentioned being that whereas the Bulgarian Political Commission contains a representation of only 13 Delegations, the Military Commission is made up of representatives of all of the governments participating in the Conference, consequently the Greek case could thus be considered from the broader aspect of its effect on general European and Mediterranean security, in which all of the participating governments are interested.

There may be something in this point but I said nevertheless that I felt that Mr. Caffery would not wish to vote for a reference of the "question" to the Military Commission, but I added that if the discussion within our Commission develops to the point that we find ourselves talking about highly technical and strategic aspects of a certain region or line of fortifications, etc., we might then be willing to refer

⁴⁶ This memorandum was directed to Ambassador Caffery.

this particular question to the Military Commission. In such a contingency, I said, the Greeks would have to put forward a very succinct proposition so that there would be perfectly clear and technical terms of reference for the Military Commission, if they expected us to go along with them in such a project.

While I did not use these words, I think there is no doubt in Mr. Pipinelis' mind that we consider it would be a waste of time to occupy the Military Commission with this question. He apparently thinks that it is necessary to gain a bit of time and enlarge the area of discussion for better maneuvering of what he is beginning to discover is a not very popular proposition.

CFM Files : Telegram

The War Department to Colonel Charles H. Bonesteel, Military Adviser, United States Delegation

SECRET

WASHINGTON, September 7, 1946.

War 99695 from WDGPO. Reference OCD 127. Question of whether Greece should be permitted to bring Greek-Albanian problems before the Paris Conference would appear to be one to be settled on political grounds, possibly as a matter of conference tactics. As for the substance of Greek claims, military aspects are covered in JCS 1654/1 which concludes:

a. Greece can defend herself against Albania along present border, but not against any important coalition no matter where the border might be moved.

b. On the other hand, Northern Epirus is important to Albania both economically and strategically.

c. Ceding this territory to Greece is likely to be followed by guerrilla warfare which could endanger peace in the Balkans.⁴⁷

JCS 1654/3 covers similar questions connected with Greek claims on Bulgarian territory. Paper concludes that if claim were to be granted it would assist Greece strategically as against Bulgaria alone, but would not help much in a real war.^{47a}

Believe you have these two JCS papers but extra copies are being forwarded to make sure.

⁴⁷ The position of the Joint Chiefs of Staff with respect to rectification of the Greek-Albanian frontier is set forth in memorandum SWN 4173 from the State-War-Navy Coordinating Committee to the Secretary of State, April 22, 1946; for text, see vol. VII, p. 145.

^{47a} The position of the Joint Chiefs of Staff with respect to rectification of the Greek-Bulgarian frontier is set forth in memorandum SWN 4279 from the State-War-Navy Coordinating Committee to the Secretary of State, May 11, 1946; for text, see vol. VII, p. 161.

CFM Files

*Memorandum by Mr. Cavendish W. Cannon, Political Adviser,
United States Delegation*⁴⁸

PARIS, September 8, 1946.

After Friday's meeting of the Bulgarian Commission⁴⁹ Mr. Novikov (U.S.S.R.) spoke to me about the Greek-Bulgarian frontier problem.

He said that his Delegation was sympathetic to the Bulgarian case, definitely opposed to the Greek claim, and really favored the present text of Art. I, i.e., no change in the present frontier. "This is not the time," he said, "to begin changing frontiers in that region." It was all right for all delegations to express their views, but now we are getting to the end of this, and why couldn't we decide to bring the matter to a close by voting only on the text of the Article? He said he wanted to avoid a vote on the Bulgarian proposal, and as for the Greeks, they had not put in an amendment, and in view of the August 20 deadline such an amendment should not now be presented.

It may be that he felt that the Pijade speech,⁵⁰ just made, calling for the unification of Macedonia, and amounting in substance to a Yugoslav claim to Salonika, was getting us into deep water. Or, on tactical grounds, he realizes that in the debate the Soviet bloc has shot its bolt, and he wants to keep the balance in the speech-making still tipped their way, since the U.K., U.S., South Africa and New Zealand, and perhaps Australia, are still to be heard from.

I said we were anxious to hear the other delegations and would have something to say ourselves. I used the substance of the Secretary's remark to Mr. Tsaldaris, that we had an open mind on the question and would take our position on the merits of the case. I did not respond to his suggestion that the Greeks are now stopped from submitting an amendment. In any case they have put in a formal text, circulated subsequent to this conversation, and it should not be hard to argue that the August 20 deadline does not apply to this Article, in view of the wording of the note to the Article. Neither did I inquire by what method he proposed to prevent a vote on the Bulgarian proposal, which is formally before us.

The Bulgarian proposal would surely be defeated, and the Greek proposal would fall short of a two-thirds majority. Maybe Mr. Novikov could have some one from his bloc (the Czechs have not yet spoken) speak in favor of the present line; the Australians, on the

⁴⁸ This memorandum was directed to Messrs. Matthews and Caffery.

⁴⁹ The reference is to the 7th Meeting of the Political and Territorial Commission for Bulgaria, September 6; for the United States Delegation Journal account of that meeting, see vol. III, p. 380.

⁵⁰ Presumably the reference is to the remarks of the Yugoslav representative, Mosa Pijade, at the same meeting.

other side, show no enthusiasm for the Greek claim, and they or another of the Dominions might then take the same line. If the other speeches swing in this direction Novikov would probably persuade the Bulgarians not to ask for a formal decision on their proposal. This would probably be conditional on the Greeks withdrawing their amendment, which would be harder to achieve.

We do not like the Greek proposal but are reluctant to vote against it. If the Greeks see the Dominions slipping away from them, they might be willing to put in a substitute proposal along demilitarization lines instead of their present all-out territorial claim. Could we let them know that if they are obdurate, and their present amendment comes to a vote, they would find us in the opposition?

740.00119 Council/9-1146: Telegram

Mr. Jefferson Caffery, Member of the United States Delegation, to the Acting Secretary of State

SECRET URGENT
 NIACT

PARIS, September 11, 1946—8 p. m.
 [Received September 12—4: 58 p. m.]

4594. Delsec 941. Attention Catudal and Radius. Personal letter from Bevin to Secretary of September 9⁵¹ states British prepared to return submarine cables to Italy and will at earliest appropriate time enter into negotiations with Italians and agree on arrangements and time for return. (Reference Secdel 854, September 10⁵²).

Letter states British will lay down two conditions: (1) Cables directed from Malaga to Gibraltar shall continue to run through Gibraltar and be operated there; (2) no expense should be placed on British taxpayer. In all recent discussions with British we have avoided question of Gibraltar relay, in hopes that basic question might be settled without understanding on this point. We hoped that basis might be provided in this way for possible later shift of relay point Rome-Horta cable from Gibraltar to Tangier. Bevin's letter now confronts us squarely with issue.

⁵¹ Foreign Secretary Bevin's letter of September 9 was in reply to Secretary Byrnes's letter of August 22, 1946, which suggested a meeting to discuss the question of the Italian cables before the relevant provisions of the Italian treaty came up for consideration before the Peace Conference. Neither letter is printed. (CFM Files)

⁵² The telegram under reference here is not printed. It read in part as follows:

"At its meeting Sep 4 the Telecommunications Coordinating Committee expressed hope Dept would do all in its power to see to it that Italian cables were removed from British relay points since retention by Great Britain of control over cable communications between US and Italy is highly detrimental both to commercial and national interests of US." (740.00119 Council/9-1046)

The Telecommunications Coordinating Committee, an inter-departmental body, was the highest American policy committee in the communications field.

It is not clear to us on what basis we can object to maintenance of Gibraltar relay point. Only possible basis we have been able to think of is following argument:

(a) Diversion this cable effected under orders Combined Chiefs and therefore not appropriate for British to lay down conditions.

(b) No security reasons exist for running this cable into Horta, since connections at Horta run only to British Isles and Western Hemisphere countries.

(c) In view of fact diversion was combined action, we would be open to severe criticism by American interests if we left this channel of communication, which is of great interest to United States, under British control.

We are uncertain as to facts in (a) and (b). We have been informed by Admiral Stone that (a) is fact but lack basic data. As to (b), old cable map in our possession indicates connections from Horta to St. Vincent, Cape Verde Islands, and thence to Brazil, which would, if still in existence, constitute an uncontrolled method of communication between South America and Europe.

It has been our thought that Bevin's letter should be acknowledged without reference to Gibraltar relay point. This would probably be construed by British as tacit acceptance of their position, but in absence of convincing case for objection, we see no other course of action.

Request Department's comments most urgently. British decision communicated to Secretary personally in confidence and information concerning it should be closely restricted. It would be most embarrassing to us if there were to be any leakage.

CAFFERY

740.0011 EW Peace/9-1246: Telegram

The Minister in Finland (Hamilton) to the Acting Secretary of State

CONFIDENTIAL

HELSINKI, September 12, 1946—2 p. m.

[Received September 12—10 p. m.]

674. On basis Finnish official statements and talks with several officials here, facts regarding Finnish presentation of its case at Paris Peace Conference appear as follows:

After arrival Paris Prime Minister Pekkala and Leino saw Molotov and showed or explained to him statement Finnish delegation proposed to make to conference. Leino had acquiesced original draft brought from Helsinki but had not been happy with it. Molotov expressed strong dissatisfaction saying borders were final as set forth in armistice and reduction of reparations would be very difficult. Thereafter, Finns modified their draft and majority Finnish delegation approved it though Pekkala and Leino not completely satisfied. Statement read by

Enckell therefore did not represent Prime Minister as such.⁵³ After Enckell's presentation, Molotov made rejoinder definitely criticizing Finnish presentation. Then Pekkala, Leino and Enckell saw Vyshinsky who was very angry and took strong line telling Finns if they tried to stir up other countries against Russia they would see what would happen. He also said Finnish attitude would probably interfere with discussions on traffic rights on Saima Canal and through Porkkala area. Then Hertta Kuusinen returned to Finland from Moscow, apparently bringing fresh instructions. She publicly criticized position Finnish delegation at Paris, disclaiming Communist and Democratic Union and Diet support. Communists and Democratic Union had at first gone along with Finnish presentation. This change of position and criticism by Democratic Union of its own people, Prime Minister and Leino, put Communists in seemingly inconsistent position. All other Finnish political groups and papers strongly criticized Kuusinen and Communist attack of Finnish delegation. Due to confusion and unsettled situation here Prime Minister felt it necessary return to Helsinki. Other members of delegation also returned to present respective party (Social Democratic, Agrarian, Communist) explanations in person. Prime Minister has succeeded in calming internal political situation. Internally, Communists lost some support through apparent reversal of attitude toward delegation and through criticizing presentation of Finland's own case. Broad circle in Finland showed deep antipathy to Communists which previously had been generally quiescent. But this subsided in sobering realization brought home by Pekkala and other members delegation of strong dissatisfaction shown by Soviet Government. Thus common front directed towards friendly relations with Soviet Union has been continued. Russians through strong talk to Finns at Paris, perhaps aided by local backwash stirred up through Kuusinen, have achieved objective of causing Finns to go along with provisions in peace treaty to which Soviet Union attaches special importance. In general, Finland's experience at Paris to date has caused Finns to feel somewhat discouraged and has brought sober realization of its position vis-à-vis Soviet Union and as a defeated country, though public does not feel it has been told all facts.

To Dept as 674 ; repeated Paris as 44.

HAMILTON

⁵³ For text of statement, see the Verbatim Record of the 19th Plenary Meeting, August 15, vol. III, p. 236.

740.00119 EW/9-1346 : Telegram

The Acting United States Representative in Bulgaria (Rewinkel) to the Acting Secretary of State

SECRET

SOFIA, September 13, 1946—4 p. m.

[Received September 14—6:35 a. m.]

731. Bulgarian public opinion depressed over Ambassador Caffery's remarks in Political and Territorial Commission for Bulgaria that he "considered with sympathy" Greek demands for rectification of frontier.⁵⁵ No serious Bulgarian except Communists believing blindly in Soviet force and support thought that Bulgaria would receive territory at expense of Greece. They all believed, however, that Paris Conference would sanction pre-1941 frontiers.

No support had been expected of UK because of that country's interest in Greece. They now feel abandoned by US who they thought would approve pre-1941 frontier without reservation. Petkov told me yesterday that he most disappointed and feels that effect will be to drive Bulgaria even closer into arms of "only friend"—Russia. He expects Communists to make most of opportunity show that western democracies hostility to Bulgaria and that only hope for security and integrity of Bulgaria is closer collaboration with and reliance on USSR, the "protector of all Slavs against imperialistic aggression".

Repeated Paris for Delsec 231, Moscow 310, London 157.

REWINKEL

840.4016/9-1346 : Telegram

The Minister in Hungary (Schoenfeld) to the Secretary of State, at Paris

SECRET

BUDAPEST, September 13, 1946—4 p. m.

402. Special Cabinet Council yesterday discussed and rejected Czechoslovak compromise proposal whereby Hungarians would receive control highway and irrigation system in Bratislava bridgehead plus revision war criminal categories of list proposed deportees from Slovakia (mytel 1633, August 28⁵⁶) the total 1,000 in return for which Czechoslovakia would receive Bratislava bridgehead plus guarantee by Hungarian Government of release of all persons who have registered for transfer to Slovakia under terms population exchange agreement including estimated one-third who have withdrawn their

⁵⁵ The statement under reference is that made at the 9th Meeting of the Political and Territorial Commission for Bulgaria, September 11; for the United States Delegation Journal account of that meeting, see vol. III, p. 422. Caffery's statement is also summarized and commented upon in telegram 4642 (Delsec 951), September 16, from Paris, *post*, p. 865.

⁵⁶ Not printed.

applications in recent weeks. Communists reportedly spearheaded opposition proposal principally because large number Communist votes figure in group who have withdrawn applications.

Meeting Foreign Relations Committee National Assembly yesterday in addition to rejecting Czechoslovak proposal also rejected proposal for withdrawal Hungarian Delegation from Paris which is reportedly strongly favored by Communists. In discussing Czechoslovak proposal Parragi speaking for Smallholders, favored renewed approach to western powers on subject Bratislava bridgehead stating his view that western powers insufficiently aware gravity this demand which he feels would create "European Gibraltar" for Soviets.

Sent Paris for Secdel 402. [Repeated Department as 1729.]

SCHOENFELD

740.00119 Council/9-1146: Telegram

*The Acting Secretary of State to the United States Delegation
at the Paris Peace Conference*

SECRET
NIACT

WASHINGTON, September 13, 1946—7 p. m.

4808. Secdel 893. Only direct cable communications between US and Italy are via American cable to Horta and thence by Italian cable to Italy. Since operation of Italian cable by British company Cable & Wireless of traffic from Italy for US via cable has been diverted to London. Furthermore, Cable & Wireless has been most uncooperative in matters of traffic and tariff. Permanent diversion of Italian cable through Gibraltar will give British stranglehold on Italian cable, will make it possible to slow up traffic, redirect it to England instead of Horta, and will allow them to read contents of messages, censor them and in other ways control direct means of communications by cable between Italy and the US, a situation which Govt and industry telecommunication interests in the US consider intolerable. Even if treaties of peace confirmed diversion of existing Italian cables to Gibraltar it would be entirely possible for both US and Italian interests to establish a new direct cable communications between Italy and US not touching at British points thus completely circumventing security grounds alleged by British. This could be done either by building new cable or by using present cable and establishing relay point other than Gibraltar.

As you point out in paragraph three *b* connections at Gibraltar (not Horta as erroneously stated your telegram 4594, Sept. 11⁵⁷) run only to British Isles and western hemisphere countries. In past wars

⁵⁷ *Ante*, p. 856.

British have always been able to cut cable connections which adversely affected their security. Therefore, no particular security advantage in maintaining Italian cable at Gibraltar except for purely British commercial interests. In addition, security element is overcome by fact that Italians can always communicate with rest of world by radio. Finally it is perfectly clear that this is a further attempt by Cable & Wireless to control as many cable communications as possible. All interested Govt agencies urge therefore that under no circumstances should we agree to the maintenance of Italian cable relay at Gibraltar or any other British point.

This all sums up to the fact that the ownership of cable is of little importance compared with who controls relay points, and whoever owns the cable must determine its relay points.

No documentary evidence this end to confirm that cable diversion was effected under orders Combined Chiefs.⁵⁸

CLAYTON

CFM Files

Mr. James C. Dunn, Member of the United States Delegation, to the Director of the Office of Near Eastern and African Affairs (Henderson)

PARIS, September 14, 1946.

DEAR LOY: I have received your letter of August 16 enclosing an *aide-mémoire* from the Syrian Chargé d'Affaires in Washington⁵⁹ setting forth his Government's request that the United States support the request of Egypt to participate in the Conference.

As you know, the Egyptian Delegation was invited to present its views before the Twenty-Second Plenary Session of the Conference on August 21⁶⁰ and Wassef Ghali Pacha, the head of the Delegation, took this occasion to state Egypt's claims for reparations from Italy, its request for a rectification of its western borders to include the oasis of Jaghbug and the plateau of Sollum with Bardia, and a plea for the independence of Libya, or if this be not immediately feasible temporary entrusting of the administration of this territory to a member of the Arab League, holding a special mandate from the Conference.

⁵⁸ Telegram 5295 (Secdel 1046), October 4, 1946, to Paris, stated that the War Department had information indicating that the British first cut the Rome-Malaga-Horta cable in June 1940. The Malaga-Horta section was diverted to Gibraltar in July 1940 and the Rome-Malaga section was diverted to Gibraltar in May or June 1941. These diversions were accomplished before the United States became a belligerent and before the establishment of the Combined Chiefs of Staff. (740.00119 Council/10-446)

⁵⁹ Neither the letter nor the enclosure is printed.

⁶⁰ For the United States Delegation Journal account of the Twenty-second Plenary Meeting, see vol. III, p. 264.

It is interesting to observe the changed attitude of Egypt regarding reparations. The note of June 25 from the Egyptian Minister in Washington which you sent on July 9 showed the exaggerated figure of \$515 million.⁶¹ Recently the Egyptian Minister in Paris as well as the head of the Egyptian Delegation confided to us that they would settle for \$10 million, a sum allegedly calculated to cover actual destruction in the country, and that they were negotiating directly with the Italian Government on this subject.

On September 10 the Egyptian Delegation in Paris informed the General Secretariat of the Paris Conference that it had come to an agreement concerning the reparation claimed by Egypt for losses suffered during the war with Italy, and on September 12 they withdrew the memorandum on reparations which they had previously tabled with the Conference. Copies of these two communications are attached.⁶²

Wassef Ghali Pacha in a conversation with us on September 11 stated that the demand by Egypt for the annexation of a small border strip of Libya might conceivably depend on the future of that territory and only if Libya were under the control of an unpredictable foreign power might they press for this frontier adjustment.

Altogether the Egyptians here give the impression of being mollified by the invitation to present their views at the Conference and they no longer complain of the blow to their pride at not being included as an active participant in the Paris Conference.

Sincerely yours,

JAMES CLEMENT DUNN

CFM Files

The Greek Prime Minister (Tsaldaris) to the Secretary of State

PARIS, September 16, 1946.

MY DEAR SECRETARY: I had occasion, during our conversation on Friday last,⁶³ to set forth the reasons compelling us to insist that ex-enemy States shall contribute to restoring the destruction which they have caused to our country.

The demand that we formulate is not in any way related to, or

⁶¹ The note of June 25, not printed, is discussed in footnote 45 to the note of June 18 from the Egyptian Legation to the Acting Secretary of State, vol. II, p. 537. The June 18 note included a statement justifying reparation claims.

⁶² For text of the Egyptian memorandum, C.P.(Gen)Doc.10, see *Paris Peace Conference, 1946*, pp. 343-363. Regarding the Italo-Egyptian agreement, see the memorandum of the Reinstein-Tarchiani conversation of September 24 in vol. III, p. 550.

⁶³ No record of the Byrnes-Tsaldaris conversation of September 13 has been found in Department files. For a summary of the meeting based on Greek sources, see Stephen G. Xydis, *Greece and the Great Powers, 1944-1947* (Thessaloniki, Institute for Balkan Studies, 1963), p. 332.

prompted by, motives of vindictiveness, a sentiment which is, believe me, entirely alien to the Greek character. Proof of this is to be found in the fact that the Greek Government did not hesitate, even before the signing of the peace, to resume diplomatic relations with Italy, and that, in addition, it has recently signified its assent to the latter country's participation in the International Fund and International Bank.

Our demand is prompted solely by the exceptional weakness of Greece's economy. It is utterly beyond her power either to provide the necessary means for restoring the destruction or to meet the service of the sinking fund which those means, if available, would entail. Consequently, we are compelled to seek a realistic solution based upon the principle of reparations, so that we may be enabled to meet our obligations, at any rate for a certain number of years.

I should be reluctant to add to the volume of your work by submitting to you detailed or exhaustive reports. I have therefore thought to attach hereto two brief Memoranda, drafted in as concise a form as possible, the one of which deals with the problem of Greece's rehabilitation, the other with the comparative powers of economic resistance of Italy and Greece.

I should be most grateful if, subject to your approval, these Memoranda might be handed to Mr. Thorp, and if this gentleman might be requested to take up the matters raised therein with Monsieur Jean Politis, Greek Delegate to both Commissions for Italy.

Believe me [etc.]

C. TSALDARIS

[Annex 1]

Greek Memorandum Presented to the Secretary of State

THE PROBLEM OF GREECE'S REHABILITATION

I. The balance of Greece's payments shows the following exceptional position:—

imports of prime necessity (foodstuffs, fuel), raw materials, clothing etc. annually	\$250,000,000
exchange resources: exports (tobacco, dried fruit, etc), emigrants' remittances, etc., maximum estimate	80,000,000
Annual deficit (68%)	<u>\$170,000,000</u>

II. This immense deficit is due:

a) to the destruction and plundering of 2,800 villages (27% of a total of 10,500 inhabited localities) together with livestock and agricultural equipment;

- b) to the destruction of communications, and all railways and means of transport;
- c) to the sinking of 73% of the merchant fleet;
- d) to the extinction of all savings and the elimination of credit through the collapse of the currency;
- e) to the curtailment of tobacco exports, which before the war were absorbed in large part by Germany.

III. All these developments occurred in a country which, having been obliged in 1922 to sustain a sudden increase of her population by 30% (refugees from Asia Minor and Eastern Thrace) had by 1933 been recognised by the League of Nations as the poorest country in Europe, and which was compelled to shoulder internal and external loans to an amount of £40,000,000 in order to absorb the refugee population.

IV. If post-war Greece is to be in a position to maintain her population, it is essential that the destruction caused by war and enemy rule should be made good in the most advantageous manner. In this connection, it may be stated that the people of Greece would be glad if the extent of the problem could be assessed, and a solution proposed, by American and British experts, since the problem is too great a one for Greece's economic resources.

[Annex 2]

Greek Memorandum Presented to the Secretary of State

COMPARATIVE INDICATIONS : ECONOMIC RESISTANCE OF
ITALY AND GREECE

(1) *War losses*

- Greece: a) 35% reduction of productive capital.
 b) Replacement of depreciated capital: nil.
 c) Expenditure for rehabilitation: 6% of total Budgetary expenditure.
- Italy:* a) 15% reduction of productive capital.
 b) Replacement of depreciated capital: exceeding 50%
 (with the assistance of Allied Services).
 c) Expenditures for rehabilitation: 20% of total Budgetary expenditure.

(2) *National Income*

- Greece: a) Pre-war: 55 dollars per head of population;
 1946: 35% of pre-war figure, i.e. under 20 dollars.

*Statements made by the Italian Ministers for Reconstruction, Signore Ruini and Gronchi; estimates prepared by an industrial sub-commission of the Allied Commission for Italy. [Footnote in the source text.]

- b) Salaries cover 25% of essential maintenance expenses.
- Italy: † a) Pre-war: 142 dollars per head of population.
1946: 65% of pre-war figure, i.e. 92 dollars;
b) Salaries cover 40–70% of maintenance expenses.

