

LEAGUE OF NATIONS.

Communicated to Council,

C.290.1924.I

S A A R B A S I N.

CONTROL OF GOODS IMPORTED FROM GERMANY INTO THE TERRITORY

Report By M. Salandra.

In a letter dated May 29th, 1924, to which was annexed certain correspondence with the Saar Basin Governing Commission, the German Government requested the League of Nations to prevail upon the Governing Commission to observe the provisions of the Treaty by confining such control, as it might consider necessary to exercise over German imports into the Saar Territory to demanding proof that the goods were intended for local consumption.

The German Government is of the opinion that under the terms of the Treaty of Versailles, German goods destined for local consumption in the Saar Territory may be imported free of customs duty until January 10th, 1925. It considers that although the measures of control taken by the Commission are not devoid of justification, the Governing Commission has been going too far, since for some time past it has only admitted free of duty certain limited quantities of German goods and has taken measures, particularly in regard to German machinery, which materially hamper importation.

A copy of the German Government's letter with its annexes was sent to the Chairman of the Governing Commission, who communicated to the Council in a letter dated June 7th, 1924, the observations of the Commission on this question.

The Commission explained that certain commercial organisations in the Saar Territory had petitioned the Governing Commission at the end of 1923 to protect them against the influx of German goods entering the Saar free of duty. In the Commission's opinion, it was in the interests of the bona fide Saar traders, and of the Saar population

generally, to restrict the quantity of goods imported free of duty from Germany, in view of the fact that new German firms were endeavouring to form stocks of German goods imported free of duty which could be sold after 1925 to the detriment of Saar trade. In view of these circumstances and of the provisions of the Treaty rendering the Territory subject to the French Customs régime after 1925, the Governing Commission ordered the exercise of a control based on the following principles: Importation free of duty for local consumption should be taken as meaning local consumption during the years 1920 to 1925; and each commercial firm would only be allowed in principle to import in 1924 goods of the same kind and not exceeding by more than 10% in quantity the average amounts imported in 1920 to 1922.

The Commission also explained that the importation of machinery free of duty presented special problems and that in this case the Commission had quite recently decided to permit the importation in 1924 free of duty of quantities equal to the annual average of machinery imported from 1920 to 1922 plus 50%. It is stated that the German Government was not acquainted with this decision when it drafted its Note. The Commission adds that machinery representing 9 million francs' duty was imported in the first four months of 1924, that authorisation for the importation of machinery representing 3 millions more has been granted, and that at its next session the special Commission which issues the certificates will examine further applications for the importation of machinery for new installations in the Territory.

Paragraph 31 (sub-paragraphs 1 and 4) of the Annex to the Treaty concerning the Saar reads as follows:-

"The Territory of the Saar Basin as defined by Article 48 of the present Treaty shall be subjected to the French Customs régime. The receipts from the Customs duties on goods intended for local consumption shall be included in the budget of the said Territory after deduction of all costs of collection.

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"Products which both originate in and pass from the Basin into Germany shall be free of import duties for a period of 5 years from the date of coming into force of the present Treaty, and during the same period articles imported from Germany into the Territory of the Basin for local consumption shall likewise be free of import duties."

The German Government agrees with the Governing Commission that it is proper to take measures to prevent abuses of the concessions for the free import of German goods which are granted by the Treaty. The German Government however, feels that the measures actually taken by the Commission go further than is necessary to prevent abuses and result in the withdrawal of rights granted by the Treaty. It is clear from the note we have received from the Governing Commission that this cannot be the intention of the Commission and I think that this note, a copy of which I suggest should be sent to the German Government, should do much to dispel the apprehensions of the latter.

The Commission has informed us that the examination of requests for the importation of machinery for new installations has not yet been concluded and I have no doubt that the Commission will provide us, perhaps in its next periodical report, with information supplementing that contained in its note of June 7th.

I have the honour to propose the following resolution:-

"The Council decides to forward for the information of the German Government a copy of the note dated June 7th, 1924, from the Chairman of the Saar Basin Governing Commission in regard to the control of the importation of German goods into the Saar Territory."