(3) *Currency*

- Greece: Total extinction of the national currency through inflation (circulation 360,000 times greater).
Introduction of a new drachma on a basis of 1 dollar = 150 drachmae,
Present prices of dollar:—
official rate = 5,000 drachmae
unofficial rate = 6,300 “
- Italy: Maintenance of pre-war currency, with circulation barely twenty-times greater than pre-war;
prices of dollar:—
official rate 225 lire (11 times greater than pre-war)
unofficial rate 480 lire (24 times greater than pre-war).

740.00119 Council/9-1646: Telegram

Mr. Jefferson Caffery, Member of the United States Delegation, to the Acting Secretary of State

SECRET

PARIS, September 16, 1946—2 p. m.
[Received September 16—11:45 a. m.]

4642. Delsec 951. At meeting Bulgarian Commission September 11⁶⁴ Ambassador Caffery outlined position US delegation (Reurtel 231, September 13⁶⁵) as favoring present text Article 1, i.e. no change in 1941 frontiers. After rejecting Bulgarian claim which is for whole territory of western Thrace, he spoke of US understanding of Greece's anxiety for security pending the effective operation of measures for general security. He said the US Delegation “has considered with full sympathy the Greek Delegation's presentation of its case” but made this important reservation, “we want to be sure, however, that the proposal now before us would effectively serve this purpose. These strategic considerations may require further study and consultation with the military advisers of our respective

†For the income of the year 1945, see Bruno Rossi Ragazzi: *Il reddito dell'Italia negli anni 1944 e 1945*; also the economic “*Indee*” of Professor Livio Livi (May 1946). During 1946 production yields have increased. [Footnote in the source text.]

⁶⁴For the United States Delegation Journal account of the 9th Meeting of the Political and Territorial Commission for Bulgaria, see vol. III, p. 422.

⁶⁵Telegram 731, September 13, from Sofia, repeated to Paris for Delsec as 231, p. 859.

delegations. This would enable us to consider whether some variation of the Greek proposal which would not entail the accretion of a new ethnic element some arrangement for demilitarization of the Bulgarian side of the frontier, for example, might not meet Greece's security requirements. We cannot dismiss out of hand any proposal to this end".

For your background information it is important to note that much of the debate in the Bulgarian commission instead of discussing the treaty provisions on their merits has been made the occasion for violent political harangues by the Slav bloc with charges against Greek and British imperialism with claims for south Slav unification including Greek Macedonia etc. Caffery's speech was the only formal statement made thus far seeking a middle ground for a settlement. In one sense it counter-balanced speech of Soviet representative which sought somewhat same end (maintenance of present frontier) in rejecting Greek case while showing sympathy for Bulgarian claim without, however, actually sponsoring it.

CAFFERY

740.00119 Council/9-1146: Telegram

The Acting Secretary of State to the Secretary of State, at Paris

SECRET

WASHINGTON, September 19, 1946—6 p.m.

URGENT

4964. Secdel 943. For the Secretary from Clayton. At regular weekly meeting yesterday with Secretaries of War and Navy Forrestal raised question of return submarine cables to Italy by British. (Delsec 941)⁶⁶ I read to Patterson and Forrestal Secdels 854⁶⁷ and 893.⁶⁸ Both Patterson and Forrestal expressed the view that US should not agree to Brit condition that Gibraltar continue to be a relay point. They stated that in their view there is no security consideration which justifies this and that the Brit must be actuated by commercial considerations. They expressed the view, in which I concur, that you should tell Bevin frankly that we cannot agree to this; that objections would undoubtedly be made from other countries and that it is unlikely that the Brit could succeed in this endeavor; and that if they did succeed there would be a terrific uproar in US from telegraph and cable companies. Patterson and Forrestal expressed full agreement with contents of our Secdel 893.

CLAYTON

⁶⁶ *Ante*, p. 856.

⁶⁷ Not printed, but see footnote 52, p. 856.

⁶⁸ *Ante*, p. 860.

CFM Files

United States Delegation Administrative Paper

USD (PC) (Adm)-13 (Revised)

SEPTEMBER 20, 1946.

CONFERENCE COMMISSIONS AND COMMITTEES—OFFICERS, MEMBER
COUNTRIES, AND UNITED STATES PARTICIPATION

CREDENTIALS COMMISSION

Chairman : Ethiopia—Blantengueta Lorenzo Taezaz
 Members : Australia
 Byelorussia
 Brazil
 China
 Ethiopia
 Netherlands
 Czechoslovakia
 Secretary : Mr. Fouques-Duparc

COMMITTEE ON PROCEDURE

Chairman : Belgium—Paul Henri Spaak
 Vice Chairman : Yugoslavia—Edvard Kardelj
 Rapporteur : None
 Members : United States of India
 America Norway
 Australia New Zealand
 Belgium Netherlands
 Byelorussia Poland
 Brazil Czechoslovakia
 Canada Ukraine
 China U.S.S.R.
 Ethiopia Union of South
 France Africa
 Great Britain Yugoslavia
 Greece

Secretary : Mr. Fouques-Duparc

U.S. Participants :

James F. Byrnes
 Benjamin V. Cohen
 James Clement Dunn
 Samuel Reber
 Charles E. Bohlen
 John C. Campbell (recording)

GENERAL COMMISSION

Chairman :	Norway—Halvard M. Lange
Vice Chairman :	Poland—Stephan Wierblowski
Rapporteur :	Not yet elected
Members :	United States of India America Norway Australia New Zealand Belgium Netherlands Byelorussia Poland Brazil Czechoslovakia Canada Ukraine China U.S.S.R. Ethiopia Union of South France Africa Great Britain Yugoslavia Greece
Secretary :	François Marion
Assistant Secretary :	Mr. d'Aumale
<i>U.S. Participants :</i>	
	Benjamin V. Cohen
	John C. Campbell
	Richard Sears (recording)

MILITARY COMMISSION

Chairman :	Poland—Brigadier General Stephan Mossor
Vice Chairman :	China—Foo Ping-Sheung
Rapporteur :	Ethiopia—Blatta Ephrem Te-Weld Mehdin
Members :	United States of India America Norway Australia New Zealand Belgium Netherlands Byelorussia Poland Brazil Czechoslovakia Canada Ukraine China U.S.S.R. Ethiopia Union of South France Africa Great Britain Yugoslavia Greece
Secretary :	Mr. Ordonneau
Associate Secretary :	Lt. V. Britnev
Assistant Secretary :	Major Goussault

U.S. Participants:

Vice Admiral Richard L. Conolly
 Brigadier General J. D. Balmer
 Brigadier General John K. Gerhart
 Captain Roland F. Pryce, U.S.N.
 Mr. Theodore C. Achilles
 Lt. Colonel R. G. Stilwell
 Captain William J. Galloway, Jr.
 Richard Sears (recording)

LEGAL AND DRAFTING COMMISSION

Chairman:	Canada—Brooke Claxton
Vice Chairman:	Byelorussia—V. N. Yachoumov
Rapporteur:	Netherlands—J. P. A. François
Members:	United States of India
	America Norway
	Australia New Zealand
	Belgium Netherlands
	Byelorussia Poland
	Brazil Czechoslovakia
	Canada Ukraine
	China U.S.S.R.
	Ethiopia Union of South
	France Africa
	Great Britain Yugoslavia
	Greece
Secretary:	Mr. Chavanon
Associate Secretary:	Bernard Fukslewicz
Assistant Secretaries:	Miss Huet
	Miss Mitchell
	Mr. Sinding

U.S. Participants:

Samuel Reber
 Leonard Unger
 Lionel Summers
 Otto E. Guthe
 Colonel R. G. Stilwell

Subcommittee (to report on language for description of French-Italian frontier)

Chairman:	Norway—H. C. Berg
Vice Chairman:	None
Rapporteur:	Netherlands—J. P. A. François

Members:	United States of America Brazil France Great Britain	Norway New Zealand Netherlands Czechoslovakia U.S.S.R.
Secretary:	Miss Mitchell	
<i>U.S. Participants:</i>		
	William W. Bishop, Jr. Miss H. Alberta Colclaser	

POLITICAL AND TERRITORIAL COMMISSION FOR ITALY

Chairman:	Union of South Africa—Lief Egeland
Vice Chairman:	Ukraine—Mr. Baranowski
Rapporteur:	New Zealand—A. D. McIntosh
Members:	United States of America Australia Belgium Byelorussia Brazil Canada China Ethiopia France Great Britain
	Greece India New Zealand Netherlands Poland Czechoslovakia Ukraine U.S.S.R. Union of South Africa Yugoslavia
Secretary:	Mr. de Bourbon-Busset
Associate Secretary:	Mr. Gregor
Assistant Secretaries:	Mr. Renucci Mr. Fequant Mr. Anglés Mr. Charpentier

U.S. Participants:

Senator Tom Connally
James Clement Dunn
Samuel Reber
J. Wesley Jones (recording)

Subcommission for Permanent Statute of Trieste

Chairman:	Netherlands—E. Star Busmann
Vice Chairman:	None
Rapporteur:	Netherlands—E. Star Busmann
Members:	United States of America Australia France Great Britain
	Netherlands Poland U.S.S.R. Yugoslavia

POLITICAL AND TERRITORIAL COMMISSION FOR HUNGARY

Chairman :	Yugoslavia—Sinisa Stankovic	
Vice Chairman :	Australia—A. T. Stirling	
Rapporteur :	Ukraine—Mr. Ptoukha	
Members :	United States of America	New Zealand Czechoslovakia
	Australia	Ukraine
	Byelorussia	U.S.S.R.
	Canada	Union of South Africa
	France	
	Great Britain	Yugoslavia
	India	
Secretary :	Mr. Burin des Roziers	
Associate Secretary :	Mr. Richard Sears, Jr.	
Assistant Secretaries :	Mr. Devilleneuve Miss Merkling	

U.S. Participants :

Ambassador Walter Bedell Smith
James C. H. Bonbright
Frederick T. Merrill (recording)

Subcommittee

Chairman :	Ukraine—Mr. Ptoukha	
Vice Chairman :	None	
Rapporteur :	New Zealand—P. Costello	
Members :	Canada	Czechoslovakia
	New Zealand	Ukraine
Secretary :	Mr. Burin des Roziers	
Attending for Secretary General of Conference :	Richard Sears	
<i>U.S. Participants :</i>	None	

POLITICAL AND TERRITORIAL COMMISSION FOR FINLAND

Chairman :	Australia—John A. Beasley	
Vice Chairman :	Czechoslovakia—Peregrin Fisa	
Rapporteur :	United Kingdom—Hector McNeil	
Members :	Australia	New Zealand
	Byelorussia	Czechoslovakia
	Canada	Ukraine
	France	U.S.S.R.
	Great Britain	Union of South Africa
	India	
Secretary :	Mr. de Fleurieu	
Assistant Secretary :	Mrs. Kammerer	
No U.S. participation		

ECONOMIC COMMISSION FOR ITALY

Chairman :	India—Sir Joseph Bhore	
Vice Chairman :	Yugoslavia—Ales Bebler	
Rapporteur :	France—Hervé Alphan	
Members :	United States of	Greece
	America	India
	Australia	New Zealand
	Belgium	Netherlands
	Byelorussia	Poland
	Brazil	Czechoslovakia
	Canada	Ukraine
	China	U.S.S.R.
	Ethiopia	Union of South
	France	Africa
	Great Britain	Yugoslavia
Secretary :	E. Chalanden	
Associate Secretaries :	Jean Phrantzès	
	J. P. B. Ross	
Assistant Secretaries :	André Mancel-Bize	
	Miss Salvador	

U.S. Participants :

Senator Arthur H. Vandenberg
 Willard L. Thorp
 J. J. Reinstein
 James H. Lewis (recording)

Subcommission on Reparation

Chairman :	France—Jacques Rueff	
Vice Chairman :	None	
Rapporteur :	None	
Members :	United States of	Great Britain
	America	Greece
	Canada	Czechoslovakia
	Ethiopia	U.S.S.R.
	France	Yugoslavia
Secretary :	André Mancel-Bize	

U.S. Participants :

Willard L. Thorp
 William H. Bray, Jr. (recording)

ECONOMIC COMMISSION FOR BALKAN COUNTRIES AND FINLAND

Chairman :	Czechoslovakia—Josef Korbel
Vice Chairman :	Australia—J. A. Beasley
Rapporteur :	U.S.S.R.—V. S. Gerachtchenko

Members :	United States of America	India New Zealand
	Australia	Czechoslovakia
	Byelorussia	Ukraine
	Canada	U.S.S.R.
	France	Union of South Africa
	Great Britain	
	Greece	Yugoslavia
Secretary :	Mr. Dollinger	
Associate Secretaries :	Baron P. d'Otreppe de Bouvette Henri Cornil	
Assistant Secretaries :	Mr. Poullain Mr. Charrière Miss de Maleville	

U.S. Participants :

Senator Arthur H. Vandenberg
Willard L. Thorp
J. J. Reinstein
James H. Lewis (recording)

CFM Files : Telegram

*Colonel Charles H. Bonesteel, Military Adviser, United States
Delegation, to the War Department*

TOP SECRET

PARIS, September 20, 1946.

OCD 160. WDCSA for Norstad personal from Bonesteel. Info: USFET for Huebner personal please show Lincoln.

1. Present estimate here of Soviet policy, as evidenced by their actions here and elsewhere since visit of Molotov to see Stalin,⁷⁰ is that of interim change in emphasis on objectives, tending for the moment to put in secondary emphasis their efforts to strengthen Communism in Germany, France and Italy while making first priority the firming up of control over and more strongly supporting Slav nations inside curtain. Among evidence is reversal to previous year long encouragement of German Commies by dangling possibility of favorable rectification of German-Polish border and change to straight out public support of Poles giving assurance that border will not change. Also vigorous support of Jugs with regard to a statute of Trieste designed to put Trieste in Jug hands about 60 days after Allied forces get out.

⁷⁰ Molotov departed for Moscow on August 31 and returned to Paris on September 5.

Similarly strong support Bulgars against Greeks, efforts to get recognition for Albanians as working members of Conference, support of Jug claims for amendment French line in Venezia Giulia, slaps at Italians on numerous occasions, etc.

2. Reason for changed policy seems to be (a) firm US position including evidence that US does not intend to withdraw from Europe (b) Worry that Soviet hold over satellites was *not* so strong as desired and (c) Frequent outvotings Soviet bloc gets here at Paris (how the Wallace business will affect all of this *not* yet clear but Russians are using his lines now every chance they get ⁷¹). Most important result of changed Soviet policy likely here is even more adamant stand on Trieste with result that possibilities of CFM or Conference reaching agreement thereon are dwindling.

3. U. S. Delegation has made clear to Conference its position that agreement on French Line ⁷² and true internationalization of Trieste are part and parcel of one agreement and that if effective permanent statute can not be agreed then US agreement to French Line is automatically voided. In view Russian stand on Trieste it becomes possible that (a) Trieste solution may be postponed or more likely, (b) that Conference may bust up with no treaties agreed.

4. I have gone over implications of no settlement on Trieste with Lincoln who will no doubt be giving you his views. Apparently needed is some rapid planning as to just what is to be done regarding U.S. forces in Europe in the face of a split of such magnitude. What the Russian play will be needs some careful thought. Particular attention should be given the Allied forces in Venezia Giulia who might have to stay there indefinitely and who will be in very tense and hot spot. It is not impossible CFM might agree to disagree within a matter of weeks.

⁷¹ Secretary of Commerce Henry A. Wallace delivered an address in New York on September 12, 1946, which was widely construed as critical of existing United States policy. For the text, see the *Washington Post*, September 18, 1946, p. 16, col. 1. Circumstances seemed to associate President Truman with the views of Wallace, evoking doubt as to whether Secretary Byrnes' activities in Paris accurately reflected the policy of his Government. Byrnes asked Truman on September 18 either to insure him the undivided support of the Administration or to accept his resignation. The President and the Secretary of State conversed by teletype the following day. On September 20, Truman requested and received the resignation of Secretary Wallace. See James F. Byrnes, *Speaking Frankly* (New York, Harper & Brothers, 1947), pp. 239-243, and Harry S. Truman, *Year of Decisions* (Garden City, N.Y., Doubleday & Company, Inc., 1955), pp. 555-560.

⁷² The "French Line" mentioned here refers to the proposal for the Italian-Yugoslav frontier submitted by the French Delegation to the Council of Foreign Ministers, originally described in Annex A to the Summary Minutes of the 73rd Meeting of the Commission on the Italo-Yugoslav Boundary, April 28, 1946; these minutes are printed in vol. II, pp. 148-153. The lines proposed by the Delegations of France, the United States, the United Kingdom, and the Soviet Union are also indicated on the map facing p. 152 in vol. II.

CFM Files

*Memorandum by Mr. Samuel Reber, Political Adviser, United States
Delegation*^{72a}

SECRET

PARIS, September 21, 1946.

The following represents a brief summary of the British position on the Statute for the Free Territory as contained in their recent instructions from London.

The British consider our position with respect to the powers of the Governor is the minimum on which there can be no compromise, even if heavy pressure should be brought to bear. They also feel that the Governor's position in our draft⁷³ is ambiguous in one respect and open to attack on the ground that whereas he is not responsible to the Assembly, he nevertheless presides over a Council of Government which is responsible to the Assembly. Also the British position in respect of the Governor will depend to a certain extent upon the nature of the Provisional Regime and the procedure to be established during this period. If this lasts long enough to enable the Governor to get established and to start his administration on a sound basis, then the British will be more willing during the permanent period to agree that his powers could be defined along the lines of our draft.

They are prepared to try to reach an understanding on our text provided we agree that there will be no withdrawal from the basic principles of our draft.

If we do agree, however, they raise the question of timing. They ask us to consider whether it would be best to agree upon a common text during the Subcommittee meetings and thus draw fire upon our common draft or whether it would be better for them to continue to defend their more extreme position until the Council of Foreign Ministers finally considers the question. I have told them that in the latter event it seemed to me it would be difficult for the Conference to vote upon any specific recommendation.

The French have not yet agreed to try to prepare a common draft and seem to feel that it will be better to await the meeting of the Council of Foreign Ministers.

^{72a} This memorandum was directed to the Secretary of State.

⁷³ The report to the Paris Peace Conference by the Special Commission on the Statute of the Free Territory of Trieste, C.P. (IT/P) Doc.40 of September 13, contains the draft statutes proposed by the United States, the United Kingdom, the Soviet Union, and France; for text, see p. 592.

740.00119 Council/10-2346

The Secretary of State to the British Secretary of State for Foreign Affairs (Bevin)

[PARIS,] September 25, 1946.

DEAR ERNIE: I refer to your letter of September 9⁷⁴ with regard to the Italian cables. I am very glad to know that you found it possible to see your way clear to letting the Italians have the cables back. I think that it will prove in the long run to be a wise decision from the viewpoint of the general considerations which we mentioned when we discussed this matter.

There is one point in your letter which troubles me a little. I think you are perfectly justified in insisting that no expense should be placed upon the British Government in connection with the return of the cables. I have no particular feeling with regard to the continued operation of the cables to Portugal and to South America through Gibraltar. The point which disturbs me is the suggestion that you would like, as a condition to the return of the cables, to require that the cable to the Azores continue to run through Gibraltar.

As I understand the situation, it has been the feeling of your people that it was necessary to maintain the existing relay point of Gibraltar for security reasons. Our technical people have gone into this matter in some detail, and they do not consider that such an arrangement would be necessary in connection with the Azores cable, since the cables with which the Azores cable connects at Horta are all under your control or ours. Under the circumstances, it seems rather difficult to justify this particular condition which, as you are probably aware, is likely to give rise to some domestic difficulty from our viewpoint. I am not asking that you agree at this time to any other arrangement, but I would prefer that the maintenance of the relay point of Gibraltar not be a condition to the return of this one cable.

I should very much appreciate having your thoughts on this point.

Sincerely yours, [Source text not signed]

740.00119 Council/10-2346

*Mr. Jean Politis of the Greek Delegation to Mr. Willard L. Thorp
of the United States Delegation*

PARIS, September 28, 1946.

DEAR MR. THORP: Our conversation yesterday⁷⁵ was of a somewhat informal character, and I do not therefore know how far I am entitled

⁷⁴For a summary of the letter under reference, see telegram 4594 (Delsec 941), September 11, from Paris, p. 856.

⁷⁵No record of the conversation under reference has been found in Department files.

to feel that the points of view which you expressed on the subject of the reparations due to Greece are definitive and comprehensive. Nevertheless I think it would be wise to let you know, first, how surprised and disappointed I am, and secondly, how greatly disturbed by some of the opinions that you expressed.

My surprise and my disappointment are due, in the main, to the fact that I perceive that our great Allies and friends are disposed, in the matter of the reparations payable by Italy to Greece, to recommend a tragically inadequate figure. It may perhaps not be present to your mind that in this way the total of reparations to be imposed upon Italy would represent no more than 2.6% of her national income in a single year. Manifestly such a decision, which runs counter both to justice and to morality, cannot be justified even on economic grounds.

No less difficult would it be to justify the discrimination involved in a decision providing that some claims should be satisfied 100%, or even more (case of Brazil), others 50% (Italo-Egyptian agreement), others again 75% (Article on compensation), and others finally 3 or 5%.

Furthermore I am discouraged by the fact that, in spite of all that I told you—as frankly and as objectively as possible—about our technical difficulties, you have reverted to the idea of applying to Greece the machinery adopted in the case of Russia. I cannot but foresee that the system proposed will entail evil results, but by then it will be too late for Greece.

I had the honour to propose to you a system that would have been more practical for Greece and, at the same time, would not have caused injury to Italy. My proposal was not acceptable to you, since you feared that Italy might encounter difficulty in making a small yearly exchange payment in subsequent years. Nevertheless, by other provisions of the Treaty all Italy's foreign exchange assets are to be confiscated. Brazil and Egypt will be paid in exchange percentages of 50 and 200. Poverty-stricken Greece, on the other hand, whose ruins are still smoking, is called upon to find, as though by magic, a great sum of foreign exchange over a period of years, in amortization of the immense cost of restoring the ruins for which Italy bears the responsibility.

Since her liberation Italy's economy has been strengthened in many and different ways. Yet her productive system did not suffer serious destruction. All that she needs is raw materials in order to set in motion her industry, which has remained intact. Conversely, if we except the UNRRA food supplies, for which we are indeed grateful, Greece has received no assistance whatever to provide shelter for the myriads of peasants who have undergone a five years' martyrdom. Indicative of Greece's urgent need for assistance is the collapse of the new liberation drachma, which is barely kept alive by injections

in the form of sales of gold, while it awaits—in vain—the arrival of the specialist.

Finally, I turn to the matter which is causing me the greatest anxiety. The reports compiled by F.A.O. and the United Nations Temporary Sub-Commission on Reconstruction of Devastated Areas come to confirm what Greece has been proclaiming for the past few years, that is, that her destructions far exceed her resources, as also her power of recovery.⁷⁸ Conceive, if you can, the possibility of announcing to the people of Greece—and that without producing a devastating, and indeed incalculable, moral repercussion—that they are called upon by an ultimatum, by the verdict of their great friends to do for Italy, in return for a mess of pottage, what they have already done for Germany: to relieve her of the consequences of her crimes, while they themselves remain wholly uncertain of their fate and must fall back upon indefinite and slow-moving programmes. And all this happens in this tragic hour when the people of Greece are receiving an abrupt revelation of the inefficacy of their great friends' sympathy where questions of their national claims are concerned, and even perhaps in the face of the hatred and evil designs of certain of their neighbours.

I have thought that it might be useful to let you know what, as I foresee, will be the reaction of public opinion in Greece to the possibility that now emerges, and I sincerely hope that this will be duly considered before a final decision is taken.

Believe me [etc.]

J. POLITIS

740.00119 Council/11-1246

*The British Secretary of State for Foreign Affairs (Bevin) to the Secretary of State*⁷⁹

[PARIS,] 30 September 1946.

DEAR JAMES: With reference to our conversation on September 25th⁸⁰ regarding the transfer of the cables to Italy, I have given fur-

⁷⁸ Regarding the economic outlook in Greece in mid-September and the activities of international organizations involved in relief and rehabilitation in the country, see Xydis, *Greece and the Great Powers, 1944-1947*, p. 364.

⁷⁹ A summary of this letter was transmitted to the Department in telegram 5338 (Delsec 1091), October 23, from Paris, with the following additional information:

"Following receipt of this letter the Secretary discussed the matter with Bevin. He told Bevin that he was concerned at this point only with the treaty provisions and that the treaty will give UK no right to retain Italian cables. To this view Bevin agreed. Secretary further said US was not urging return of terminal to Spain. Matter would be one for Italy to decide." (740.00119 Council/10-2346)

⁸⁰ No American record has been found of the Byrnes-Bevin meeting under reference, but see the letter from the Secretary of State to the British Foreign Secretary, September 25, p. 877.

ther consideration to the point you made that there was great opposition in America over the cable running to North America passing through Gibraltar, but I was pleased to note that you had no objection to the other cables being operated in that way.

Your proposal for the cable to North America places me in a very great dilemma. On the ground that people in America are suspicious of Great Britain and our staffs you suggest that it should pass through Franco-Spain.

I would remind you that in this country this would lead to very great political difficulties. I should be accused again of favouring Franco and I do not know whether you have given consideration to this point.

On the other hand, I am advised that the commercial traffic to and from the United States is now routed from Rome to New York via Milan, Paris, Cherbourg and Horta thus bypassing Gibraltar.

I think it is most regrettable that these suspicions should exist and I would prefer that this question should be dealt with on a purely business basis. At the same time, I repeat that it is politically extremely difficult for me to agree to an arrangement which seems to place Franco-Spain in a position of greater trust than Great Britain.

Yours sincerely,

ERNEST BEVIN

868.014/10-446 : Telegram

The Ambassador in Greece (MacVeagh) to the Acting Secretary of State

SECRET

ATHENS, October 4, 1946—9 p. m.

[Received October 4—6:20 p. m.]

1344. Contention of leading Greek politicians now journeying to Paris with Prime Minister, (Mytel 1343 to Department, repeated Paris as 87⁸¹) that an act of "international injustice" has been committed by Peace Conference in turning down Greek proposals for strategic adjustment of Bulgarian frontier⁸² contrasts with attitude of Pipinellis, King's political adviser, now returning Paris on same plane, with whom I talked yesterday, who has apparently learned to see "justice for Greece" in larger perspective as part of whole difficult problem of European peace settlement.

⁸¹ Not printed.

⁸² The Greek proposal for modification of the frontier was defeated at the 15th Meeting of the Political and Territorial Commission for Bulgaria, October 1; for the United States Delegation Journal account of the proceedings of that meeting, see vol. III, p. 610.

In telegram 1324 from Athens, October 2 (repeated to Paris as telegram 81), MacVeagh had reported that the Greeks were very depressed concerning recent developments at the Peace Conference; for text, see vol. VII, p. 228.

Believe gathering of Greek political leaders in Paris offers good chance for them to be similarly enlightened. Also would seem to afford good opportunity for giving Greek people some desirable assurance that rejection of dubious territorial claims is not discriminatory as regards Greece but will be applied equally to pressing Balkan neighbors and that, in general, maintenance of Greece's political independence and territorial integrity (see Mytel 1336 of October 3, sent Paris as 84⁸³) continues to be matter of prime concern to grateful wartime allies.

Sent Department as 1344, repeated Paris as 88.

MACVEAGH

740.00119 Council/10-246

Mr. H. Freeman Matthews, Political Adviser, United States Delegation, to the Minister in Switzerland (Harrison)

PARIS, October 4, 1946.

DEAR LELAND: There have been many rumors as to the reasons for Molotov's return to Moscow at the end of August, which have been accentuated by his departure this morning for another visit home.⁸⁴ As to the validity of the report which you mention in your letter,⁸⁵ we don't feel here that Stalin's reasoning would be quite as stark as this report would indicate, nor is it probable that Molotov's intransigent attitude in Paris can be regarded as being in the nature of a cause of war, although obviously we have no real information on this subject. It is probable that the Soviet leaders wish to review the present situation from the point of view of tactics, and I think that Stalin's recent conciliatory press interview⁸⁶ should be regarded in that light. There were probably many reasons outside the Peace Conference which may have led the Kremlin to such a tactical decision. Among those might be our stand on the Dardanelles question,⁸⁷ comparative failure of the Soviet-backed parties in the recent general election, and possibly a general feeling that the Soviet Government was making

⁸³ Not printed.

⁸⁴ Molotov visited Moscow from August 31 to September 5 and from October 4 to October 7.

⁸⁵ Harrison's letter of October 2 requested Matthews' evaluation of a report that Molotov's trip to Moscow at the end of August was the result of Stalin's desire to discuss the possibility of Soviet policy at Paris provoking a war (740.00119/10-246).

⁸⁶ Harrison's letter had mentioned a press interview, presumably referring to questions and answers between Stalin and Alexander Werth, a British correspondent, published September 24 and reported in telegram 3562 from Moscow the same day; the telegram is printed in vol. VI, p. 784. Embassy comments on Stalin's replies were contained in telegram 3572 of September 25, *ibid.*, p. 786. (761.00/9-2446 and 761.00/9-2546)

⁸⁷ For documentation on United States policy regarding Soviet demands for revision of the Turkish Straits regime, see vol. VII, pp. 801 ff.

more enemies than friends throughout Europe and the rest of the world as a result of its tactics.

The present line seems to be to concentrate on what the Soviet Union physically controls and to concentrate its support on the Slavic block. Beyond these very general observations I am afraid I cannot, in the absence of more information, give any more precise evaluation.

Sincerely yours,

H. FREEMAN MATTHEWS

CFM Files

*Mr. Cavendish W. Cannon, Political Adviser, United States
Delegation, to the Ambassador in Greece (MacVeagh)*

SECRET

PARIS, October 5, 1946.

DEAR MR. MACVEAGH: I take this opportunity to send to you through Colonel Wachwitz a few notes on Greek affairs as connected with the Paris Conference.

First, let me say that the general situation in Greece is very much in our minds, and the Secretary has been giving particular attention to it. We have made it a matter of principle to support the Greek Delegation wherever possible, and, where we could not do so, to help them over the rough spots when their projects were rejected.

We have been thoroughly realistic about it. Keeping foremost in our minds our own national interest in the evolution of the situation in Greece, we have worked with greater vigor for the Greek interest than would have been expected of us if we had approached the problem only on the "gallant ally" theme.

It has not been easy. I feel that I should let you know that the chief difficulty has been the Greek delegation itself. They seem to have come here with no balanced program of what they might achieve at the Conference, and no discrimination between their major objectives and minor points worth taking a chance on. We knew, of course, to what extent they felt obliged to go the limit for the sake of public opinion at home, but we did expect a little more foresight in preparing the way for rejections on items which any reasonable observer would have discounted in advance.

Remembering the alertness, perception and resilience characteristic of Greek diplomacy in the past, I was disappointed with their lack of planning, their obtuseness in negotiation, and their panic when things go wrong for them. This may be a part of the general demoralization, and you probably are encountering the same thing at Athens; we marvel, though, that we have not found one able man in their delegation. Aghnides, with whom it would have been a pleasure to work,

seems not sufficiently "safe" to please Pipinelis, so he has been "on leave" in Switzerland or elsewhere most of the time.

In presentation of their case they have been unlucky, too. Their proposed amendments, many in number and most of them of minor importance, have, for the most part been poorly drafted, and inadequately documented, and they have fared badly. Let us look at their three main aims: the Albanian frontier, the Bulgarian frontier, and reparations. We have fought a hard fight for them on reparations—which they could hardly expect in view of our general position on reparations policy—and the outlook is pretty good. On Albania, the Secretary went so far as to make a special speech for them in a plenary session,⁸⁸ though we really felt the subject did not belong in this Conference. On the Bulgarian frontier, they have known for a year and a half, since they first opened the question with us, that we did not think it was wise to advance this claim, and it must have been clear to them from the time the Conference opened, that they could not get a favorable vote on it. Nevertheless we jockeyed it around through the Military Commission, in order to give them a bit more room for maneuvering a decent withdrawal, and in order particularly to give them time to prepare their people back home, through their press, for the disappointment.

They finally withdrew their Albanian resolution,⁸⁹ though too late to do it gracefully. We built up an "out" for them on the Bulgarian frontier proposition in the form of a demilitarization obligation on the Bulgarians, based on one of their own amendments, but to our great astonishment their military representative repudiated it in the Military Commission as being entirely inadequate, and we must expect a nasty time of it when it comes up in the plenary session. Fortunately their statement is not textually in the record, and they may manage somehow to carry the amendment through.

And this is curious: The British Delegation has done less to help them along, both at the table and in the lobbies, than we have. Perhaps the explanation is in the general atmosphere of the Conference rooms. You will have guessed that whenever a Greek project comes up for discussion one must expect to hear a lot more about Bulgarian, Yugoslav and Albanian democracy as contrasted with Greek "reaction" and British imperialism than about the real merits of the proposition before the Commission. In such an atmosphere I can understand that the British are glad to have us step up. It is not so clear why they do not give the Greeks more guidance outside.

⁸⁸ See the United States Delegation Journal account of the 25th Plenary Meeting, August 30, vol. III, p. 321.

⁸⁹ The document under reference, C.P. (Plen) Doc. 14, is quoted in footnote 93, p. 321, vol. III.

The foregoing may not be much help to you, but it seemed to me that it might be useful for you to know how things have been going here. Frankly, we are worried when we read that promises are still being made in Athens which cannot be realized at Paris. Twice in the last fortnight we have suggested that the publicity organs begin, at this late date, to prepare for the disillusionment, and now, we fear, fresh hopes will be raised by their bringing an enlarged delegation here. If it is a manoeuvre to spread the responsibility to other leaders, it seems to me to be a rather discreditable project, the resources in political leadership being what they are in Greece.

Returning to the theme of our own broader interest, the Secretary wants to do something really constructive for the Greek people. Here at Paris we try to stick to our job, the treaties, but Tsaldaris, who arrived last night, will doubtless want to see the Secretary within the next few days and we shall then take up with the Department any proposal which might be helpful. I thought that you would like to have these notes for background purposes. You will see how useful it will be to us here to have the texts of your telegrams to the Department in the period before the Secretary returns to Washington.

[File copy not signed]

CFM Files

*The Greek Under Secretary of State for Foreign Affairs (Dragoumis)
to the Secretary of State*

PARIS, 8 October, 1946.

DEAR MR. SECRETARY: Perhaps you will allow me, in continuation of my letter of the 1st October,⁹⁰ to send you the following further observations on the matters raised therein:

a) No one familiar with Greece's history of the past thirty years will be surprised at our demand for an effective guarantee in the form of an adjustment of the Greek-Bulgarian boundary-line.

b) I was not at the time aware that, after submitting the agreed motion on the 28th September by which, in fact, the Military Commission declined to reply to the questions put by the Political and Territorial Commission, the American and British Delegations contemplated proposing the establishment of a demilitarised zone.⁹¹

⁹⁰ No copy of the letter under reference has been found in Department files. A memorandum of the Byrnes-Dragoumis conversation of October 1 is printed in vol. III, p. 614.

⁹¹ See the United States Delegation Journal account of the proceedings of the 29th Meeting of the Military Commission, September 28, vol. III, p. 586.

Had I known of your Delegation's intention, even just before the actual meeting, I should have made every effort to overcome the reluctance of our technical experts, who, not unnaturally, were averse to substituting a moral or political safeguard for an effective frontier adjustment.

c) The only remaining possibility is to bring the matter before the Council of Four, where, however, there is danger that the Soviet representative may exploit, to Greece's detriment, the position taken by the latter at the Military Commission.

It is therefore desirable—as I see it—that the question be raised in the Council jointly, if possible, by the American and British representatives. Were the Council to agree to embody in the Treaty a clause relating to demilitarisation of the zone in question, this would not, it is true, constitute adequate security for Greece's frontiers. Politically, however, the position would be improved in that the Greek Government, or any other member of the United Nations, would be enabled thereby to demand some form of control, for the purpose of ascertaining whether Bulgaria was, in fact, respecting the provisions of the clause.

Believe me [etc.]

PHILIP DRAGOUMIS

CFM Files

Memorandum by Mr. Cavendish W. Cannon, Political Adviser, United States Delegation^{91a}

PARIS, October 16, 1946.

[Here follows a list of documents concerning Greece and Greek issues at the Conference, which were handed to Mr. Matthews for transmission to the Department of State, at his discretion.]

The Greek Delegation are gleeful over their success in rounding up enough abstentions to defeat Article 1 of the Bulgarian treaty in the vote before the plenary session.⁹² Their attitude, as gathered from conversations with Mr. Tsaldaris on Sunday and with Mr. Dragoumis, Mr. A. Politis and Mr. Stephanou yesterday, is that this "success" will strengthen the present Government with the people at home, while the "justice of the Greek case" which by this vote now becomes evident to world public opinion, will oblige the Council of Foreign Ministers to give at least some satisfaction to the Greek claim. They take no account of the fact that the real decision was

^{91a} This memorandum was directed to Mr. Matthews.

⁹² See the Verbatim Record of the 42nd Plenary Meeting, October 11, vol. III, p. 796.

the vote in the Political Commission a fortnight ago;⁸³ that blow having already fallen, it could have been arranged, with some management of their press, that the plenary vote confirming this rejection could be passed off as an inevitable consequence. They completely ignore the realities of the situation as expressed so clearly by Mr. Byrnes. (See memorandum of conversation of October 7, page 2.⁸⁴) They seem not to worry about the probability that the Bulgarians, who had been told by the Russians to drop their counter-claim, will now reopen the question, and they show no sign of making any provision for a second defeat when the CFM draws up the final text.

The British (Jebb, Lord Hood and Warner) are a little embarrassed. They do not admit to lobbying for the abstentions, and they privately agree that this device only prolongs the agony. They feel that even the smallest item that can help the Greek Government at this juncture is worth while, and as for later, well, maybe something will turn up.

Mr. Henderson will be interested in noting the Secretary's statement that during this Conference he had given more attention to Greek affairs than to anything else, except the question of Trieste.⁸⁵ It should be noted that our economists, Thorp, Reinstein and the others, also gave long hours of their time to study and discussion of Greek problems. I know that the Greek Delegation appreciate this help, though they do not realize how much of our labor on their behalf was caused by their own ill-conceived projects. You will recall Diamantopoulos' confession that he had not yet, as of the beginning of October, reported to Mr. Tsaldaris on Mr. Clayton's suggestion, made in August, concerning an economic survey. It should also be noted that Jean Politis, who heads up the economic part of their delegation, goes his own way, seeking no counsel from the rest of the delegation.

To return to the question of Article 1 of the Bulgarian treaty, the Greeks feel no disappointment that we did not go along with them in abstaining on the final vote. They have known our position from the start, of course. Actually they declare that throughout the Conference it has been we, rather than the British, who have helped them over the rough spots.

⁸³ See the United States Delegation Journal account of the proceedings of the 15th Meeting of the Political and Territorial Commission for Bulgaria, October 1, vol. III, p. 610.

⁸⁴ Fourth paragraph of the memorandum, vol. III, pp. 686, 687.

⁸⁵ See *ibid.*

740.00119 Council/10-2346 : Telegram

Mr. James C. Dunn, Member of the United States Delegation, to the Acting Secretary of State

SECRET

PARIS, October 23, 1946—10 p. m.
[Received October 23—7:41 p. m.]

5337. Delsec 1090. From Dunn. Reference Secdel 1086, October 9.⁹⁶ US delegation in Balkan Eco Commission proposed amendment to Finnish Treaty, reducing reparations figure from 300 to 200 million. Matter came up at last meeting of Commission before consideration of treaties by plenary. Chairman refused accept amendment on ground it would interfere with completion Commission's work within time schedule laid down by Secretary General. United States representative protested and stated ruling left United States no alternative except to vote against draft treaty provision. (See United States record of 45th meeting of Commission, October 4-5.)⁹⁷

Draft treaty text failed to obtain recommendation by two-third vote, either in Commission or in plenary. In plenary, 11 votes cast for, with 5 against and 5 abstentions. (For discussion, see United States summary for October 14, USdel(PC) (Journal)70.)⁹⁸

Final treaty text will, of course, be decided by USSR and United Kingdom in CFM. Our opinion is that, while Soviets might ease up on Finns in practical application of reparations program (and such a development can hardly be predicted under present circumstances), they are unlikely to recede from their position on treaty provisions. Molotov speech on Finnish treaty⁹⁹ and speech at closing session of Conference certainly do not suggest likelihood of change in Soviet position on treaty.

Finns have avoided USdel at Paris, but we have received round-about report Finnish delegation was taken vigorously to task by Soviets for raising reparations issue at Conference. As further indication of Soviet viewpoint after completion of reparations discussion in Balkan Economic Commission, Gousev told Reinstein in informal conversation Soviets considered United States action not fair play and that United States should have raised question in CFM if it had views on subject. We have doubt whether British are likely to oppose Finnish reparation figure, in view of their apparent lack of willingness to oppose Hungarian reparation figure.

⁹⁶ Not printed.

⁹⁷ Vol. III, p. 677.

⁹⁸ Vol. III, p. 840.

⁹⁹ Presumably a reference to Molotov's remarks at the 46th Plenary Meeting, October 14; for the United States Delegation Journal account of that meeting, see vol. III, p. 840.

I assume Department's second question is whether Finns should be given statement along lines of third paragraph reference telegram.¹ In view of the Soviet charge that our position on Finnish reparations was taken merely to stir up trouble, I think that some positive measures of economic assistance, which would indicate our serious interest in helping Finland to solve its economic problems, should be seriously considered.

[DUNN]

¹The paragraph under reference stated that the Department was reluctant to have the Export-Import Bank consider any loan application from Finland while uncertainty regarding reparations existed (860d.51/9-3046).

VIII. CONFERENCE RECOMMENDATIONS

CFM Files

Record of Recommendations by the Conference on the Draft Peace Treaty With Italy

I. By a majority of two-thirds or more.

a. Articles of the Draft Peace Treaty with Italy drawn up by the Council of Foreign Ministers, which were adopted without modification:

Article 3.	Article 57.
Article 4.	Article 58.
Article 6.	Article 59.
Article 7.	Article 60.
Article 9.	Article 61.
Article 10.	Article 62.
Article 14.	Article 63.
Article 15.	Article 64; Part A: §§ 1, 2 <i>a</i> and <i>b</i> , 3, 4 and 5.
Article 16, §§ 2, 4, 6*	Article 65, § 2 to 8.
Article 17.	Article 66, § 1 to 5.
Article 21.	Article 67, § 1.
Article 24.	Article 68, § 1, 2, 3, 5, 6, 7, 8.
Article 25.	Article 69, § 1, 2, 3, 5 <i>a</i> , 5 <i>c</i> , 5 <i>d</i> .
Article 26.	Article 70, §§ 1 and 2.
Article 27.	Article 71, § 1, subparagraphs <i>a</i> and <i>b</i> ‡, and § 2.
Article 29.	Article 74.
Article 30.	Article 75.
Article 32.	Article 76 (U.K., U.S. and French proposal).
Article 33.	Article 77.
Article 34.	Article 78.
Article 35.	Annex 2 (except part IV).
Article 36.	Annex 4.
Article 37.	Annex 5 <i>A</i> , <i>B</i> , <i>C</i> .
Article 39.	Annex 6.
Article 43.	Part A § 1, 2, 3, 5, 6 and 8.
Article 45.	Annex 8.
Article 46.	Part A.
Article 48.	Part B (U.S. proposal supported by U.S.S.R.).
Article 52, § 1†	
Article 53.	
Article 54.	
Article 55.	
Article 56.	

*Paragraphs 3 and 5 have not been put to the vote. [Footnote in the source text.]

†Paragraph 2 has become new article 46*b*. [Footnote in the source text.]

‡ Except time limit modified by a simple majority. [Footnote in the source text.]

b. Articles of the draft peace treaty with Italy drawn up by the Council of Foreign Ministers, which were adopted with modification, and new recommendations:

- | | |
|--|--|
| Preamble. | Article 50. |
| Article 1. | Article 51. |
| Article 2. | Article 62 <i>a</i> (new article). |
| Article 5. | Article 64: |
| Article 8. | Part A, §§ 2 <i>c</i> and 6; |
| Article 10 <i>a</i> (new article). | Part B: |
| Heading of Section IV. | Reparation to Ethiopia |
| Article 11. | \$25 million; |
| Article 11 <i>a</i> (new article). | Equal reparation to |
| Article 12. | Greece and Yugoslavia; |
| Article 13. | Reparation to Greece |
| Article 13 <i>a</i> (new article). | \$100 million. |
| Article 16: | Part C. |
| U.S. proposal (part <i>a</i>); | Part D. |
| French proposal; | Article 65, § 1 and 9. |
| Soviet proposal (points 5 | Article 66, § 6. |
| and 6). | Article 67, § 2. |
| Article 18. | Article 68, § 4 <i>c</i> , 4 <i>d</i> . |
| Article 19. | Article 69, §§ 4, 4 <i>a</i> , 5 <i>b</i> and 5 <i>e</i> . |
| Article 20. | Article 70, § 3 (new paragraph). |
| Article 23. | Article 71, § 1 <i>c</i> (civil aviation). |
| Article 28. | Article 72 (new text). |
| Article 31. | Article 73. |
| Article 38. | Annex 1, footnote. |
| Article 40. | Annex 1 <i>a</i> (new annex); |
| Article 41. | Annex 2, part IV. |
| Article 42. | Annex 5. D. |
| Article 44. | Annex 6: |
| Article 46 <i>a</i> (new article). | Part A, § 4 and 7; |
| Article 46 <i>b</i> (new article, former | Part B. |
| art. 52, § 2). | Annex 7: |
| Article 47. | Inapplicability of Annex 7 as |
| Article 49. | between U.S. and Italy. |

II. Adopted by a simple majority.

a. Articles of the Draft Peace treaty with Italy drawn up by the Council of Foreign Ministers, which were adopted without modification:

- Article 16, § 1.
- Article 22.
- Annex 7, Part III (U.K. proposal).

b. Articles of the Draft Peace treaty with Italy drawn up by the Council of Foreign Ministers, which were adopted with modification and new recommendations:

- Addition by the Australian Delegation to article 64, part B, § 3.
- Article 68, § 4*a* and 4*b*.
- Amendment to article 71 (time limit).
- Article 71, § 1*c*, (State monopolies).

Article 74 bis.

Article 77a.

III. Articles referred to the Council of Foreign Ministers, *without recommendations*:

Article 16: U.S. proposal (part *b.*).

Annex 3 (and related amendments and proposals).

Annex 9 (and related amendments and proposals).

Annex 13 (U.S. proposal).

TEXTS

I—NEW ARTICLES AND MODIFICATION TO ARTICLES OF THE DRAFT TREATY WITH ITALY ADOPTED BY A MAJORITY OF TWO-THIRDS OR MORE

PREAMBLE

Paragraph 1: without modification.

Whereas Italy under the Fascist regime became a party to the Tripartite Pact with Germany and Japan, *undertook* a war of aggression and *thereby provoked a state of war* with all the Allied and Associated Powers and with other United Nations, and bears her share of responsibility for the war; and

Whereas, *in consequence of the victories of the Allied forces, and with the assistance of the democratic elements of the Italian people*, the Fascist regime in Italy was overthrown, on July 25, 1943, and Italy, *having surrendered unconditionally, signed terms of Armistice* on September 3 and 29 of the same year; and

Whereas after the said Armistice *the Italian armed forces, both of the Government and of the Resistance Movement*, took an active part in the war against Germany, and Italy declared war on Germany as from October 13, 1943, and thereby became a co-belligerent against Germany, and

Whereas the Allied and Associated Powers and Italy are respectively desirous of concluding a treaty of peace which, *in conformity with the principles of justice, will settle questions still outstanding as a result of the events hereinbefore recited and will form the basis of friendly relations between them*, thereby enabling the Allied and Associated Powers to support Italy's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations.

Paragraph 6: without modification.

ARTICLE 1

The frontiers of Italy shall be those existing on January 1, 1938, subject to the modifications set out in articles 2, 3 . . .¹ These frontiers

¹ Marks of ellipsis in the Conference recommendations occur in the source texts.

are traced on the maps attached to the present treaty. *In case of a discrepancy between the textual description of the frontiers and the maps, the text shall be deemed to be authentic.*

ARTICLE 2

Paragraph 1: First three points: without modification.

Point 4: Upper Tinee, Vesubie and Roya Valleys.

The frontier shall leave the present frontier at Colla Lunga, shall follow along the water-shed by way of Mont Clapier, Col de Tenda, Mont Marguareis whence it shall run southward by way of Mont Saccarello, Mont Vacche, Monte Pietravecchia, Mont Lega and shall reach a point approximately 100 meters from the present frontier near Colla Pegairole, about 5 kilometers to the North East of Breil; it then shall run in a south westerly direction, and shall rejoin the *existing* frontier approximately 100 meters South West of Monte Mergo.

Paragraph 2:

The detailed description of those sections of the frontier which correspond to modifications 1, 2, 3 and 4 above is contained in Annex 1a to the present treaty, and the maps to which this description refers are part of Annex 1.

ARTICLE 5

Paragraphs 1, 2, 3 and 4: without modification.

Paragraph 5 (new paragraph):

For the purpose of determining on the spot the exact frontier laid down in articles 3, 4 and 16, the Commissioners shall be allowed to depart by 0.5 kilometer from the line laid down in the present treaty in order to adjust the boundary to local geographical and economic conditions, provided that no village or town of more than 500 inhabitants, no important railroads or highways, and no major power or water supplies are placed under a sovereignty contrary to the delimitations laid down in the present Treaty.

ARTICLE 8

Paragraph 1: without modification.

Paragraph 2:

The Italian Government undertakes to authorize, free of customs duty and inspection, passport and other such formalities, the passenger and freight railway traffic travelling on the connection thus established, through Italian territory, from one point to another in France, in both directions; furthermore, to take all necessary measures to ensure that the French trains using the said connections are allowed to pass, under the same conditions, duty free and without unjustifiable delay. *The necessary arrangements shall be concluded in due time between the two Governments.*

ARTICLE 10a (*new article*)

The Allied and Associated Powers have taken note of the provisions (of which the text is annexed to the present treaty) agreed upon by the Austrian and Italian Governments on September 5, 1946, giving certain guarantees to the German speaking inhabitants of the province of Bolzano and the neighbouring bilingual townships of the province of Trento.

SECTION IV.—*People's Federative Republic of Yugoslavia*
(special clauses)

ARTICLE 11

Paragraph 1a: without modification.

Paragraph 1b:

The area bounded:

- *On the North by parallel 45° 17' N.*
- *On the South by parallel 44° 23' N.*
- *On the West by a line connecting the following points:*
 1. *45° 17' N.—13° 23' E.*
 2. *44° 51' N.—13° 37' E.*
 3. *44° 23' N.—14° 18' 30'' E.*

On the East by West coast of Istria, the islands and the mainland of Yugoslavia.

Paragraph 2: without modification.

ARTICLE 11a

1. *Italy shall restore to Yugoslavia all objects of artistic, historical, scientific, educational or religious value (including all deeds, manuscripts, documents and bibliographical material) as well as administrative archives (files, registers, plans or documents of any kind) which, as the result of the Italian occupation, were removed between November 4, 1918 and March 2, 1924, from the territories ceded to Yugoslavia under the treaties signed in Rapallo, on November 12, 1920, and in Rome, on January 27, 1924. Italy shall also restore all objects belonging to those territories and falling into the above categories, removed by the Italian Armistice Mission which operated in Vienna after the first World War.*

2. *Italy shall deliver to Yugoslavia all objects having juridically the character of public property and coming within the categories in paragraph 1 of the present article removed since November 4, 1918, from the territory which under the present Treaty is ceded to Yugoslavia, and those connected with the said territory which Italy received from Austria and Hungary under the Peace treaties signed in St. Germain on September 10, 1919 and in Trianon on June 4, 1920, and*

under the convention signed between Austria and Italy in Vienna on May 4, 1920.

3. If, in particular cases, Italy is unable to restore or hand over to Yugoslavia the objects coming under paragraph 1 and 2 of the present Article, she undertakes to hand over to Yugoslavia similar objects, in accordance with the provisions of par. 9 of Article 65 of the present Treaty.

ARTICLE 12

Paragraph 1 :

Italy cedes to Greece in full sovereignty the Dodecanese islands indicated hereafter, viz. *Astypalaia, Rhodes, Chalk, Scarpanto, Cassos, Piscopi (Tilos), Nisyros, Calymnos, Leros, Patmos, Lipsos, Symi, Cos and Castelloriso as well as the islets dependent on all the above islands.* These islands shall be and shall remain demilitarized.

Paragraph 2 : without modification.

ARTICLE 13

Paragraphs 1, 2 and 3 : without modification.

Paragraph 4 (*new paragraph*) :

The State to which the territory is transferred shall secure to all persons within the territory, without distinction as to race, sex, language or religion, the enjoyment of human rights and of the fundamental freedoms including freedom of expression, of press and publication, of religious worship, of opinion and public meeting.

ARTICLE 13a (*new article*)

1. Within a period of one year from the coming into force of the present Treaty, Italian citizens over 18 years of age (or married persons whether under or over that age), whose customary language is one of the Yugoslav languages (Serb, Croat or Slovene), and who are domiciled on Italian territory may upon filing an appropriate request with the Yugoslav diplomatic or Consular Representatives in Italy, acquire Yugoslav nationality if the Yugoslav authorities accept their request.

2. In such cases, the Yugoslav Government will communicate to the Italian Government through diplomatic channels lists of persons who have thus acquired Yugoslav nationality. The persons mentioned in such lists will lose their Italian nationality on the date of such official communication.

3. The Italian Government may require such persons to transfer their residence to Yugoslavia within a period of one year from the date of the official communication.

4. The rules relating to the effect of options on wives and on children set forth in article 13, par. 2, shall apply.

5. All provisions applying to the transfer of properties belonging to persons who opt for Italian nationality under Annex 3 par. 6 of the present Treaty, shall equally apply to transfers of properties belonging to persons who opt for Yugoslavia according to this article.

ARTICLE 16

At present consisting of paragraphs 2, 4, 6 of Article 16 of Draft Treaty and of following proposals :

U. S. Proposal (Part a) :

1. *There is hereby constituted the Free Territory of Trieste, which is recognized by the Allied and Associated Powers and by Italy. They agree that the integrity and independence of this Free Territory should be assured by the Security Council of the United Nations.*

2. *(Description of the frontiers) . . .*

3. *Italian sovereignty over the territory lying between the Adriatic Sea and the boundaries defined in Article 4 of the treaty shall be terminated upon the coming into force of the treaty.*

4. *Upon the renunciation of Italian sovereignty, the Free Territory of Trieste shall be governed in accordance with a provisional regime to be established by the Security Council, which shall remain in force until such date as the Security Council shall fix for the coming into force of a permanent Statute which shall have been approved by it. The Free Territory shall thenceforth be governed by the provisions of such permanent Statute.*

5. *The Free Territory of Trieste shall not be considered as ceded territory within the meaning of Article 13 and Annex 3 of the present treaty.*

French Proposal (to the Political and Territorial Commission for Italy).

The Commission,

I. *Having taken note of the report of the Sub-Commission on the Statute of the Free Territory of Trieste,*

Approves those provisions in the draft Statute on which unanimous agreement has been reached by the Sub-Commission.

II. *Approves paragraphs 2, 4 and 6 of the decision of the Council of Foreign Ministers of July 3, 1946, which appears under Article 16 of the Draft Peace Treaty.*

III. *And in order to facilitate the elaboration by the Council of Foreign Ministers of the Permanent Statute, the Free Port Regime, and the Provisional Regime, the Commission*

Recommends that :

The principles contained in these paragraphs should be expanded in the Permanent Statute as follows:

1. The integrity and independence of the Free Territory is assured by the Security Council. This responsibility implies that the Council shall:

- a. ensure the observance of the Permanent Statute and in particular protect the basic human rights of the inhabitants.*
- b. assure the public order and security in the Free Territory.*

2. The Free Territory shall be demilitarized. No armed forces, except upon direction of the Security Council, shall be allowed in the Free Territory.

3. In conformity with the principle that the legislative and executive authority of the Free Territory shall be established on democratic lines, the Permanent Statute of the Free Territory shall provide for the creation of a popular Assembly elected on the basis of proportional representation by means of a universal, direct, equal and secret suffrage, and a Council of Government formed by and responsible to the Assembly.

4. By reason of the responsibilities imposed upon the Security Council in the Free Territory it is inevitable that certain limitations shall be imposed upon the Powers of the popular Assembly and the Council of Government. These limitations result from the rights now conferred upon the Governor, subject to any modification which the Security Council may subsequently determine.

5. The Governor shall be appointed by the Security Council after consultation with Yugoslavia and Italy. He shall be the representative of the Security Council in the Free Territory, and shall in particular have the duty of supervising the observance of the Statute.

6. In matters which in his view affect the responsibilities of the Security Council as defined in paragraph 1 above the Governor shall have the right to propose legislation to the popular Assembly and to prevent the entry into force of legislative measures subject to reference to the Security Council if the popular Assembly does not accept his views and recommendations.

7. In the meetings of the Council of Government, the Governor shall express his views on all matters affecting his responsibilities.

8. The primary responsibilities of the Governor would be:

- a. The maintenance of public order and security.*
- b. The conduct of foreign relations in the closest liaison with the elected authorities of the Territory.*
- c. The appointment of the judiciary on the advice of the Council of Government and, subject to safeguards to be established by the Con-*

stitution, the removal of members of the judiciary for conduct incompatible with their judicial office.

9. *When as a result of exceptional circumstances, the independence and integrity of the Free Territory, public order and security, or the human and civic rights of the inhabitants are endangered, the Governor may take all necessary measures subject to his making an immediate report to the Security Council. Under the same reservation he may proclaim a state of siege.*

10. *Citizenship:*

a. *Domicile in the Free Territory on June 10th, 1940, as provided in Article 13 of the Peace Treaty with Italy shall be the qualification for original citizenship of the Free Territory.*

b. *The conditions for the acquisition of citizenship by persons not qualifying for original citizenship shall be determined by the Assembly of the Free Territory and embodied in the Constitution.*

11. *Free port and economic questions.*

a. *A Free Port Regime is desirable irrespective of whether or not it is ultimately decided that the whole Territory shall be a Free Customs Zone.*

b. *The establishment of special zones under the exclusive jurisdiction of any country is incompatible with the status of the Free Territory and of the Free Port.*

c. *Freedom of transit shall be assured to goods and means of transport between the Free Port and the States which it serves, without any discrimination and without customs or fiscal charges, by the States whose territories are traversed.*

d. *Economic union or associations of an exclusive character with any State are incompatible with the status of the Free Territory.*

Provisional Government

a. *From the date of the entry into force of the Treaty of Peace until the entry into force of the Permanent Statute, the Provisional Government of the Free Territory will be organized by the Security Council which in particular will appoint a Governor and define his powers.*

b. *The Security Council shall fix the date or dates for the withdrawal of foreign troops stationed in the Free Territory.*

IV. *The Commission recommends that the Council of Foreign Ministers gives an opportunity to a representative of the People's Federative Republic of Yugoslavia to present his views before final decision is reached.*

The Commission likewise recommends that a representative of Italy be heard by the Council of Foreign Ministers.

U. S. S. R. Proposal (points 5 and 6).

5. *The Governor shall be responsible for the observance of the Statute of the Free Territory.*

6. *Legislative authority shall be exercised by a popular assembly elected by means of universal, equal, direct and secret suffrage, irrespective of sex, on the basis of proportional representation.*

ARTICLE 18

Italy renounces in favour of China all benefits and privileges resulting from the provisions of the final protocol signed at Peking on September 7, 1901 and all annexes, notes and documents supplementary thereto, and agrees to the *abrogation of the said protocol, annexes, notes and documents in respect of Italy*. Italy likewise renounces any claims thereunder to an indemnity.

ARTICLE 19

Italy agrees to the *cancellation of the lease from the Chinese Government under which the Italian Concession at Tientsin was granted*, and to the transfer to the Chinese Government of *any property and archives belonging to the municipality of the said Concession*.

ARTICLE 20

Italy renounces in favour of China the rights accorded to Italy in relation to International Settlements at Shanghai and Amoy and agrees to the *reversion of the said Settlements, to the administration and control of the Chinese Government*.

ARTICLE 23

Italy formally renounces in favour of Albania, all property (apart from normal diplomatic and consular premises), rights, *concessions*, interests and advantages of all kinds acquired before or after 1939, by the Italian State or *its parastatal institutions* in Albania, or belonging to them. Italy also renounces all claims to special interests or influence in Albania, *which she acquired as the result of the aggression of April 7, 1939, or which may have been granted to her under earlier bilateral instruments*.

Other Italian property and other economic relations between Albania and Italy will come under the economic clauses of this Treaty applicable to the Allied or Associated Powers.

ARTICLE 28

Paragraph 1:

Italy formally renounces in favour of Ethiopia all property (apart from normal diplomatic or consular premises) rights, interests and ad-

vantages of all kinds acquired at any time in Ethiopia by the Italian State, *as well all parastatal property as defined in paragraph 1 of Annex 3 to the present Treaty.*

Paragraph 2: without modification.

ARTICLE 31

Within 18 months following the entry into force of the present Treaty, Italy will restore all Ethiopian works of art, religious objects, archives and objects of historical value removed from Ethiopia to Italy since October 3, 1935.

The date from which the provisions of the present Treaty shall become applicable as regards all measures and facts of any kind whatsoever entailing the responsibility of Italy or of Italian nationals towards Ethiopia, shall be held to be on October 3, 1935.

ARTICLE 38

Paragraph 1:

1. Italy shall take *all* necessary steps to ensure the apprehension and surrender for trial of:

(The rest remains unchanged.)

ARTICLE 40

Paragraph 1, sub-paragraphs *a* and *c*: without modification.

Paragraph 1, sub-paragraph *b*:

This system is deemed to comprise only artillery and infantry fortifications whether in groups or separated, pillboxes of any type, *protected accommodation for personnel, stores and ammunition*, observation posts and military cableways, whatever may be their importance and actual condition of maintenance or state of construction and which are constructed of metal, masonry or concrete or excavated in the rock.

Paragraph 2, 3 and 4: without modification.

ARTICLE 41

Paragraph 1, sub-paragraphs *a* and *c*: without modification.

Paragraph 1, sub-paragraph *b*:

These fortifications and installations are deemed to comprise only artillery and infantry fortifications whether in groups or separated, pillboxes of any type, *protected accommodation for personnel, stores and ammunition*, observation posts and military cableways, whatever may be their importance and actual condition of maintenance or state of construction and which are constructed of metal, masonry or concrete or excavated in the rock.

Paragraphs 2, 3, 4 and 5 without modification.

ARTICLE 42

The word "completely" is to be deleted before the word "demilitarized".

ARTICLE 44

Italy shall not possess, construct or experiment with (i) *any atomic weapon* (ii) any self-propelled or guided missiles or apparatus connected with their discharge (*other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty*) (iii) any guns with a range of over 30 kilometers (iv) sea-mines or torpedoes of non-contact types actuated by influence mechanisms (v) any torpedoes capable of being manned.

ARTICLE 46a (new article)

In no case shall any officer or non-commissioned officer of the former Fascist Militia or of the former Fascist Republican Army be admitted with officer's or non-commissioned officer's rank to the Italian Army, Navy, Air Force or Carabinieri, with the exception of such persons as have been exonerated by the appropriate body in accordance with Italian law.

ARTICLE 46b (new article)

The total number of heavy and medium tanks in the Italian Armed Forces shall not exceed 200.

ARTICLE 47

1. *The present Italian Fleet shall be reduced to the units listed in Annex 4 A.*

2. *Additional units not listed in Annex 4, and employed only for the specific purpose of minesweeping, may be retained until the end of the minesweeping period as determined by the International Central Board for Mine Clearance of European Waters, but are to be handed over to their owners or to be demilitarised, with a view to civilian use, within two months of the end of the said period.*

ARTICLE 49

1. Italy shall effect the following disposal of submarine and non-operational *naval vessels*. Time-limits specified below should be taken as commencing with the coming into force of the present Treaty.

a. *Surface naval vessels* afloat not listed in Annex 4, including *naval vessels* under construction afloat, shall be *destroyed or scrapped for metal within nine months*.

b. *Naval vessels* under construction on slips shall be destroyed or scrapped for metal within *nine* months.

c. Submarines afloat and not listed in Annex 4 B shall be sunk in the open sea in a depth of over a hundred fathoms within three months.

d. *Naval vessels* sunk in Italian harbours and approach channels, in obstruction of normal shipping, shall be destroyed by demolition, or may be salvaged and subsequently *destroyed or scrapped for metal* within two years.

e. *Naval vessels* sunk in shallow Italian waters, not in obstruction of normal shipping, shall, within one year, be rendered incapable of salvage.

f. *Naval vessels* capable of reconversion, which do not come within the definition of war material and which are not listed in Annex 4, may be reconverted to civilian uses or are to be demolished within two years.

ARTICLE 50

1. No battleship shall be constructed, acquired *or replaced* by Italy.

5. Italy undertakes not to acquire or lay down any war vessels before January 1, 1950, except as necessary to replace any ship, *other than a battleship*, accidentally lost, in which case the displacement of the new ship is not to exceed by more than 10% the displacement of the ship lost.

6. The terms used in this Article are, *for the purposes of the present treaty*, defined in Annex 5 A.

ARTICLE 51

Paragraph 1: without modification.

Paragraph 2:

During the period of minesweeping due to the war, Italy shall be authorised to employ for this purpose an additional number of officers and men not to exceed 2,500, such period to be determined by the International *Central Board for Mine Clearance of European Waters*.

ARTICLE 62a (new article)

As from the entry into force of the treaty Italy will be invited to join the Mediterranean Zone Board of the International Organisation for Mine Clearance of European Waters, and she undertakes to maintain at the disposal of the Central Mine Clearance Board the whole of her minesweeping forces until the end of the post-war mine clearance period, as determined by the Central Board.

ARTICLE 64

A. REPARATION FOR U.S.S.R.

2c.

Italian current industrial production, including production by extractive industries.

6 (new paragraph).

The basis of calculation for the settlement provided in this article will be the U.S. dollar at its gold parity on July 1, 1946, i.e. 35 dollars for one ounce of gold.

B. REPARATIONS FOR ALBANIA, ETHIOPIA, GREECE AND YUGOSLAVIA

1. *Italy shall pay reparation to the following countries:*

- *Albania in the amount of \$* million;
- *Ethiopia in the amount of \$* million;
- *Greece in the amount of \$* million;
- *Yugoslavia in the amount of \$* million.

These payments shall be made during a period of 7 years from the date of the coming into force of this treaty. Deliveries from current industrial production shall not be made during the first two years.

2. *Reparation shall be made from the following sources:*

a. A share of the Italian factory and tool equipment designed for the manufacture of war implements which is not required by the permitted military establishments and is not readily susceptible of conversion to civilian purposes and which is removed from Italy pursuant to Article 58 of this treaty.

b. Italian current industrial production, including production by extractive industries.

*c. All other categories of capital goods or services, including either or both of the passenger vessels *Saturnia* and *Vulcania* if, after their value has been determined by the method indicated in paragraph 6 below, they are claimed within 90 days by one of the countries indicated in paragraph 1, part B of this Article, but excluding Italian assets subject by virtue of Article 69 to the jurisdiction of the powers enumerated in paragraph 1 of part B of this Article. Payments effected under this paragraph may include seeds.*

3. *The quantities and types of goods and services to be delivered shall be the subject of agreements between the Italian Government and the beneficiary Governments, and shall be selected and deliveries scheduled in such a way as to avoid interference with the economic reconstruction of Italy and the imposition of additional liabilities on other Allied and Associated Powers.*

4. *The Governments beneficiary of reparation from current industrial production shall furnish to Italy on commercial terms the mate-*

rials which are normally imported into Italy and which are needed for the production of these goods. Payments for these materials shall be made by deducting the value of the materials furnished from the value of the goods delivered.

5. *The basis for calculating the settlement provided in this Article will be the United States dollar at its gold parity on the 1st July, 1946, i.e. 35 dollars for one ounce of gold.*

6. *The Four Ambassadors shall determine the value of the Italian assets to be transferred to the countries referred to in paragraph 1, Part B of this Article.*

7. *Claims of the Powers mentioned in paragraph 1 of Part B of this Article in excess of the reparations allocated under the same paragraph, shall be satisfied out of the Italian assets subject to their respective jurisdictions under Article 69 of this Treaty.*

C. SPECIAL PROVISION FOR EARLIER DELIVERIES

With respect to deliveries of current industrial production, capital goods and services such as those provided in Part A, subparagraph 2c, and in Part B, paragraph 2, subparagraphs b and c, nothing in either Part A or Part B of the present Article shall be deemed to prevent deliveries during the first two years, if such deliveries are made in accordance with agreements between the Italian Government and beneficiary government.

D. REPARATIONS FOR OTHER POWERS

1. *Claims of the other Allied and Associated Powers shall be satisfied out of the Italian assets subject to their respective jurisdictions, under Article 69 of this Treaty.*

2. *Claims of countries receiving ceded territories in application of the present Treaty which are not mentioned in part B of the present article, shall also be satisfied out of the ownership interests of Italian nationals, including both natural and juridical persons, resident in Italy, in companies of ceded territories engaged in the following services: water, gas, electricity and transport.*

The Italian interests thus transferred shall remain subject to all charges and liens held by natural or juridical persons not of Italian nationality.

ARTICLE 65

Paragraph 1:

Italy accepts the principles of the United Nations Declaration of January 5, 1943, and will return *in the shortest possible time* property removed from United Nations territories.

Paragraph 9 (*new paragraph*):

If in particular cases, it is impossible for Italy to make restitution of objects of artistic, historic or archeological value belonging to the cultural heritage of the United Nation from which such objects were removed by force or duress by Italian forces, authorities or nationals, Italy undertakes to transfer to the United Nation concerned objects of the same kind as, and of substantially equivalent value, to the objects removed, in so far as such objects are obtainable in Italy.

ARTICLE 66

Add following subparagraph :

This provision is without prejudice to the application of Article 69 and of Annex 3.

ARTICLE 67

Paragraph 2 (*new paragraph*) :

Italy agrees to take all necessary measures for facilitating such transfers of German assets in Italy as may be determined by those of the Powers occupying Germany which are empowered to dispose of German assets in Italy.

ARTICLE 68

Paragraph 4 c and d (*new text*).

c. Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Italy but shall be subject to the foreign exchange control regulations which may be in force in Italy from time to time.

d. The Italian Government shall grant United Nations nationals an indemnity in lire sufficient to compensate, at the date of payment, the losses and damage due to the special measures applied to their property during the war, and which were not applicable to Italian property.

ARTICLE 69

Paragraph 4 :

The words "literary or artistic" are to be deleted after the word "industrial" on lines 2 and 7 of the English text.

Paragraph 4a (*new paragraph*) :

4. a. Italian submarine cables linking points in Yugoslavia shall be deemed to be Italian property in Yugoslavia, despite the fact that lengths of these cables may lie outside the territorial waters of Yugoslavia.

b. Italian submarine cables linking a point in the territory of an Allied or Associated Power with a point in Italian territory shall be deemed to be Italian property within the meaning of this Article, so far as concerns the terminal facilities and the lengths of cables lying within territorial waters.

Paragraph 5*b* :

Property belonging to religious bodies or private charitable institutions and used *exclusively* for religious or charitable purposes.

Paragraph 5*e* :

Literary and artistic property rights.

ARTICLE 70

Paragraph 3 (*new paragraph*) :

The Allied and Associated Powers declare that the rights attributed to them under Articles 64 and 69 of this treaty cover all their claims and those of their nationals for loss and damage due to acts of war, including measures due to the occupation of their territory, attributable to Italy and having occurred outside Italian territory, with the exception of claims based on Articles 65 and 68.

ARTICLE 71

Paragraph 1, subparagraph *c* (civil aviation) :

It is further understood that this paragraph shall not apply to civil aviation but that Italy will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic, will afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Italian territory, and with regard to the operation of civil aircraft in international traffic will grant, on a reciprocal and non-discriminatory basis to all United Nations, the right to fly over Italian territory without landing or to land for non-commercial purposes.

*2. Or retain without deletion or addition the text proposed by the United States Delegation as an addition to sub-paragraph *c*.*

ARTICLE 72 (*new text*)

a. Whenever the execution of the provisions of the present Treaty so requires, a Mixed Arbitral Tribunal for the settlement of disputes arising under Articles 65 or 68 or Annexes 6, 7 or 8 shall be established at the request of any of the Allied and Associated Powers or Italy. Each of these Tribunals shall be composed of three members. Within two months after the date of such request, each of the Governments concerned shall designate one member. The President shall be selected, from among the nationals of a third power, by agreement between the two governments concerned. In the absence of such agreement, either government may request the President of the International Court of Justice, to designate the third member of the Mixed Arbitral Tribunal.

In the event of the death or resignation of a member of the Tribunal, or his inability for any reason to perform his functions, the same procedure shall be followed for his replacement as was followed in making the initial appointment.

The decision of the majority of the members shall be the decision of the Tribunal.

b. When any Mixed Arbitral Tribunal is established under paragraph a, it shall have jurisdiction over all disputes which may thereafter arise between the Allied or Associated Power concerned and Italy in the application or interpretation of Articles 65 and 68 and Annexes 6, 7 and 8 of the present Treaty, and shall perform the functions attributed to it by those provisions.

c. Each Mixed Arbitral Tribunal shall determine its own procedure, adopting rules conforming to justice and equity. It shall have the power to determine the amounts to be paid by the losing party as costs and expenses of proceedings.

d. Each government shall pay the salary of the member of the Mixed Arbitral Tribunal whom it appoints and of any agent whom it may designate to represent it before the Tribunal. The salary of the President shall be fixed by special agreement between the governments concerned and this salary, together with the common expenses of each Tribunal, shall be paid in equal shares by the two governments.

e. The Contracting Parties undertake that their courts and authorities shall furnish directly to the Mixed Arbitral Tribunals all assistance which may be within their power, especially with respect to the forwarding of notifications and the collection of evidence.

f. The Contracting Parties agree to consider the decisions of the Mixed Arbitral Tribunal as definitive and to render them binding upon their nationals.

g. The seat of the Mixed Arbitral Tribunal shall be chosen by agreement between the two governments concerned. In the absence of such agreement the seat shall be chosen by the President of the Mixed Arbitral Tribunal.

ARTICLE 73

Articles 65, 68, 71 and Annex 8 of the present Treaty shall apply to the Allied and Associated Powers and to those of the United Nations which have broken diplomatic relations with Italy or with whom Italy has severed diplomatic relations. These Articles and Annex shall also apply in the case of Albania and Norway.

ANNEX 1

Note.

The Conference assumed that adequate and sufficiently detailed maps corresponding to the various territorial clauses will be annexed to the Treaty.

ANNEX 1a

DETAILED DESCRIPTION OF THE SECTIONS OF THE FRANCO-ITALIAN FRONTIER WHICH CORRESPOND TO THE MODIFICATIONS PROVIDED FOR UNDER ARTICLE 2

LITTLE SAINT-BERNARD-PASS

Reference: 1/20,000 map, Sainte-Foy Tarentaise 1-2.

The new frontier follows a line which starts from the rocky ridge of Lance-branlette, then, descending towards the east, follows the line of the watershed to the 2,180 metre level, whence it passes to the Colonna Joux (2188). From there, still following the line of the watershed, it reascends on to Costa del Belvedere, the rocky outcrops of which it follows, climbs Mt-Belvedere, skirting its summit and leaving the latter in French territory 120 metres away from the frontier and, passing through points 2570, 2703, Bella Valetta and point 2746, it rejoins the old frontier at Mt-Valaisan.

MONT-CENIS PLATEAU

Reference: 1/20,000 maps of Lanslebourg 5-6 and 7-8 and of Mont-d'Ambin 1-2.

The new frontier follows a line which leaves the old frontier at Mt-Tour, follows westwards the administrative boundary shown on the map, follows the T. Vitoun as soon as it meets it on its northern branch and descends along it as far as Rca della Torretta.

Then following the line of rocky outcrops, it reaches the stream coming from the Alpe Lamet and descends with it as far as the base of the rocky escarpment along which it runs for about 800 metres as far as the thalweg at a point situated about 200 metres north of point 1805.

Then it mounts to the top of the landslips which overlook Ferrera Cenisio about 300 metres away and, continuing westward, meets the road which skirts the east of Rne Paradiso 400 metres west of the loop (1854), leaving it immediately and bending southward.

It cuts the Bar Cenisia road at a point about 100 metres southeast of Refuge 5, crosses the thalweg in the direction of Lago S. Giorgio, follows contour 1900 for some distance up as far as point 1907, then skirts the southern side of Lago d'Arpon and rejoins the rocky ridge on which it remains in a southwesterly direction as far as the confluence of the streams coming from the Bard glacier (Ghicciajo di Bard) at a point approximately 1,400 metres southwest of Lago d'Arpon.

From there, bending southwards, it follows contour 2500 more or less, goes as far as point 2579 then, running along contour 2600, it reaches the Lago della Vecchia and rejoins, at the administrative boundary marked on the map about 700 metres southeast of the lake, the Pso d'Avanza path, which it follows along the rocky escarpments to

the old frontier, half-way between the Col de la Vecchia and the Col de Clapier.

MONT-THABOR

Reference: 1/20,000 maps of Nevache 1-2, 5-6 and 7-8.

From Cime de la Planette to Rocher de Guion (Cima del Sueur).

The new frontier follows a line which leaves the old frontier at Cime de la Planette and, proceeding southwards, follows the ridge through points 2980, 3178 Rea Bernaude (3228), points 2842, 2780, 2877, Pso della Gallina (2671), points 2720, 2806 and Pta Quattro Sorelle (2700).

Descending the eastern slope of this summit, the line leaves in French territory the point marked 2420, whence it rejoins and follows on the east of the path leading to the buildings situated about 200 metres from point 2253, this path and these buildings being left in French territory. It then enters a thalweg, passing about 300 metres northeast of point 1915, whence it reaches the northwestern edge of the reservoir which, in the Vallee Etroite (Valle Stretta) feeds the hydro-electric installations of Sette Fontane, leaving this reservoir and these installations in Italian territory. Skirting the reservoir on the south, it reaches the crossroads at point 1499.

Thence it follows the path which hugs the edge of the woods along contour 1500 and which leads it to Comba della Gorgia near the 1580 contour; then it ascends the thalweg to point 1974 and joins the edge of the rocky escarpments of La Sueur as marked by points 2272, 2268, 2239, 2266, 2267, remaining on this edge until it meets the old frontier, the crest of the rocks and the path bordering it remaining in French territory.

CHABERTON

Reference: 1/20,000 maps of Briançon, Nos. 3-4.

The new frontier follows a line which leaves the old frontier at point 3042 (north of point 3070 and north of Pointe des Trois Scies) and follows the rocky ridge as far as Croco del Vallonetto.

From the Croco del Vallonetto it bends towards the South and along the rocky ridge, meets the Chaberton road at the point where the latter enters the cirque of the "Clot des Morts".

Crossing this road and the thalweg which borders it, the line more or less follows (for 1250 metres) contour 2300 which, on the ground, follows to the south-southwest a series of rocky outcrops and debris, then it cuts straight across the eastern slope of Mt-Chaberton, reaches a point about 400 metres west of point 2160 leaving in French territory the intermediate pylon of the cable railway which stands there.

Then it proceeds in a straight line, across a series of rocky barriers

and steep ravines, towards the position (not marked on the map) of La Fontaine des Chamois, near point 2228 (about 1 km. 400 metres northeast of Clavières) which it skirts to the east, following the second bend of the road joining this position with the fortified barracks of Chaberton (on the road from Cézanne to Clavières leaving the fortifications at La Fontaine des Chamois in French territory).

Thence following first in a southerly direction the communal boundary marked on the map, and then the rocky barrier about 400 metres north of the Clavières-Cézanne (Cesana) road, it bends towards the southwest, passing along the foot of the rocky cliffs, sufficiently far from the latter to allow the construction of a double-track road.

Skirting in this way to the north the village of Clavières, which is left in Italian territory, it meets the Rio Secco about 200 metres upstream from the Clavières bridge and follows down its course, then that of the Doire Ripaire (Doria Riparia) as far as the road from Clavières to Val Gimont, which is left to Italy, and follows this road as far as the bridge over the Gimont.

Proceeding up the course of the latter, for about 300 metres, the line then leaves it and follows the mule-track which takes it to the upper pylon of the Clavières cable railway (Col du Mont Fort du Bœuf), which is left in French territory. Then, following the ridge, it rejoins the present frontier at Mont la Plane, frontier post 251. The road in the valley of the Gimont is left in Italian territory.

UPPER VALLEYS OF LA TINÉE, LA VÉSUBIE AND LA ROYA

1. *From Cime de Colla Longa to La Cima di Mercantour.*

References: 1/20,000 maps of St-Etienne-de-Tinée 3-4 and 7-8, Les Trois Points 5-6.

The new frontier follows a line which leaves the old frontier at Cime de Colla Longa and proceeding eastwards and following the line of the watershed, skirts the rocky ridge, passing through points 2719, 2562, Cle di Seccia, reaches at point 2760 the Testa dell'Autaret, passes to point 2672, to the Cle della Guercia (2456) and through points 2640, 2693, 2689, reaches Le Rocche di Saboule and follows the northern ridge thereof.

Following the ridge, it passes through points 2537, 2513, Pso del Lausfer (2461) and point 2573 to Testa Auta del Lausfer (2587) whence it bends southwards as far as Testa Colla Auta, passing Cima del Lausfer (2544), and leaving the latter point in Italy.

Thence through point 2484, and along the ridge path which is left in French territory, through points 2240 and 2356, it crosses the Passo di S. Anna, and passing through points 2420 and 2447 it reaches a point about 80 metres south of point 2378 (Cima Moravacciera).

Following the ridge path left in French territory, it passes through Testa Ga del Caval and point 2331, both left in French territory, then leaving the path it continues on the ridge of Testa del'Adreck (2475) and through Cle della Lombarda and point 2556 and arrives at Cima della Lombarda (2801).

Bending southeastwards, it then follows the rocky ridge and passing through Pso di Peania, Cima di Vermeil, point 2720 left in French territory, Testa Cba Grossa (2792), Pso del Lupo (2730) and point 2936, reaches Mt-Malinvern.

Thence, in a southerly direction, through points 2701, 2612 and Cima di Tavel (2804), then in an easterly direction through point 2823, it reaches Testa del Claus (2889).

Then, bending in a general southeasterly direction, it crosses Passo delle Portette, passes to point 2814, to Testa delle Portette, to point 2868, to Testa Margiola (2831) to Caire di Prefouns (2840) to Passo del Prefouns (2620), to Testa di Tablasses (2851) to Passo di Bresses (2794), to Testa di Bresses (2820) and passing through Cima di Fremamorta (2731), Cle Fremamorta, point 2625, point 2675, and point 2539, Cima di Pagari (2686), Cima di Naucetas (2706), points 2660 and 2673, Cle di Ciriegia (2581) reaches Cima di Mercantour (2775).

2. *From Cima di Mercantour to Mt-Clapier.*

References: 1/20,000 map, Le Trois Points 5-6 and the Italian 1/20,000 map, Madonna delle Finestre.

From the Cima di Mercantour, it proceeds through point 2705, Cle Mercantour (2611), Cima Ghilie (2998), points 2939 and 2955, Testa della Rovina (2981), points 2844 and 2862, Paso della Rovina, the Caire dell' Agnel (2935, 2867, 2784), Cima del Caire Agnel (2830), Cima Mallariva (2860), Cima Cairas (2831), Cima Cougourda (2881, 2921), Cima del Gaisses (2896), points 2766, 2824, Cima del Lombard (2842), points 2831, 2717, 2591, 2600 and 2582, Beccia Forno, Cima delle Finistre (2657), Col delle Finestre, points 2634, 2686 and 2917 and reaches Cima dei Gelas (3143) then through point 3070 to Cima della Maledia (3061), from whence it skirts the Passo del Pagari (2819) path and then, following the communal boundary shown on the map, it reaches the Paso di Mt-Clapier (2827), winds round the north and east of Mt-Clapier (3045) along the administrative boundary shown on the map.

3. *From Mt Clapier to Cle di Tenda.*

Reference: Italian 1/20,000 map: Madonna delle Finestre and Colle di Tenda.

From Mt. Clapier, the line follows the administrative boundary represented on the map by points 2915, 2887, and 2562, the Passo dell' Agnel and point 2679, up to Cima dell' Agnel (2775).

The line then bears eastward, still adhering to the administrative boundary represented on the map by points 2845 and 2843 of the Rce dell' Agnel; it then reaches the Cima della Scandeiera (2706) crosses the Cle del Sab, proceeds over points 2373, 2226, 2303 and 2313 to Cima del Sabbione (2610), point 2636, Pta Peirafica, points 2609, 2585, 2572, 2550 and reaches Rca dell' Abisso (2755).

The line still continues along the administrative boundary marked on the map up to the east of point 2360, then skirts the rocky outcrops north of the Rne Pian Misson, from whence it reaches the Mt. Becco Rosso path to the north of points 2181, 2116 and 1915 and then skirts the road for approximately 1 km. northward before rejoining the above-mentioned path up to the Colle di Tenda. The path and the section of highway mentioned above remain in French territory.

4. *From the Colle di Tenda to the Cima Missun.*

Reference: Italian 1/20,000 map: Tenda and Certosa di Pesio.

From the Tenda Passo the line, leaving the path in French territory, proceeds to points 1887 and 2206, then branches off the path to follow along the ridge the administrative boundary shown on the map, then passing through point 2262 reaches the Cima del Becco (2300).

Bearing northward and along the administrative boundary shown on the map it reaches the Col della Perla (2086) then follows the path which skirts the rocky outcrop in the Cima del Cuni to the Col della Boaira, where it leaves it to follow the ridge to the north. The above-mentioned path remains in French territory.

Skirting the rocky outcrop, it proceeds to point 2275, reaches the Testa Ciaudon (2386) skirts the rocky escarpments, crosses the Colla Piana (2219) and reaches point 2355 of Mt. Delle Carsene which is left on French soil, then it follows the northern ridge of this mountain over the Pta Straldi (2375), points 2321 and 2305 up to Pso Scarason, then swerves northward up to point 2352, where it meets the administrative boundary shown on the map and follows this boundary through points 2510 and 2532 up to Pta Marguareis.

Deviating southward it then follows the ridge, passes point 2585 and passing down the rocky crest, reaches the Colle del Lago dei Signori.

Following the path on the summit, which is left in French territory, then running along the crest proper, it comes to the Cima di Pertega (2402), passes along the rocky ridge down to the Cle delle Vecchie (2106) whence it follows the summit path, which it leaves in French territory, through points 2190, 2162, the Cima del Vescovo (2257) and the Cima di Velega (2366) up to Mt. Bertrand.

From Mt. Bertrand (2481) it follows the administrative boundary shown on the map up to the Cla Rossa, where it rejoins the summit path which it then skirts passing through points 2179 and 2252 up to the Cima Missun (2356) then, winding round the east of this mountain summit, the line follows the above-mentioned path which remains in French territory.

5. *From the Cima Missun to the Col de Pegairole.*

References: Points de Lugo maps 1-2 and 5-6 (Scale 1/20.000).

Following the same summit path, the line crosses the Cla Cravirora and passes east of point 2265 to Pta Farenga. It then leaves the path and winds round Cima Ventosa to the east, after which it joins the Passe di Tanarello path and leaves in France the constructional works beside this path. The line then passes along Mt. Tanarello, crosses the Passo Basora (2038), skirts Mt. Saccarello which is left approximately 300 m. to the westward, then following first the rocky ridge and then the path up to Pso de Collardente it reaches the ridge which leads up to Mt. Collardente, leaving point 1762 on French territory. At this point it skirts a path which is left in Italian territory and comes to Mt. Collardente, leaving the path which crosses it on French soil and then follows this path through the Bassa di Sanson east and south of point 1789 up to the constructional works, situated approximately 500 metres east of the Testa della Nava (point 1934) which are left in French territory.

When it reaches these works, it leaves the road, rejoins at the ridge the road along the Testa della Nava ridge which remains in French territory, and follows it as far as the works to the south-east of the Cima di Marta or Mt. Vacche, skirting it from the east.

From there, passing along the ridge road left in French territory, it skirts Mt. Ceriana, leaves the road to reach Mt. Crai (2014) and joins it again at the Col (1875), follows it to skirt the Cima della Valletta and Mt. Pietravecchia as far as the rocky crest.

It then crosses the Cola dell' Ineisa, runs by way of the ridge and point 1759 to Mt. Toraggio (1972), then to the Cima di Logambon and the Cola del Corvo, skirts Mt. Bauso and Mt. Lega (1552, 1563 and 1556) and follows the ridge downwards to the Passo di Muratone.

Along the ridge road, left in French territory, it runs to Mt. Scaras-san, to the south of Mt. Battolino and of point 1358 and reaches Cla Pegairole.

6. *From Cla Pegairole to Mt. Mergo.*

References: Maps on the scale 1:20.000 of Pointe de Lugo 5-6 San Remo 1-2 and Menton 3-4.

From Cla Pegairole the line follows the administrative boundary which is marked on the map, leaving Cisterne to France, climbs Mt.

Simonasso, drops as far as the Col and follows the road to Margheria Suan which it leaves in French territory, the chalets remaining in Italian territory.

Continuing to follow the road, left in French territory, it passes to east of Testa D'Alpe to the Fontaine dei Draghi, to the springs at point 1406, to point 1297, skirts the Cella Sgora on the east, passes the points 1088, 1016 and 1026, crosses the rocky ridge of Mt. Colombin, follows the cantonal boundary shown on the map along the Cima di Reglio (846 and 858), departs from this cantonal boundary in a southwesterly direction to follow the ridge of the Serra dell' Arpetta (543, 474 and 416) down to the thalweg of the Roya, which it crosses about 200 metres northwest of the Bridge of Fanghetto.

The line then ascends the thalweg of Roya to a point situated about 350 metres from the above-mentioned bridge. It leaves the Roya at this point and bears southwest to point 566. From this point it bears west until it meets the ravine descending to Olivetta which it follows as far as the road, leaving the dwellings on this road in Italian territory, climbs the V. de Trono for about 200 metres and then turns towards point 410 as far as the road from Olivetta to San Girolamo. Thence it runs southeast along this road for about 100 metres and then bears generally southwest to point 403, running for about 20 metres along and to the south of the road marked on the map. From point 403, it follows the ridge of the Pta Becche as far as point 379, then again bearing southwest, crosses the T. Bevera, following the thalweg towards Mt. Mergo which it skirts on the south at about 50 metres from the summit (C. 686), left in French territory, and rejoins the old frontier at a point about 100 metres to the southwest of that summit.

ANNEX 2

Part IV.—*Supervisory Technical Commission.*

A Franco-Italian Supervisory Technical Commission comprising an equal number of French and Italian members shall be established to supervise and facilitate the execution of the foregoing guarantees which are designed to secure the same facilities as Italy enjoyed in respect of hydro-electric and water supplies from the Lake of Mont Cenis before the cession of this region to France. *It shall also be within the functions of the Supervisory Technical Commission to cooperate with the French technical services, in order to ensure that the safety of the lower valleys is not endangered.*

ANNEX 5

Part D (*New part*):

For the purpose of this Treaty the term "demilitarisation" shall be deemed to prohibit, in the territory and territorial waters concerned,

all naval, military and military air installations, fortifications and their armaments; artificial military, naval and air obstacles; the basing or the permanent or temporary stationing of military, naval and military air units; military training in any form; and the production of war materials. This does not prohibit internal security personnel restricted in number to meeting tasks of an internal character and equipped with weapons which can be carried and operated by one person, and the necessary military training of such personnel.

ANNEX 6

Part A, paragraph 4 (*New Text*):

The foregoing provisions concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Italy and its nationals. But nothing in these provisions shall entitle Italy or its nationals to more favourable treatment in the territory of any of the Allied and Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Italy be required thereby to accord to any of the Allied or Associated Powers or its nationals more favourable treatment than Italy or its nationals receive in the territory of such Power in regard to the matters dealt with in the foregoing provisions.

Paragraph 7 (*New Text*):

Italy shall extend the benefits of Section A of this Annex to United Nations, other than Allied or Associated Powers, whose diplomatic relations with Italy have been broken off during the war and which undertake to extend to Italy the benefits accorded to Italy under Section A of this Annex.

Part B (*New Text*):

1. *The Italian Government shall grant every facility to insurers who are nationals of the United Nations to resume possession of their former portfolios in Italy.*

2. *Should an insurer, being a national of any of the United Nations wish to resume his professional activities in Italy, and should the value of guarantee deposits or reserves required for the operation of insurance concerns in Italy be found to have decreased as a result of the loss or depreciation of the securities which constituted such deposits or reserves, the Italian Government undertakes to accept (for a period of three years) such securities as still remain as fulfilling the legal requirements in respect of deposits and reserves.*

ANNEX 7

Inapplicability of Annex 7 as Between the U.S. and Italy

Having regard to the legal system of the United States of America, the provisions of Annex 7 will not apply as between the United States of America and Italy.

II.—NEW ARTICLES AND MODIFICATIONS TO THE ARTICLES OF THE DRAFT TREATY WITH ITALY ADOPTED BY A SIMPLE MAJORITY

ARTICLE 64

Part B, Paragraph 3:

ADDITION SUBMITTED BY THE AUSTRALIAN DELEGATION.

1. *An Italian Reparation Commission shall be set up to co-ordinate and supervise the execution of the provisions of Part B of this Article.*

2. *a. The Italian Reparation Commission shall consist of one representative of each country entitled to reparations by virtue of part B of the present Article, and of one representative of the United States of America, France, the United Kingdom and the U. S. S. R. respectively.*

The Commission shall determine its own rules of procedure and decide upon its own organisation.

c. The administrative expenses of the Commission shall be met by the Italian Government.

d. The members and staff of the Commission shall enjoy such diplomatic privileges as may be necessary for the performance of their duties.

3. *a. The Commission shall co-ordinate and supervise the execution of the provisions of Part B of the present Article with regard to reparations levied from current production and industrial equipment.*

b. Each of the Governments entitled to reparations under Part B, before concluding the agreement with the Italian Government provided for in Part B, shall submit the proposed agreement to the Commission for approval. The Commission shall examine all such agreements in the light of the present Article, bearing in mind, more particularly, the need to avoid disputes and duplicate allocations in apportioning Italian production and resources to the various countries entitled to reparations under Part B.

c. Each of the Governments entitled to reparations shall submit to the Commission periodical reports on deliveries effected in accordance with the [agreements] approved by the Commission.

d. At the request and on behalf of any of the Governments entitled to reparations, the Commission may enter into negotiations with the Italian Government, or assume the executive role which may be entrusted to it by the Government concerned, in order to implement the provisions of Part B of the present Article or of any agreements concluded thereunder.

e. The Commission shall draw up an annual report to be circulated to each of the Allied and Associated Powers signing the present Treaty.

ARTICLE 68

Paragraph 4a and b (*new text*):

a. *The Italian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Italian Government compensation in lire to the extent of 75% of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favourable treatment with respect to compensation than that accorded Italian nationals.*

b. *United Nations nationals who have ownership interests, held directly or indirectly, in corporations or associations which are not United Nations nationals within the meaning of paragraph 8a of this Article, but which have suffered a loss by reason of injury or damage to property, shall receive compensation in accordance with subparagraph a above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.*

ARTICLE 71

Paragraph 1:

After the words: "The Italian Government shall", instead of: "during the 18 months", read "during the 3 years".

Paragraph 1. Sub-paragraph c, (State monopolies):

This paragraph shall not be deemed to confer on the United Nations, or their nationals, rights to engage in any branch of commerce, industry, shipping or other form of business activity which under Italian law is a monopoly of the Italian State. Nevertheless, the most-favoured-nation principle shall be observed in any such cases in which foreign participation is allowed.

ARTICLE 74 [BIS]

Adjunction of a new article 74 bis:

Italy renounces all participation in the International Financial Commission in Greece.

ARTICLE 77 a

"The provisions of the present treaty shall not confer any rights or benefits on any State named in the Preamble of the present treaty as one of the Allied and Associated Powers or on its nationals unless

such State becomes a party to the treaty by deposit of its instrument of ratification”.

III.—MODIFIED ARTICLES AND NEW PROPOSALS REFERRED TO THE
COUNCIL OF FOREIGN MINISTERS

ARTICLE 16

U. S. Proposal part b.

Italy and Yugoslavia undertake to give to the Free Territory of Trieste the guarantees set out in Annex 9.

ANNEX 3

Text of paragraph 1, subparagraph 1 as modified:

1. The Successor State shall receive without payment, Italian State and parastatal property within territory ceded to it under the present treaty, as well as all relevant archives *of an administrative character or historical value* concerning the territory in question.

ANNEX 13

(U. S. proposal)

Property and debt provisions relating to the Free Territory of Trieste

1. The Free Territory of Trieste shall receive, without payment to Italy, all property within the Free Territory owned by the Italian State or by Italian parastatal organizations and all rights and interests of the Italian State or of Italian parastatal organizations relating to property within the Free Territory. The Free Territory of Trieste shall also receive all relevant archives concerning the Free Territory and the Free Port.

The following are considered as State parastatal property for the purposes of this Annex: movable and immovable property of the Italian State, of local authorities and of public institutions and publicly owned companies and associations, as well as movable and immovable property formerly belonging to the Fascist Party or its auxiliary organizations.

2. The Free Territory of Trieste shall not be required to assume pecuniary obligations of the Italian State or its agencies, except to the extent that specific Italian State or parastatal properties transferred to the Free Territory, or the revenues therefrom, have been hypothecated as security for such obligations. Any such hypothecated properties or revenues shall continue to be security for the obligations assumed by the Free Territory of Trieste.

3. Special arrangements shall be concluded between Italy and the Free Territory of Trieste to govern the conditions under which the obligations of Italian public or private social insurance organizations towards the inhabitants of the Free Territory of Trieste and a pro-

portionate part of the reserves accumulated by the said organizations shall be transferred to similar organizations of the Free Territory.

4. Natural persons who opt for Italian or Yugoslav nationality and move to Italy or Yugoslavia shall be permitted, after the settlement of any debts or taxes due from them in the Free Territory of Trieste, to take with them their movable property and, where necessary, to transfer their funds, provided such property and funds were lawfully acquired. No export or import duties will be imposed in connection with the moving of such property. Further they shall be permitted to sell their movable and immovable property under the same conditions as nationals of the Free Territory of Trieste.

The removal of property to Italy or Yugoslavia will be effected under conditions and within the limits agreed upon between Italy or Yugoslavia and the Free Territory of Trieste.

The conditions and time periods of the transfer of funds, including the proceeds of sales, shall likewise be agreed.

5. Debts owed by persons in Italy or in territory ceded to Yugoslavia to persons in the Free Territory of Trieste or by persons in the Free Territory of Trieste to persons in Italy or in territory ceded to Yugoslavia shall not be affected by the establishment of the Free Territory. Italy, Yugoslavia and the Free Territory of Trieste undertake to facilitate the settlement of such obligations. As used in this paragraph, the term "persons" includes juridical persons.

6. The properties in the Free Territory of Trieste of United Nations and their nationals, if not already freed from Italian measures of sequestration or control and returned to their owners, shall be returned in the condition in which they now exist.‡

7. The provisions of paragraph 1, 2, 5 and 6 of Article 65, Article 66, Article 67, paragraph 3 of Article 68 and Article 70 shall be deemed to be parts of this Annex for the purpose of their application to the Free Territory of Trieste in like manner as to Italy.

CFM Files

Record of Recommendations by the Conference on the Draft Peace Treaty With Rumania

I. By a majority of two thirds or more.

a. Articles of the Draft Peace Treaty with Roumania drawn up by the Council of Foreign Ministers adopted *without modification*.

Article 1.
Article 2.
Article 3.

Article 4.
Article 5.
Article 6.

‡ The question of compensation by Italy in case restoration of property is impossible should be studied in relation to the appropriate provisions of the treaty. [Footnote in the source text.]

Article 7.
 Article 8.
 Article 9.
 Article 10.
 Article 11.
 Article 12.
 Article 13.
 Article 15.
 Article 16.
 Article 17.
 Article 18.
 Article 19.
 Article 20.
 Article 21.
 Article 22.

Article 23.
 Article 24, §§ 3, 5, 6, 7, 8a, 8b.
 Article 25.
 Article 26, §§ 1, 2, 3, 5a, 5b, 5c, 5d.
 Article 29, §§ 1, 2, 4, 5.
 Article 30, §§ 1a and b.
 Article 33.
 Article 35.
 Article 37.
 Article 38.
 Annex I, map of boundaries.
 Annex II and III, military clauses.
 Annex IV, section A, §§ 1, 2, 3, 5, 6,
 8.
 Annex VI, section A.

b. Articles of the Draft Peace Treaty with Roumania drawn up by the Council of Foreign Ministers adopted *with modifications*.

Preamble to the Treaty.

Article 3a.

Article 14.
 Resolution relating to Article 14.
 Article 24, §§ 1 and 2.
 Article 24, § 4 *bis* (new).
 Article 24, § 8c.
 Article 24 *bis* (new).
 Article 26, §§ 4, 5.
 Article 29, § 3.
 Article 30, § 1 (civil aviation).
 Article 30, § 2.
 Article 31.
 Article 32.
 Article 34.
 Article 36.
 Annex 4, Section A, §§ 4 and 7.
 Annex 4, Section B.

II. Adopted by a simple majority.

a. *Unamended*.

None.

b. *Amended*.

Article 24, §§ 4a, b, c, d, and e.

Article 24 *bis*, § 2.

Article 27.

Article 30, § 1c (state monopolies).

Article 30 *bis* (new).

Annex 4, Section D.

Annex 5, Section 3 and 5.

Annex 6, Section B.

TEXTS

I.—NEW ARTICLES AND MODIFICATIONS TO ARTICLES OF THE DRAFT PEACE TREATY WITH ROUMANIA ADOPTED BY A MAJORITY OF TWO-THIRDS OR MORE

PREAMBLE

Paragraphs 1, 2 and 3: without modification.

Paragraph 4:

Whereas the Allied and Associated Powers and Roumania are respectively desirous of concluding a treaty of peace which, *conforming to the principles of justice, will settle questions still outstanding as a result of the events hereinbefore recited and form the basis of*

friendly relations between them, thereby enabling the Allied and Associated Powers to support Roumania's application to become a member of the United Nations and also to adhere to any convention concluded under the auspices of the United Nations.

The rest remains unchanged.

ARTICLE 3a (new article)

“Roumania further undertakes that the laws in force in Roumania shall not, either in their content or in their application, discriminate or entail any discrimination between persons of Roumanian nationality on the ground of their race, sex, language or religion, whether in reference to their persons, property, business, professional or financial interests, status, political or civic rights or any other matters.”

ARTICLE 14

“Roumania shall not possess, construct or experiment with any atomic weapon, any self propelled or guided missiles or apparatus connected with their discharge (other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty), sea mines or torpedoes of non-contact types actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft or specialised types of assault craft.”

Resolution relating to article 14:

The Conference agrees that the articles on prohibitions in the Balkan and Finnish Treaties, (art. 12 of the Bulgarian Treaty, art. 14 of the Roumanian Treaty, art. 13 of the Hungarian Treaty and art. 16 of the Finnish Treaty) shall be in identical language i. e. that decided upon for article 12 of the Bulgarian Treaty.

ARTICLE 24

Paragraphs 1 and 2:

Instead of “on June 22, 1941”, read “on September 1, 1939”.

Paragraph 4 bis (new paragraph):

It shall be understood that the provisions of paragraph 4 of this article shall not apply to Roumania in so far as the action which may give rise to a claim for damage to property in Northern Transylvania of the United Nations or their nationals took place during the period when this territory was not subject to Roumanian authority.

Paragraph 8c:

Sub-paragraph 2 (new subparagraph):

Without prejudice to the generality of the foregoing provisions, the property of the United Nations and their nationals includes all sea-going and river vessels, together with their gear and equipment, which

were either owned by United Nations or their nationals, or registered in the territory of one of the United Nations or sailed or under the flag of one the United Nations and which, after September 1, 1939, while in Roumanian waters, either were placed under the control of the Roumanian authorities as enemy property or ceased to be at the force [free] disposal of the United Nations or their nationals, in Roumania, as a result of measures of control taken by the Roumanian authorities in relation to the existence of a state of war between Germany and members of the United Nations.

ARTICLE 24 BIS (*new article*)

Roumania undertakes that in all cases where the property, legal rights or interests of persons under Roumanian jurisdiction have since September 1, 1939, been the subject of measures of sequestration, confiscation or control on account of the racial origin or religion of such persons, the said property, legal rights and interests shall be restored together with their accessories or, if restoration is impossible, that full compensation shall be made therefore.

ARTICLE 26

Paragraph 4:

4. No obligation is created by this article on any Allied or Associated Power to return industrial* property to the Roumanian Government or Roumanian nationals, or to include such property in determining the amounts which may be retained under paragraph 1 of this article. The Government of each of the Allied and Associated Powers shall have the right to impose such limitations, conditions and restrictions on rights or interests with respect to industrial* property acquired prior to the coming into force of the present Treaty in the Territory of that Allied or Associated Power by the Government or nationals of Roumania, as may be deemed by the Government of the Allied or Associated Power to be necessary in the national interest.

Paragraph 5:

5. The property covered by paragraph 1 of this article shall be deemed to include Roumanian property which has been subject to control by reason of a state of war existing between Roumania and the Allied or Associated Power having jurisdiction over the property, but shall not include:

a, b, c, d, without modification.

e. Literary and artistic property rights.

*The words "literary and or artistic" which appeared after the words "industrial" have been deleted. [Footnote in the source text.]

ARTICLE 29

Paragraph 3.

3. Roumania likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Roumanian Government or Roumanian nationals against any of the United Nations *whose diplomatic relations with Roumania have been broken off during the war* and which took action in co-operation with the Allied and Associated Powers.

ARTICLE 30

Paragraph 1c (civil aviation).

It is further understood that the foregoing provisions of paragraph c shall not apply to civil aviation, but that Roumania will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic, will afford all the United Nations equality of opportunity for obtaining international commercial aviation rights in Roumanian territory and *will grant to any United Nation on a basis of reciprocity and without discrimination, with regard to the operation of civil aircraft in international traffic, the right to fly over Roumanian territory without landing and to make landings in Roumanian territory for non-commercial purposes.*

Paragraph 2.

The foregoing undertakings by Roumania shall be understood to be subject to the exceptions customarily included in commercial treaties concluded by Roumania before the war, and the provisions with respect to reciprocity granted by each of the United Nations shall be understood to be subject to the exceptions customarily included in the commercial treaties concluded by that Power.

ARTICLE 31

Any disputes which may arise in connexion with Articles 23 and 24 and Annexes 4, 5 and 6 of the present Treaty shall be referred to a Conciliation Commission composed of an equal number of representatives of the United Nations Government concerned and of the Roumanian Government. If agreement has not been reached within three months of the dispute having been referred to the Conciliation Commission, either Government may require the addition of a third member to the Commission, and failing agreement between the two Governments on the selection of this member, the President of the International Court of Justice shall be requested to make the appointment. The decisions of the Commission, as so constituted, shall be taken by the same procedure as is provided for decisions of the Inter-

national Court itself in Articles 48 and 55-57 of the Statute of the Court and shall be final and binding on all parties.

ARTICLE 32

Articles 23, 24 and 30 and Annex 6 of this Treaty shall apply to the Allied and Associated Powers and France and to those of the United Nations *whose diplomatic relations with Roumania have been broken off during the war.*

ARTICLE 34

1. *Navigation on the Danube River shall be free and open on terms of entire equality to the nationals, vessels of commerce and goods of all states.*

2. *With a view to ensuring the practical application of this principle, Roumania undertakes to take part, together with France, the U.S.S.R., the United Kingdom, the United States of America, and the Danubian States in a Conference, which shall be convened within six months of the entry into force of this Peace Treaty, with the object of establishing a new International Regime for the Danube.*

ARTICLE 36

Except where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be referred to the three Heads of Mission acting as provided under Article 35 and, if not resolved by them within a period of two months, shall, at the request of any party to any dispute, be referred to the International Court of Justice. Any dispute still pending at, or arising after, the date when the Heads of Mission terminate their functions under Article 35, and which is not settled by direct diplomatic negotiations, shall equally, at the request of any party to the dispute, be referred to the International Court of Justice.

ANNEX 4

SECTION A

Paragraphs 1, 2, 3: *without modification.*

Paragraph 4:

4. The foregoing provisions concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Roumania and its nationals.

But nothing in these provisions shall entitle Roumania or its nationals to more favourable treatment in the territory of any of the Allied or Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Roumania be required thereby to accord to any of the Allied or Associated Powers

or its nationals more favourable treatment than Roumania or its nationals receive in the territory of such Power in regard to the matters dealt with in the foregoing provisions.

Paragraphs 5 and 6: *without modification.*

Paragraph 7:

Roumania shall extend the benefits of Section A of this Annex to France, and to other United Nations, other than Allied or Associated Powers, whose diplomatic relations with Roumania have been broken off during the war and which undertake to extend to Roumania the benefits accorded to Roumania under Section A of this Annex.

Paragraph 8: *without modification.*

SECTION B

1. *The Roumanian Government shall grant every facility to insurers who are nationals of the United Nations to resume possession of their former portfolios in Roumania.*

2. *Should an insurer, being a national of any of the United Nations, wish to resume his professional activities in Roumania, and should the value of guarantee deposits or reserves required for the operation of insurance concerns in Roumania be found to have decreased as a result of the loss or depreciation of the securities which constituted such deposits or reserves, the Roumanian Government undertakes to accept such securities as still remain (for a period of three years) as fulfilling the legal requirements in respect of deposits and reserves.*

II.—NEW ARTICLES AND MODIFICATION TO THE ARTICLES OF THE DRAFT PEACE TREATY WITH ROUMANIA ADOPTED BY A SIMPLE MAJORITY

ARTICLE 24

Paragraph 4 (*new text*):

a. *The Roumanian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Roumanian Government compensation in lei to the extent of 75 per cent of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favourable treatment with respect to compensation than that accorded Roumanian nationals.*

b. *United Nations nationals who have ownership interests, held directly or indirectly in corporations or associations which are not United Nations nationals within the meaning of paragraph 8a of this article, but which have suffered a loss by reason of injury or damage to property, shall receive compensation in accordance with*

subparagraph a above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.

c. Compensation shall be paid free of any levies, taxes, or other charges. It shall be freely usable in Roumania, but shall be subject to the foreign exchange control regulations which may be in force in Roumania from time to time.

d. The Roumanian Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such material and will in no event discriminate in these respects against such nationals as compared with Roumanian nationals.

e. The Roumanian Government shall grant nationals of the United Nations an indemnity in lei sufficient to compensate, at the date of payment, the losses and damage due to the special measures applied to their property during the war, and which were not applicable to Roumanian property.

ARTICLE 24 BIS

Paragraph 2.

The Roumanian Government undertakes within twelve months after the date of coming into force of the present Treaty, to transfer to the International Refugee Organization (or any other organization designated by the Economic and Social Council of the United Nations) for purposes of relief and rehabilitation within Roumania, all property rights and interests in Roumania owned by persons, organizations, and communities which individually or as members of groups, were the object of racial, religious or other Fascist measures of persecution or discrimination, including property, rights and interests required to be restored under this article, and which for a period of six months after the date of coming into force of the present Treaty have remained ownerless, heirless, or unclaimed.

ARTICLE 27

Roumania hereby renounces on its own behalf and on behalf of Roumanian nationals all claims, including debts, against Germany and German nationals outstanding on May 8, 1945, except those arising out of contracts and other obligations entered into, and rights acquired, before September 1, 1939. This renunciation shall be deemed to include not only all inter-governmental claims in respect of arrangements entered into in the course of the war, but also all claims for loss or

damage arising during the war. This renunciation shall be without prejudice to any dispositions in favour of Roumania or Roumanian nationals made by the Powers in occupation of Germany.

ARTICLE 30

Paragraph 1, subparagraph *c* (state monopolies) :

Natural and legal persons who are nationals of any of the United Nations shall be granted national and most favoured Nation treatment in all matters pertaining to commerce, industry, shipping and other forms of business activity within Roumania.

This paragraph shall not be deemed to confer on the United Nations, or their nationals, rights to engage in any branch of commerce, industry, shipping or other form of business activity which under Roumanian law is a monopoly of the Roumanian State. Nevertheless, the most-favoured-nation principle shall be observed in any such cases in which foreign participation is allowed.

ARTICLE 30 BIS (new article)

The Roumanian Government undertake to pay fair prices by reference to world conditions for commodities delivered by that Government by way of reparation obtained from United Nations nationals as defined in article 24. Any dispute between the Roumanian Government and such United Nations nationals relating to prices shall be dealt with in accordance with the provisions of article 31.

ANNEX 4

SECTION D

The Roumanian Government undertakes to modify the Petroleum Law of 1942 so as to remove the features discriminating against United Nations nationals as compared with the legislation in force on September 1, 1939 and to afford those nationals fair and equitable treatment in the petroleum industry.

ANNEX 5

SECTION III

Negotiable Instruments.

1. *As between enemies no negotiable instrument made before the war shall be deemed to have become invalid by reason only of failure within the required time to present the instrument for acceptance or payment or to give notice of non-acceptance or non-payment to drawers or endorsers or to protest the instrument, nor by reason of failure to complete any formality during the war.*

2. *Where the period within which a negotiable instrument should have been presented for acceptance or for payment, or within which notice of non-acceptance or non-payment should have been given to*

the drawer or endorser, or within which the instrument should have been protested, has elapsed during the war, and the party who should have presented or protested the instrument or have given notice of non-acceptance or non-payment, has failed to do so during the war, a period of not less than three months from the coming into force of the present Treaty shall be allowed within which presentation, notice of non-acceptance or non-payment or protest may be made.

3. *If a person has either before or during the war become liable upon a negotiable instrument in accordance with an undertaking given to him by a person who has subsequently become an enemy, the latter shall remain liable to indemnify the former in respect of his liability notwithstanding the outbreak of war.*

SECTION V

Having regard to legal system of the United States of America, the provisions of this Annex shall not apply as between the United States of America and Roumania.

ANNEX 6

SECTION B.—*Judgments*

The Roumanian Government shall take the necessary measures to enable nationals of any of the United Nations at any time within one year after the coming into force of this Treaty to submit to the appropriate Roumanian authorities for review any judgment given by a Roumanian Court between June 22, 1941, and the coming into force of the present Treaty in any proceeding in which the United Nations national was unable to make adequate presentation of his case as plaintiff or defendant. The Roumanian Government shall provide that where the United Nations national has suffered injury by reason of any such judgment, he shall be restored in the position in which he was before the judgment was given or shall be afforded such relief as may be just and equitable in the circumstances. The term "United Nations nationals" includes corporations or associations organised or constituted under the laws of any of the United Nations.

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Record of Recommendations by the Conference on the Draft Peace Treaty With Bulgaria

I. By a majority of two thirds or more.

a. **Articles of the Draft Peace treaty drawn up by the Council of Foreign Ministers, adopted *without modification*.**

Article 2.

Article 3.

Article 4.

Article 5.

Article 6.	Article 21, §§ 3, 4, 5, 6, 7.
Article 7.	Article 22, §§ 1, 2, 3, 5, 6, 7, 8.
Article 8.	Article 23.
Article 9.	Article 26.
Article 10.	Article 27, §§ 1, 2 et 4.
Article 11.	Article 28, §§ 1a et b.
Article 13.	Article 31.
Article 14.	Article 33.
Article 15.	Article 35.
Article 16.	Article 36.
Article 17.	Annex 2.
Article 18.	Annex 3.
Article 19.	Annex 4, part A, §§ 1, 2, 3, 5, 6, 8.

b. Articles of the Draft Peace Treaty drawn up by the Council of Foreign Ministers, adopted *with modification* and new recommendations.

Preamble.	Article 28, § 1c addition (civil aviation).
Article 12.	
Article 20*	Article 28 bis (new article).
Article 21, §§ 1 et 2.	Article 30.
Article 22, §§ 4c, d, e.	Article 32.
Article 24.	Article 34.
Article 25.	Annex 4, Section A, §§ 4 et 7.
Article 27, § 3.	Annex 5, Section V (new section).

II. Adopted by a simple majority.

a. Articles of the Draft Peace Treaty drawn up by the Council of Foreign Ministers, adopted *without modification*.

None.

b. Articles of the Draft Peace Treaty drawn up by the Council of Foreign Ministers, adopted *with modification* and new recommendations.

Article 2a (new article).

Article 11 bis (new article).

Article 20, 125,000,000 dollars to Greece and Yugoslavia. Additional provisions.

Article 22, § 4 Extent of compensation, §§ 4a, b.

Article 28, § 1c (State monopolies).

Annex 5, Section III.

TEXTS

I.—NEW ARTICLES AND MODIFICATION TO ARTICLES OF THE DRAFT PEACE TREATY WITH BULGARIA ADOPTED BY A MAJORITY OF TWO-THIRD[S] OR MORE

PREAMBLE

Paragraphs 1, 2 and 3: without modification.

Paragraph 4:

Whereas the Allied and Associated Powers and Bulgaria are respectively desirous of concluding a Treaty of Peace which, *conform-*

*Figures in blank in the Draft Treaty were adopted by a simple majority, see IIb [Footnote in the source text].

ing to the principles of justice will settle questions still outstanding as a result of the events hereinbefore recited and will form the basis of friendly relations between them, thereby enabling the Allied and Associated Powers to support Bulgaria's application to become a Member of the United Nations and also to adhere to any Convention concluded under the auspices of the United Nations.

Paragraph 5 : without modification.

ARTICLE 12

Bulgaria shall not possess, construct or experiment with *any atomic weapon*, any self-propelled or guided missiles or apparatus connected with their discharge (*other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty*), sea-mines or *torpedoes* of non-contact types actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft, *motor torpedo* boats (M. T. B.) or specialised types of assault craft.

ARTICLE 20 †

Losses caused to Yugoslavia and Greece by military operations and by the occupation by Bulgaria of the territory of those States will be indemnified by Bulgaria to Yugoslavia and Greece, but, taking into consideration that Bulgaria has not only withdrawn from the war against the United Nations, but has declared and in fact, waged war against Germany, the Parties agree that compensation for the above losses will be made by Bulgaria not in full but only in part, namely to the amount of United States dollars payable over years. *The basis for calculating the settlement provided for in this article will be the United States dollar at its gold parity on July 1, 1946, i. e. 35 dollars for one ounce of gold.*

ARTICLE 21

Paragraph 1 :

1. Bulgaria accepts the principles of the United Nations Declaration of January 5, 1943, and will return *in the shortest possible time* property removed from United Nations Territories.

Paragraph 2 :

2. The obligation to make restitution applies to all identifiable property at present in Bulgaria which was removed by force or duress by any of the Axis Powers from the territory of any of the United Nations, irrespective of any subsequent transactions by which the present holder of any such property has secured possession.

† Figures in *blank in the Draft Treaty* were adopted by a simple majority. See IIb. [Footnote in the source text.]

If in particular cases it is impossible for Bulgaria to make restitution of objects of artistic, historic or archeological value belonging to the cultural heritage of the United Nations from which such objects were removed by force or duress by Bulgarian Forces and authorities or by Bulgarian nationals, Bulgaria undertakes to transfer to the United Nation concerned objects of the same kind and of substantially equivalent value to the objects removed, in so far as such objects are obtainable in Bulgaria.

ARTICLE 22

Paragraph 4:

Subparagraphs c, d and e :

c. Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Bulgaria but shall be subject to the foreign exchange control regulations which may be in force in Bulgaria from time to time.

d. The Bulgarian Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such material and will in no event discriminate in these respects against such nationals as compared with Bulgarian nationals.

e. The Bulgarian Government shall grant nationals of the United Nation an indemnity in levas sufficient to compensate at the date of payment, the loss and damage due to the special measures taken against their property during the war, and which were not applied to Bulgarian property.

ARTICLE 24

1. Each of the Allied and Associated Powers shall have the right to seize, retain, liquidate or take any other action with respect to all property, rights and interests within its territory which on the date of the coming into force of this Treaty belong to Bulgaria or to Bulgarian nationals, and to apply such property or the proceeds thereof to such purposes as it may desire, within the limits of its claims and those of its nationals against Bulgaria or its nationals, including debts, other than claims fully satisfied under other Articles of the present Treaty. All Bulgarian property, or the proceeds thereof, in excess of the amount of such claims, shall be returned.

2. The liquidation and disposition of Bulgarian property shall be carried out in accordance with the law of the Allied or Associated Power concerned. The Bulgarian owner shall have no rights with respect to such property except those which may be given him by that law.

3. *The Bulgarian Government undertakes to compensate Bulgarian nationals whose property is taken under this Article and not returned to them.*

4. *No obligation is created by this Article on any Allied or Associated Power to return industrial property to the Bulgarian Government or Bulgarian nationals, or to include such property in determining the amounts which may be retained under paragraph 1 of this Article. The Government of each of the Allied and Associated Powers shall have the right to impose such limitations, conditions and restrictions on rights or interests with respect to industrial property acquired prior to the coming into force of the present Treaty in the territory of that Allied or Associated Power by the Government or nationals of Bulgaria, as may be deemed by the Government of the Allied or Associated Power to be necessary in the national interest.*

5. *The property covered by paragraph 1 of this Article shall be deemed to include Bulgarian property which has been subject to control by reason of a state of war existing between Bulgaria and the Allied or Associated power having jurisdiction over the property, but shall not include:*

a. *Property of the Bulgarian Government used for consular or diplomatic purposes;*

b. *Property belonging to religious bodies or private charitable institutions and used for religious or charitable purposes;*

c. *Property of natural persons who are Bulgarian nationals permitted to reside within the territory of the country in which the property is located or to reside elsewhere in United Nations territory, other than Bulgarian property which at any time during the war was subjected to measures not generally applicable to the property of Bulgarian nationals resident in the same territory;*

d. *Property rights arising since the resumption of trade and financial relations between Bulgaria and the Allied and Associated Powers, or arising out of transactions between Bulgaria and the Governments of any Allied or Associated Power since October 28, 1944.*

e. *Literary and artistic property rights.*

ARTICLE 25

Bulgaria hereby renounces on its own behalf and on behalf of Bulgarian nationals all claims, including debts, against Germany and German nationals outstanding on May 8, 1945, except those arising out of contracts and other obligations entered into, and rights acquired before September 1, 1939. This renunciation shall be deemed to include not only all inter-governmental claims in respect of arrangements entered into in the course of the war, but also all claims for loss or damage arising during the war. The renunciation shall be without

prejudice to any dispositions in favour of Bulgaria or Bulgarian nationals made by the Powers in occupation of Germany.

ARTICLE 27

Paragraph 3.

Bulgaria likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Bulgarian Government or Bulgarian nationals against any of the United Nations *whose diplomatic relations with Bulgaria were broken off during the war* and which took action in co-operation with the Allied and Associated Powers.

ARTICLE 28

Paragraph 1c.—(Civil Aviation.)

It is further understood that the foregoing provisions of paragraph c. shall not apply to civil aviation, but that Bulgaria will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic, will afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Bulgarian territory, and will grant to all the United Nations on a basis of reciprocity and without discrimination, with regard to the operation of civil aircraft in international traffic, the right to fly over Bulgarian territory without landing and to make landings in Bulgarian territory for non commercial purposes.

Paragraph 2.

The foregoing undertakings by Bulgaria shall be understood to be subject to the exceptions customarily included in commercial treaties concluded by Bulgaria before the war, and the provisions with respect to reciprocity granted by each of the United Nations shall be understood to be subject to the exceptions customarily included in the commercial treaties concluded by that Power.

ARTICLE 28 BIS (new article)

Bulgaria shall facilitate as far as possible railway traffic in transit through its territory at reasonable rates and shall negotiate with neighbouring states all reciprocal agreements necessary for this purpose.

ARTICLE 29

Any disputes which may arise in connection with Articles 21 and 22 (and Annexes 4, 5 and 6) of the present Treaty shall be referred to a Conciliation Commission composed of an equal number of representatives of the United Nations Government concerned and of the Bulgarian Government. If agreement has not been reached within three

months of the dispute having been referred to the Conciliation Commission, either Government may require the addition of a third member to the Commissions and failing agreement between the two Governments on the selection of this member, the President of the International Court of Justice shall be requested to make the appointment. The decisions of the commission, as so constituted, shall be taken by the same procedure as is provided for decisions of the International Court itself in Article 48 and 55-57 of the statute of the Court and shall be final and binding on all parties.

ARTICLE 30

Articles 21, 22 and Annex 6 of the present Treaty shall apply to the Allied and Associated Powers and France and to those of the United Nations *whose diplomatic relations with Bulgaria have been broken off during the war.*

ARTICLE 32

1. *Navigation on the Danube river shall be free and open on terms of entire equality to the nationals, vessels of commerce and goods of all states.*

2. *With a view to ensuring the practical application of this principle, Bulgaria undertakes to take part, together with France, the U.S.S.R., the United Kingdom, the United States of America and the Danubian states, in a Conference which shall be convened within six months of the entry into force of this Peace Treaty, with the object of establishing a new International Regime for the Danube.*

ARTICLE 34

Except where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be referred to the three Heads of Mission acting as provided under Article 33, and, if not resolved by them within a period of two months, shall, at the request of any party to any dispute, be referred to the International Court of Justice. Any dispute still pending [at], or arising after, the date when the Heads of Mission terminate their functions under Article 33 and which is not settled by direct diplomatic negotiations, shall equally, at the request of any party to the dispute, be referred to the International Court of Justice.

ANNEX 4

SECTION A

Paragraph 4:

The foregoing provisions concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Bulgaria and its nationals. But nothing in these provisions shall entitle Bul-

garia or its nationals to more favourable treatment in the territory of any of the Allied and Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Bulgaria be required thereby to accord to any of the Allied or Associated Powers or its nationals more favourable treatment than Bulgaria or its nationals receive in the territory of such Power in regard to the matters dealt with in the foregoing provisions.

Paragraph 7:

Bulgaria shall extend the benefits of Section A of this Annex to France and to other United Nations, other than Allied or Associated Powers, whose diplomatic relations with Bulgaria have been broken off during the war and which undertake to extend to Bulgaria the benefits accorded to Bulgaria under Section A of this Annex.

ANNEX 5

SECTION V (new section)

Having regard to the legal system of the United States of America, the provisions of this Annex shall not apply as between the United States of America and Bulgaria.

ANNEX 6

The Bulgarian Government shall take the necessary measures to enable nationals of any of the United Nations at any time within one year after the coming into force of the present Treaty to submit to the appropriate Bulgarian authorities for review any judgment given by a Bulgarian court between April 24, 1941, and the coming into force of the present Treaty in any proceeding in which the United Nations national was unable to make adequate presentation of his case as plaintiff or defendant. The Bulgarian Government shall provide that, where the United Nations national has suffered injury by reason of any such judgment, he shall be restored in the position in which he was before the judgment was given or shall be afforded such relief as may be just and equitable in the circumstances. The term "United Nations nationals" includes corporations or associations organised or constituted under the laws of any of the United Nations.

II.—NEW ARTICLES AND MODIFICATIONS TO THE ARTICLES OF THE DRAFT
PEACE TREATY WITH BULGARIA ADOPTED BY A SIMPLE MAJORITY

ARTICLE 2a. (new article)

Bulgaria further undertakes that the laws in force in Bulgaria shall not, either in their content or in their application, discriminate or entail any discrimination between persons of Bulgarian nationality on the ground of their race, sex, language or religion, whether in reference to their persons, property, business, professional or financial interests, status, political or civic rights, or any other matters.

ARTICLE 11 BIS

a. The following construction to the north of the Greco-Bulgarian frontier is prohibited: permanent fortifications where weapons capable of firing into Greek territory can be emplaced; permanent military installations capable of being used to conduct or direct fire into Greek territory; and permanent supply and storage facilities emplaced solely for the use of the said fortifications;

b. This prohibition does not include the other types of non-permanent fortifications or surface accommodations and installations which are designed to meet only requirements of an internal character and of local defence of the frontiers.

ARTICLE 20

(Amount of reparations and additional provisions.)

a. Bulgaria shall pay to Greece and Yugoslavia reparations to a value of 125,000,000 United States dollars,‡ payable to the two countries in equal parts, within six years from the coming into force of the present Treaty, in kind (agricultural produce, live-stock, coal and other products of Bulgaria's economy, as well as locomotives, wagons and other railway material, etc.)

b. The quantities and categories of goods to be delivered shall be determined by agreements to be concluded between the Governments of Greece and Yugoslavia, with Bulgaria. These agreements will be communicated to the Heads of the Diplomatic Missions in Sofia of the United States of America, United Kingdom and U. S. S. R.

c. The prices of goods delivered under the present Article shall be calculated in levas on the basis of the official wholesale prices of goods concerned in Bulgaria. The levas shall be converted into dollars at the mean rate between the buying and selling rates (inclusive of premium) of the National Bank of Bulgaria for the dollar at the time of delivery. The cost of transport to a Greek or Yugoslav port or to the Greek or Yugoslav frontier shall be chargeable to the Bulgarian Government.

ARTICLE 22

Paragraph 4, Extent of compensation, sub-paragraphs *a* and *b* :

a. The Bulgarian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property,

‡The figure of 125 million dollars has been voted separately. [Footnote in the source text.]

he shall receive from the Bulgarian Government compensation in levas to the extent of 75 per cent of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall the United Nations nationals receive less favorable treatment with respect to compensation than that accorded to Bulgarian nationals.

b. United Nations nationals who have ownership interests, held directly or indirectly in corporations or associations which are not United Nations nationals within the meaning of paragraph 8a of this Article, but which have suffered a loss by reason of injury or damage to property shall receive compensation in accordance with subparagraph a above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.

ARTICLE 28

Paragraph 1c: (States monopolies.)

c. Natural and legal persons who are nationals of any of the United Nations shall be granted national and most-favored-nation treatment in all matters pertaining to commerce, industry, shipping and other forms of business activity within Bulgaria.

This paragraph shall not be deemed to confer on the United Nations, or their nationals, rights to engage in any branch of commerce, industry, shipping or other form of business activity which under Bulgarian law is a monopoly of the Bulgarian state. Nevertheless, the most-favored nation principle shall be observed in any such cases in which foreign participation is allowed.

ANNEX 5

SECTION III.—*Negotiable Instruments*

1. *As between enemies no negotiable instrument made before the war shall be deemed to have become invalid by reason only of failure within the required time to present the instrument for acceptance or payment or to give notice of non-acceptance or non-payment to drawers or endorsers or to protest the instrument, nor by reason of failure to complete any formality during the war.*

2. *Where the period within which a negotiable instrument should have been presented for acceptance or for payment, or within which notice of non-acceptance or non-payment should have been given to the drawer or endorser or within which the instrument should have been protested, has elapsed during the war and the party who should have presented or protested the instrument or have given notice of non-acceptance or non-payment has failed to do so during the war, a pe-*

riod of not less than three months from the coming into force of the present Treaty shall be allowed within which presentation, notice of non-acceptance or non-payment or protest may be made.

3. If a person has either before or during the war become liable upon a negotiable instrument in accordance with an undertaking given to him by a person who has subsequently become an enemy, the latter shall remain liable to indemnify the former in respect of his liability notwithstanding the outbreak of war.

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Record of Recommendations by the Conference on the Draft Peace Treaty With Hungary

I. By a majority of two-thirds or more.

a. Articles of the draft treaty drawn up by the Council of Foreign Ministers adopted *without modification*.

Article 2.*	Article 19.
Article 3.	Article 20.
Article 5.	Article 22, §§ 3, 4, 5, 6, 7.
Article 6.	Article 23, §§ 5, 6, 7, 8a, 8c.
Article 7.	Article 24.
Article 8.	Article 27.
Article 9.	Article 28, §§ 1, 2, 4, 5.
Article 10.	Article 29, §§ 1a, 1b.
Article 11.	Article 32.
Article 12.	Article 34.
Article 14.	Article 36.
Article 15.	Article 37.
Article 16.	Annexes 1, 2, 3.
Article 17.	Annex 4, part A, §§ 1, 2, 3, 5, 6, 8.
Article 18.	

b. Articles of the draft peace treaty drawn up by the Council of Foreign Ministers, adopted *with modification*, proposals of articles and new recommendations.

Preamble.	Article 26.
Article 1.	Article 28, § 3.
Article 2 (<i>new paragraph</i>).	Article 29, § 1c (civil aviation).
Article 4.	Article 29, § 2.
Article 4 bis (<i>new article</i>).	Article 29 bis (<i>new article</i>).
Article 9 bis (<i>new article</i>).	Article 30.
Article 13.	Article 31.
Article 21 bis (<i>new article</i>).	Article 33.
Article 22, §§ 1 and 2.	Article 35.
Article 23, §§ 1, 2, 3, 4c, 4d, 4 bis, 8b.	Annex 4, Part A, §§ 4 and 7.
Article 23 bis (<i>new article</i>).	Annex 5, Part V.
Article 25.	Annex 6.

*The new paragraph added to article 2 is listed under 1b. [Footnote in the source text.]

II. Adopted by a simple majority.

a. Articles of the Draft Treaty drawn up by the Council of Foreign Ministers, adopted *without modification*.

Article 21.

b. Articles of the Draft Treaty drawn up by the Council of Foreign Ministers, adopted *with modification*, proposals of articles and new recommendations.

Article 23, §§ 4a, 4b, 4c, 9.

Article 29, § 1c (State monopolies).

Annex 4, Part B.

Annex 5, Part III.

TEXTS

I.—NEW ARTICLES AND MODIFICATION TO ARTICLES OF THE DRAFT PEACE TREATY WITH HUNGARY ADOPTED BY A MAJORITY OF TWO-THIRD[S] OR MORE

PREAMBLE

Sub-paragraph 1, 2 and 3: *without modification*.

Sub-paragraph 4:

Whereas the Allied and Associated Powers and Hungary are respectively desirous of concluding a treaty of Peace, *which conforming to the principle of justice, will settle questions still outstanding as a result of the events hereinbefore recited and form the basis of friendly relations between them*, thereby enabling the Allied and Associated Powers to support Hungary's application to become a member of the United Nations and also to adhere to any Convention concluded under the auspices of the United Nations.

Sub-paragraph 5: *without modification*.

ARTICLE 1

Paragraphs 1, 2 and 3: *without modification*.

Paragraph 4:

a. *The decisions of the Vienna Award of November 2, 1938, are declared null and void;*

b. *The frontier between Hungary and Czechoslovakia from the point common to the frontier of those two States and Austria to the point common to those two States and the Union of Soviet Socialist Republics, is hereby restored as it existed on January 1, 1938, with the exception of the change resulting from the stipulations of the following paragraph:*

c. *Hungary shall cede to Czechoslovakia the villages of Horvath-jarfalu, Orosvar and Dunacsum, together with their cadastral territory as indicated on Map No. 1a annexed to the present Treaty. Accordingly, the Czechoslovakia frontier on the sector shall be fixed as follows: from the point common to the three frontiers of Austria, Hungary and*

Czechoslovakia, as they existed on 1st January 1938, the present Hungaro-Austrian frontier shall become the frontier between Austria and Czechoslovakia as far as point roughly 500 meters north of hill 134 (3 km. 5 north-west of the church of Rajka), this point now becoming common to the frontiers of the three named countries; thence the new frontier between Czechoslovakia and Hungary shall go eastwards along the northern cadastral boundary of the village of Rajka to the right bank of the Danube at a point approximately 2 kilometers north of hill 128 (3.5 km. east of the church of Rajka), where the new frontier will, in the principal channel of navigation on the Danube, join the Czechoslovak-Hungarian frontier as it existed on 1st January 1938; the dam and spillway within the village limits of Rajka will remain on Hungarian territory;

d. The exact line of the new frontier between Hungary and Czechoslovakia laid down in the preceding paragraph shall be determined on the spot by a boundary Commission composed of the representatives of the two governments concerned. The Commission shall complete its duties within two months from the coming into force of the present Treaty;

e. In the event of a bilateral agreement not being concluded between Hungary and Czechoslovakia concerning the population of the ceded area, Czechoslovakia guarantees them full human and civic rights. All the guarantees and prerogatives stipulated in the Czechoslovak-Hungarian Treaty of February 27, 1946 on the exchange of populations, will be applicable to those who leave Czechoslovakia voluntarily.

ARTICLE 2

After the text of the article of the Draft Treaty, insert a new paragraph:

Hungary further undertakes that the laws in force in Hungary shall not, either in their content or in the application discriminate or entail any discrimination between persons of Hungarian nationality on the ground of their race, sex, language, or religion, whether in reference to their persons, property, business, professional or financial interests, status, political or civic rights or any other matters.

ARTICLE 4

Hungary which in accordance with the Armistice Agreement has taken measures for dissolving all organisations of a Fascist type on Hungarian territory, whether political, military or para-military as well as other organisations conducting propaganda, *including revisionist propaganda*, hostile to any of the United Nations, undertakes not to permit in future the existence and activities of organisations of

that nature which have as their aim denial to the people of their democratic rights.

ARTICLE 4 BIS (*new article*)

Hungary shall enter into bilateral negotiations with Czechoslovakia in order to solve the problem of those inhabitants of Magyar ethnic origin, residing in Czechoslovakia, who will not be settled in Hungary within the scope of the Treaty of February 27, 1946 on exchange of populations.

In the event of no agreement being reached within a period of six months of the coming into force of the present Treaty, Czechoslovakia shall have the right to bring this question before the Council of Foreign Ministers and to request the assistance of the Council in effecting a final solution.

ARTICLE 9 BIS (*new article*)

1. *Hungary shall hand over to the Federal Peoples' Republic of Yugoslavia and to the Republic of Czechoslovakia, within a period of no more than 18 months from the coming into force of this Treaty, objects of the following categories constituting the cultural patrimony of Yugoslavia and Czechoslovakia which has originated from these territories and which had, after 1848 come into the possession of the Hungarian State or of Hungarian public institutions as a consequence of Hungarian domination over those territories prior to 1919;*

a. Historical archives which came into being as integral wholes in Yugoslav or Czechoslovak territories;

b. Libraries, historical documents, antiquities and other cultural objects which belonged to institutions on Yugoslav or Czechoslovak territories or to historical personalities of the Yugoslav and Czechoslovak peoples;

c. Original artistic, literary and scientific objects which are the work of Yugoslav or Czechoslovak artists, writers and scientists.

2. *Objects acquired by purchase, gifts or legacies and original works of Hungarians are excluded from the provisions of paragraph 1.*

3. *Hungary shall also hand over to Yugoslavia the archives relating to the 1st century of the Illyrian Deputation, the Illyrian Commission and Illyrian Chancellery.*

4. *The Hungarian Government shall, on the coming into force of the present Treaty, give the authorised representatives of Yugoslavia and Czechoslovakia all necessary assistance in finding these objects and making them available for examination.*

Thereafter, but no later than one year after the coming into force of this Treaty, the Yugoslav and Czechoslovak Governments shall hand the Hungarian Government a list of the objects claimed under this

Article. Should the Hungarian Government within three months of the receipt of the list, present observations against the inclusion therein of certain objects, and in the event of no agreement being reached between the Governments concerned within a further month, the dispute shall be settled in accordance with the provisions of Article 35 of this Treaty.

ARTICLE 13

Hungary shall not possess, construct or experiment with *any atomic weapon*, any self propelled or guided missiles or apparatus connected with their discharge (*other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty*) sea mines or *torpedoes* of non-contact types actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft, *motor torpedo boats* or specialised types of assault craft.

ARTICLE 21 BIS (*new article*)

The annulment of the Vienna Award of November, 1938, as provided in Article 1, paragraph 4, implies in itself the annulment of the accords, as well as their legal consequences, ensuing therefrom in respect of matters of finance and public and private assurance concluded between or on behalf of the two States concerned or between Czechoslovak and Hungarian moral persons on the basis of the Vienna Award and in respect of the material handed over by the Protocol of May 22, 1940. This annulment shall not apply in any way to relations between physical persons. The details of the above-mentioned settlement will be arranged by bilateral agreements between the two governments concerned, within a period of six months from the time of entry into force of this Treaty.

ARTICLE 22

Paragraph 1 :

1. Hungary accepts the principles of the United Nations Declaration of January 5, 1943, and will return *in the shortest possible time*, property removed from United Nations territories.

Paragraph 2 add :

If in particular cases, it is impossible for Hungary to make restitution of objects of artistic, historic or archeological value belonging to the cultural heritage of the United Nation from which such objects were removed, by force or duress by Hungarian forces and authorities or by Hungarian nationals, Hungary undertakes to transfer to the United Nation concerned objects of the same kind and of substantially equivalent value to the objects removed, in so far as such objects are obtainable in Hungary.

ARTICLE 23

Paragraphs 1 and 2:

Instead of "on April 10, 1941", read: "*on September 1, 1939*".

Paragraph 3 add:

In the case of Czechoslovak nationals this paragraph shall also include transfers after November 2, 1938 which resulted from force or duress or from measures taken under discriminatory internal legislation by the Hungarian Government or its agencies in Czechoslovak territory annexed by Hungary.

Paragraph 4, sub-paragraph c:

Compensation shall be paid free of any levies, taxes or charges. It shall be freely usable in Hungary but shall be subject to the foreign exchange control regulations which may be in force in Hungary from time to time.

Sub-paragraph d:

The Hungarian Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such materials and will in no event discriminate in these respects against such nationals as compared with Hungarian nationals.

Paragraph 4 bis (new paragraph):

It shall be understood that the provisions of paragraph 4 of this Article shall apply to Hungary in so far as the action which may give rise to a claim for damage to property in Northern Transylvania of the United Nations or their nationals took place during the period when this territory was subject to Hungarian authority.

Paragraph 8, sub-paragraph b:

"Owner" means a United Nation or the United Nations national, as defined in sub-paragraph a above, who is entitled to the property in question, and includes a successor of the owner, provided that the successor is also a United Nation or a United Nation national as defined in sub-paragraph a. If the successor has purchased the property in its damaged state, the transferor shall retain his rights to compensation under this Article, without prejudice to obligations between the transferor and the purchaser under domestic law.

ARTICLE 23 BIS (new article)

1. *Hungary undertakes that in all cases where the property, legal rights or interests of persons under Hungarian jurisdiction has, since September 1, 1939, been the subject of measures of sequestration, confiscation or control on account of the racial origin or religion of such persons, the said property, legal rights and interests shall be restored*

together with their accessories or, if restoration is impossible, that full compensation shall be made therefor.

2. The Hungarian Government undertakes within twelve months after the date of coming into force of the present Treaty to transfer to the International Refugee Organisation (or any other organisation designated by the Economic and Social Council of the United Nations) for purposes of relief and rehabilitation within Hungary all property, rights and interests in Hungary owned by persons, organisations and communities which, individually or as members of groups, were the object of racial, religious or other Fascist measures of persecution or discrimination, including property, rights and interests required to be restored under this Article, and which for a period of six months after the date of coming into force of the present Treaty have remained ownerless, heirless or unclaimed.

ARTICLE 25

1. Each of the Allied and Associated Powers shall have the right to seize, retain, liquidate or take any other action with respect to all property, rights and interests within its territory which on the date of the coming into force of the present Treaty belong to Hungary or to Hungarian nationals, and to apply such property or the proceeds thereof to such purposes as it may desire within the limits of its claims and those of its nationals against Hungary or its nationals, including debts, other than claims fully satisfied under other Articles of the present Treaty. All Hungarian property or the proceeds thereof, in excess of the amount of such claims, shall be returned.

2. The liquidation and disposition of Hungarian property shall be carried out in accordance with the law of the Allied or Associated Power concerned. The Hungarian owner shall have no rights with respect to such property except those which may be given him by that law.

3. The Hungarian Government undertakes to compensate Hungarian nationals whose property is taken under this Article and not returned to them.

4. No obligation is created by this Article on any Allied or Associated Power to return industrial property to the Hungarian Government or Hungarian nationals, or to include such property in determining the amounts which may be retained under paragraph 1 of this Article. The Government of each of the Allied and Associated Powers shall have the right to impose such limitations, conditions and restrictions on rights or interest with respect to industrial property acquired prior to the coming into force of the present Treaty in the territory of that Allied or Associated Power by the Government or nationals of Hungary, as may be deemed by the Government of the

Allied or Associated Power to be necessary in the national interest.

5. *The property covered by paragraph 1 of this Article shall be deemed to include Hungarian property which has been subject to control by reason of a state of war existing between Hungary and the Allied or Associated Power having jurisdiction over the property, but shall not include:*

a. Property of the Hungarian Government used for consular or diplomatic purposes;

b. Property belonging to religious bodies or private charitable institutions and used for religious or charitable purposes;

c. Property of natural persons who are Hungarian nationals permitted to reside within the territory of the country in which the property is located or to reside elsewhere in United Nations territory, other than Hungarian property which at any time during the war was subjected to measures not generally applicable to the property of Hungarian nationals resident in the same territory;

d. Property rights arising since the resumption of trade and financial relations between Hungary and the Allied and Associated Powers, or arising out of transactions between Hungary and the Governments of any Allied or Associated Power since January 20, 1945;

e. Literary and artistic property rights.

ARTICLE 26

Hungary hereby renounces on its own behalf and on behalf of Hungarian nationals all claims, including debts, against Germany and German nationals outstanding on May 8, 1945, except those arising out of contracts and other obligations entered into, and rights acquired, before September 1, 1939. This renunciation shall be deemed to include not only all inter-governmental claims in respect of arrangements entered into in the course of the war, but also all claims for loss or damage arising during the war. This renunciation shall be without prejudice to any dispositions in favour of Hungary or Hungarian nationals made by the Powers in occupation of Germany.

ARTICLE 28

Paragraph 3:

Hungary likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Hungarian Government or Hungarian nationals against any of the United Nations *whose diplomatic relations with Hungary have been broken off during the war and which took action in co-operation with the Allied and Associated Powers.*

ARTICLE 29

Paragraph 1, sub-paragraph c (civil aviation) :

It is further understood that the foregoing provisions of paragraph c shall not apply to civil aviation, but that Hungary will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic, will afford all the United Nations equality of opportunity in obtaining international commercial aviation rights in Hungarian territory, and will grant to any United Nation on a basis of reciprocity and without discrimination with regard to the operation of civil aircraft in international traffic the right to fly over Hungarian territory without landing and to make landings in Hungarian territory for non-commercial purposes.

Paragraph 2 :

The foregoing undertakings by Hungary shall be understood to be subject to the exceptions customarily included in commercial treaties concluded by Hungary before the war, and provisions with respect to reciprocity granted by each of the United Nations shall be understood to be subject to the exceptions customarily included in the commercial treaties concluded by that Power.

ARTICLE 29 BIS (new article)

Hungary shall facilitate as far as possible railway traffic in transit through its territory at reasonable rates and shall negotiate with neighboring States all reciprocal agreements necessary for this purpose.

ARTICLE 30

Any disputes which may arise in connexion with Articles 21 bis, 22 and 23 (and Annexes 4, 5 and 6) of the present Treaty shall be referred to a Conciliation Commission composed of an equal number of representatives of the United Nations Government concerned and of the Hungarian Government. If agreement has not been reached within 3 months of the dispute having been referred to the Conciliation Commission, either Government may require the addition of a third member to the Commission, and failing agreement between the two Governments on the selection of this member, the President of the International Court of Justice shall be requested to make the appointment. The decisions of the Commission, as so constituted, shall be taken by the same procedure as is provided for decisions of the International Court itself in Articles 48 and 55-57 of the Statute of the Court and shall be final and binding on all parties.

ARTICLE 31

Articles 22 and 23 and Annex 6 of this Treaty shall apply to the Allied and Associated Powers and France and to those of the United

Nations whose diplomatic relations with Hungary have been broken off during the war.

ARTICLE 33

1. *Navigation on the Danube River shall be free and open on terms of entire equality to the nationals, vessels of commerce and goods of all states.*

2. *With a view to ensuring the practical application of this principle, Hungary undertakes to take part, together with France, the U. S. S. R., the United Kingdom, the United States of America, and the Danubian States in a Conference which shall be convened within six months of the entry into force of this Peace Treaty, with the object of establishing a new International Regime for the Danube.*

ARTICLE 35

Except where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be referred to the three Heads of Mission acting as provided under Article 34 and, if not resolved by them within a period of two months, shall, at the request of any party to any dispute, be referred to the International Court of Justice. Any dispute still pending at, or arising after, the date when the Heads of Mission terminate their functions under Article 34, and which is not settled by direct diplomatic negotiations, shall equally, at the request of any party to the dispute, be referred to the International Court of Justice.

ANNEX 4

SECTION A

Paragraph 4:

The foregoing provisions concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Hungary and its nationals but nothing in these provisions shall entitle Hungary or its nationals to more favourable treatment in the territory of any of the Allied or Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Hungary be required thereby to accord to any of the Allied or Associated Powers or its nationals more favourable treatment than Hungary or its nationals receive in the Territory of such Power in regard to the matters dealt with in the foregoing provisions.

Paragraph 7:

Hungary shall extend the benefits of Section A of this Annex to France and to other United Nations, other than Allied and Associated [Powers], whose diplomatic relations with Hungary have been broken

off during the war and which undertake to extend to Hungary the benefits accorded to Hungary under Section A of this Annex.

ANNEX 5

PART V. (New Part)

Having regard to the legal system of the United States of America, the provisions of this Annex shall not apply as between the United States of America and Hungary.

ANNEX 6

The Hungarian Government shall take the necessary measures to enable nationals of any of the United Nations at any time within one year after the coming into force of the present Treaty to submit to the appropriate Hungarian authorities for review any judgement given by a Hungarian Court between April 10, 1941 and the coming into force of the present Treaty in any proceeding in which the United Nations national was unable to make adequate presentation of his case as plaintiff or defendant. The Hungarian Government shall provide that, where the United Nations national has suffered injury by reason of any such judgment, he shall be restored in the position in which he was before the judgment was given or shall be afforded such relief as may be just and equitable in the circumstances. The term "United Nations nationals" includes corporations or associations organised or constituted under the laws of any of the United Nations.

II.—NEW ARTICLES AND MODIFICATIONS TO THE ARTICLES OF THE DRAFT
PEACE TREATY WITH HUNGARY ADOPTED BY A SIMPLE MAJORITY

ARTICLE 23

Paragraph 4—sub-paragraph a.

The Hungarian Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Hungarian Government compensation in Hungarian local currency to the extent of 75% of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favourable treatment with respect to compensation than that accorded Hungarian nationals.

Sub-paragraph b.

United Nations nationals who have ownership interests, held directly or indirectly in corporations or associations which are not United Nations nationals within the meaning of paragraph 8a of this Article, but which have suffered a loss by reason of injury or damage to prop-

erty, shall receive compensation in accordance with sub-paragraph a above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.

Sub-paragraph c.

The Hungarian Government shall grant nationals of the United Nations an indemnity in Hungarian local currency sufficient to compensate, at the date of payment the losses and damage due to the special measures applied to their property during the war, and which were not applicable to Hungarian property.

Paragraph 9.

The Hungarian Government undertakes to enter into negotiations with the other Governments concerned, the Danube-Sava-Adriatica Railway Company and the Committee of Bondholders of the Company, with a view to determining the method of applying the provision of the Rome Agreement of March 29, 1923, laying down the statute of the Company, and the modifications required in this Agreement, and making an equitable settlement of the amounts owing to the Company's Bondholders.

ARTICLE 29

Paragraph 1c (states monopolies).

Natural and legal persons who are nationals of any of the United Nations shall be granted national and most-favoured-nation treatment in all matters pertaining to commerce, industry, shipping and other forms of business activity within Hungary.

This paragraph shall not be deemed to confer on the United Nations, on their nationals rights to engage in any branch of commerce, industry, shipping or other form of business activity which under Hungarian law is a monopoly of the Hungarian State. Nevertheless, the most-favoured-nation principle shall be observed in any such case in which foreign participation is allowed.

ANNEX 4

PART B

1. The Hungarian Government shall grant every facility to insurers who are national[s] of the United Nations to resume possession of their former portfolios in Hungary.

2. Should an insurer being a national of any of the United Nations wish to resume his professional activities in Hungary, and should the value of guarantee deposits or reserves required for the operation of insurance concerns in Hungary be found to have decreased as a result of the loss or depreciation of the securities which constituted such deposits or reserves, the Hungarian Government undertakes to accept

such securities as still remain (for a period of three years) as fulfilling the legal requirements in respect of deposits and reserves.

ANNEX 5

PART III

1. *As between enemies no negotiable instrument made before the war shall be deemed to have become invalid by reason only of failure within the required time to present this instrument for acceptance or payment or to give notice of non-acceptance or non-payment to drawers or endorsers or to protest the instrument, nor by reason of failure to complete any formality during the war.*

2. *Where the period within which a negotiable instrument should have been presented for acceptance or for payment, or within which notice of non-acceptance or non-payment should have been given to the drawer or endorser, or within which the instrument should have been protested, has elapsed during the war, and the party who should have presented or protested the instrument or have given notice of non-acceptance or non-payment has failed to do so during the war, a period of not less than three months from the coming into force of the present Treaty shall be allowed within which presentation, notice of non-acceptance or non-payment or protest may be made.*

3. *If a person has either before or during the war become liable upon a negotiable instrument in accordance with an undertaking given to him by a person who has subsequently become an enemy, the latter shall remain liable to indemnify the former in respect of his liability notwithstanding the outbreak of war.*

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Record of Recommendations by the Conference on the Draft Peace Treaty With Finland

I. By a majority of two-thirds or more.

a. Article of the Draft peace Treaty drawn up by the Council of Foreign Ministers, adopted *without modification*.

- | | |
|--------------------------|-------------------------------------|
| Preamble, §§ 1, 2, 3, 5. | Article 12. |
| Article 1. | Article 13. |
| Article 2. | Article 14. |
| Article 3. | Article 15. |
| Article 4. | Article 17. |
| Article 5. | Article 18. |
| Article 6. | Article 19. |
| Article 7. | Article 20. |
| Article 8. | Article 21. |
| Article 9. | Article 23. |
| Article 10. | Article 24, §§ 1, 2, 3, 5, 6, 7, 8. |
| Article 11. | Article 25. |

- | | |
|----------------------------|--|
| Article 26, §§ 1 and 2. | Annex 1. |
| Article 27, §§ 1, 2 and 4. | Annex 2. |
| Article 28, §§ 1a and b. | Annex 3. |
| Article 31. | Annex 4, section A, §§ 1, 2, 3, 5, 6
and 8. |
| Article 32. | Annex 6, section A. |
| Article 34. | |
- b. Articles of the Draft peace Treaty drawn up by the Council of Foreign Ministers, adopted *with modification* and new recommendations.
- | | |
|------------------------------------|---------------------------------|
| Preamble, § 4. | Article 28, § 2. |
| Article 13a (new article). | Article 29. |
| Article 16. | Article 30. |
| Article 24, § 4a. | Article 33. |
| Article 27, § 3. | Annex 4, Section A, §§ 4 and 7. |
| Article 28, § 1c (civil aviation). | |
- II. Adopted by a simple majority.
- a. Articles of the Draft peace Treaty drawn up by the Council of Foreign Ministers adopted *without modification*.
- Article 22.
- b. Articles of the Draft peace Treaty drawn up by the Council of Foreign Ministers, adopted *with modification* and new recommendations.
- | | |
|--|-----------------------|
| Article 24, § 4a: Extent of compensation of 75 p. 100,* §§ b, c, d, e. | Annex 4, Section B. |
| Article 28, § 1c (state monopolies). | Annex 5, Section III. |
| | Annex 6, Section B. |

TEXTS

I.—NEW ARTICLES AND MODIFICATION TO ARTICLES OF THE DRAFT PEACE TREATY WITH FINLAND ADOPTED BY A MAJORITY OF TWO-THIRDS OR MORE

PREAMBLE

Paragraph 4:

Whereas the Allied and Associated Powers and Finland are respectively desirous of concluding a Treaty of *Peace which, conforming to the principles of justice, will settle questions still outstanding as a result of the events hereinbefore recited and will form the basis of friendly relations between them*, thereby enabling the Allied and Associated Powers to support Finland's application to become a Member of the United Nations and also to adhere to any Convention concluded under the United Nations Charter.

ARTICLE 13a (new article)

1. *As from the coming into force of the present Treaty, Finland will*

*The figure of 75 p. 100 was adopted by a simple majority and the text of paragraph 4a by a majority of two-thirds. [Footnote in the source text.]

be invited to join the Barents, Baltic, and Black Sea Zone Board of the International Organisation for Mine Clearance of European Waters, and she undertakes to maintain at the disposal of the Central Mine Clearance Board the whole of her minesweeping forces until the end of the post-war mine clearance period, as determined by the Central Board.

2. During this post-war mine clearance period, Finland may retain additional naval units employed only for the specific purpose of minesweeping, over and above the tonnage permitted in Article 13, Clause 1 b.

Such units are to be handed over to their owners or to be demilitarised with a view to civilian use, within two months of the end of the said period.

3. Finland is also authorised to employ 1,500 additional officers and men for minesweeping over and above the numbers permitted in Article 13(1.b). Two months after the completion of minesweeping, the excess personnel is to be disbanded or absorbed within the numbers permitted in the said Article.

ARTICLE 16

Finland shall not possess, construct or experiment with any atomic weapon, any self-propelled or guided missiles or apparatus connected with their discharge (other than torpedoes and torpedo launching gear inherent to naval vessels permitted by this Treaty), sea-mines or torpedoes, of non-contact types actuated by influence mechanisms, torpedoes capable of being manned, submarines or other submersible craft, motor torpedo boats (M. T. B.) or specialised type of assault craft.

ARTICLE 24

Paragraph 4, sub-paragraph a:

a. The Finnish Government will be responsible for the restoration to complete good order of the property returned to United Nations nationals under paragraph 1 of this Article. In cases where property cannot be returned or where as a result of the war a United Nations national has suffered a loss by reason of injury or damage to property, he shall receive from the Finnish Government compensation in Finnish marks to the extent of . . . † percent of the sum necessary, at the date of payment, to purchase similar property or to make good the loss suffered. In no event shall United Nations nationals receive less favourable treatment with respect to compensation than that accorded Finnish nationals.

†Figure in blank has been voted by a simple majority. See IIb. [Footnote in the source text.]

ARTICLE 27

Paragraph 3:

Finland likewise waives all claims of the nature covered by paragraph 1 of this Article on behalf of the Finnish Government or Finnish nationals against any of the United Nations *whose diplomatic relations with Finland have been broken off during the war and which took action in co-operation with the Allied and Associated Powers.*

ARTICLE 28

Paragraph 1. Sub-paragraph *c* (civil aviation) :

It is further understood that the foregoing provisions of paragraph c shall not apply to civil aviation, but that Finland will grant no exclusive or discriminatory right to any country with regard to the operation of civil aircraft in international traffic, will afford all the United Nations equality of opportunity for obtaining international commercial aviation rights in Finnish territory, and will grant to any United Nation on a basis of reciprocity, and without discrimination, with regard to the operation of civil aircraft in international traffic, the right to fly over Finnish territory without landing and to make landings in Finnish territory for non-commercial purposes.

Paragraph 2:

The foregoing undertakings by Finland shall be understood to be subject to the exceptions customarily included in commercial treaties concluded by Finland before the war, and the provisions with respect to reciprocity granted by each of the United Nations shall be understood to be subject to the exceptions customarily included in the commercial treaties concluded by that Power.

ARTICLE 29

Any disputes which may arise in connexion with Articles 23 and 24 and Annexes 4, 5 and 6 of the present Treaty shall be referred to a Conciliation Commission composed of an equal number of representatives of the United Nations Government concerned and of the Finnish Government. If agreement has not been reached within three months of the dispute having been referred to the Conciliation Commission, either Government may require the addition of a third member to the Commission, and failing agreement between the two Governments on the selection of this member, the President of the International Court of Justice shall be requested to make the appointment. The decisions of the Commission, as so constituted, shall be taken by the same procedure as is provided for decisions of the International Court itself in Articles 48 and 55-57 of the Statute of the Court and shall be final and binding on all parties.

ARTICLE 30

Articles 23, 24 and Annex 6 of the present Treaty shall apply to the Allied and Associated Powers and France and to those of the United Nations *whose diplomatic relations with Finland have been broken off during the war.*

ARTICLE 33

Except where any other procedure is specifically provided under any Article of the present Treaty, disputes concerning the interpretation or execution of the Treaty shall be referred to the two ministers acting as provided under Article 32 and, if not resolved by them within a period of 2 months, shall, at the request of any party to any dispute, be referred to the International Court of Justice. Any dispute still pending at, or arising after, the date when the Ministers terminate their functions under Article 32, and which is not settled by direct diplomatic negotiations, shall equally, at the request of any party to the dispute, be referred to the International Court of Justice.

ANNEX IV

SECTION A

Paragraph 4:

The foregoing provisions concerning the rights of the Allied and Associated Powers or their nationals shall apply equally to Finland and its nationals, but nothing in these provisions shall entitle Finland or its nationals to more favourable treatment in the territory of any of the Allied or Associated Powers than is accorded by such Power in like cases to other United Nations or their nationals, nor shall Finland be required thereby to accord to any of the Allied or Associated Powers or its nationals more favourable treatment than Finland or its nationals receive in the territory of such Power in regard to the matters dealt with in the foregoing provisions.

Paragraph 7:

Finland shall extend the benefits of Section A of this Annex to France and to other United Nations, other than Allied or Associated Powers, whose diplomatic relations with Finland have been broken off during the war and which undertake to extend to Finland the benefits accorded to Finland under section A of this Annex.

II.—NEW ARTICLES AND MODIFICATIONS TO THE ARTICLES OF THE DRAFT PEACE TREATY WITH FINLAND ADOPTED BY A SIMPLE MAJORITY

ARTICLE 24

Paragraph 4, sub-paragraphs *b, c, d,* and *e.* :

b. United Nations nationals who have ownership interests, held directly or indirectly in corporations or associations which are not

United Nations nationals within the meaning of paragraph 8, a, of this Article, but which have suffered a loss by reason of injury or damage to property, shall receive compensation in accordance with sub-paragraph a above. This compensation shall be based on the total loss or damage suffered by the corporation or association and shall bear the same proportion to such loss or damage as the beneficial interest of such nationals bears to the total capital of the corporation or association.

c. Compensation shall be paid free of any levies, taxes or other charges. It shall be freely usable in Finland but shall be subject to the foreign exchange control regulations which may be in force in Finland from time to time.

d. The Finnish Government agrees to accord to United Nations nationals fair and equitable treatment in the allocation of materials for the repair or rehabilitation of their property and in the allocation of foreign exchange for the importation of such materials and will in no event discriminate in these respects against such nationals as compared with Finnish nationals.

e. The Finnish Government shall grant nationals of the United Nations an indemnity in Finnish marks sufficient to compensate, at the date of payment, the losses and damage due to special measures applied to their property during the war, and which were not applicable to Finnish property.

ARTICLE 28

Paragraph 1c (state monopolies).

Natural and legal persons who are nationals of any of the United Nations shall be granted national and most-favoured-nation treatment in all matters pertaining to commerce, industry, shipping and other forms of business activity within Finland.

This paragraph shall not be deemed to confer on the United Nations, or their nationals, rights to engage in any branch of commerce, industry, shipping or other form of business activity which under Finnish law is a monopoly of the Finnish State. Nevertheless, the most-favoured-nation principle shall be observed in any such cases in which foreign participation is allowed.

ANNEX 4

SECTION B

1. The Finnish Government shall grant every facility to insurers who are nationals of the United Nations to resume possession of their former portfolios in Finland.

2. Should an insurer being a national of any of the United Nations, wish to resume his professional activities in Finland, and should the

value of guarantee deposits or reserves required for the operation of insurance concerns in Finland be found to have decreased as a result of the loss or depreciation of the securities which constituted such deposits or reserves, the Finnish Government undertakes to accept such securities as still remain (for a period of three years) as fulfilling the legal requirements in respect of deposits and reserves.

ANNEX 5

SECTION III.—*Negotiable Instruments*

1. *As between enemies no negotiable instrument made before the war shall be deemed to have become invalid by reason only of failure within the required time to present the instrument for acceptance or payment or to give notice of non-acceptance or non-payment to drawers or endorsers or to protest the instrument, nor by reason of failure to complete any formality during the war.*

2. *Where the period within which a negotiable instrument should have been presented for acceptance or for payment, or within which notice of non-acceptance or non-payment should have been given to the drawer or endorser, or within which the instrument should have been protested, has elapsed during the war, and the party who should have presented or protested the instrument or have given notice of non-acceptance or non-payment has failed to do so during the war, a period of not less than three months from the coming into force of the present Treaty shall be allowed within which presentation, notice of non-acceptance or non-payment or protest may be made.*

3. *If a person has either before or during the war become liable upon a negotiable instrument in accordance with an undertaking given to him by a person who has subsequently become an enemy, the latter shall remain liable to indemnify the former in respect of his liability notwithstanding the outbreak of war.*

ANNEX 5

SECTION B

The Finnish Government shall take the necessary measures to enable nationals of any [of] the United Nations at any time within one year after the coming into force of this Treaty to submit to the appropriate Finnish Authorities for review any judgment given by a Finnish Court between June 22, 1941, and the coming into force of the present Treaty in any proceeding in which the United Nations national was unable to make adequate presentation of his case as plaintiff or defendant. The Finnish Government shall provide that, where the United Nations national has suffered injury by reason of any such judgment, he shall be restored in the position in which he was before the judgment was

given or shall be afforded such relief as may be just and equitable in the circumstances. The term "United Nations nationals" includes corporations or associations organised or constituted under the laws of any of the United Nations.

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INTERNATIONAL AFFAIRS

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