

No. 2137

ISRAEL
and
FEDERAL REPUBLIC OF GERMANY

Agreement (with schedule, annexes, exchanges of letters and protocols). Signed at Luxembourg, on 10 September 1952

Official text of the Agreement, schedule, annexes and exchange of letters: English.

Official texts of the protocols and exchanges of letters relating thereto: English and German.

Registered by Israel on 27 March 1953.

ISRAËL
et
RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE

Accord (avec tableau, annexes, échanges de lettres et protocoles). Signé à Luxembourg, le 10 septembre 1952

Texte officiel de l'Accord, du tableau, des annexes et de l'échange de lettres: anglais.

Textes officiels des protocoles et des échanges de lettres y relatifs: anglais et allemand.

Enregistré par Israël le 27 mars 1953.

No. 2137. AGREEMENT¹ BETWEEN THE STATE OF ISRAEL
AND THE FEDERAL REPUBLIC OF GERMANY. SIGNED
AT LUXEMBOURG, ON 10 SEPTEMBER 1952

WHEREAS unspeakable criminal acts were perpetrated against the Jewish people during the National-Socialist régime of terror

AND WHEREAS by a declaration in the Bundestag on 27th September, 1951, the Government of the Federal Republic of Germany made known their determination, within the limits of their capacity, to make good the material damage caused by these acts

AND WHEREAS the State of Israel has assumed the heavy burden of resettling so great a number of uprooted and destitute Jewish refugees from Germany and from territories formerly under German rule and has on this basis advanced a claim against the Federal Republic of Germany for global recompense for the cost of the integration of these refugees

NOW THEREFORE the State of Israel and the Federal Republic of Germany have agreed as follows:—

Article 1

(a) The Federal Republic of Germany shall, in view of the considerations hereinbefore recited, pay to the State of Israel the sum of 3,000 million Deutsche Mark.

(b) In addition, the Federal Republic of Germany shall, in compliance with the obligation undertaken in Article 1 of Protocol No. 2 this day drawn up and signed between the Government of the Federal Republic of Germany and the *Conference on Jewish Material Claims against Germany*, pay to Israel for the benefit of the said *Conference* the sum of 450 million Deutsche Mark; the said sum of 450 million Deutsche Mark shall be used for the purposes set out in Article 2 of the said Protocol.

¹ Came into force on 27 March 1953, by the exchange of the instruments of ratification which took place at the Secretariat of the United Nations in New York, in accordance with article 17.

Upon the exchange of the instruments of ratification the Permanent Observer of the Federal Republic of Germany to the United Nations made the following declaration:

"On the occasion of the ratification of the Agreement between the Federal Republic of Germany and the State of Israel, signed in Luxembourg on September 10, 1952, the Government of the Federal Republic of Germany declares that the purview of this Agreement also includes West Berlin."

(c) The provisions hereinafter contained in the present Agreement shall apply to the total sum of 3,450 million Deutsche Mark so arising, subject, however, to the provisions of Article 3, paragraph (c), and of Article 15.

Article 2

The Federal Republic of Germany will make available the amount referred to in Article 1, paragraph (c) of the present Agreement for the purchase, in pursuance of Articles 6, 7 and 8, of such commodities and services as shall serve the purpose of expanding opportunities for the settlement and rehabilitation of Jewish refugees in Israel. The Government of the Federal Republic of Germany shall, in order to facilitate the purchase of such commodities and the provision of such services, take the measures and accord the facilities as set out in Articles 5, 6 and 8.

Article 3

(a) The obligation undertaken in Article 1 of the present Agreement shall, without prejudice to the provisions of Article 4, be discharged by the payment of annual instalments, as follows :—

- (i) As from the coming into force of the present Agreement until 31st March, 1954, an amount of 200 million Deutsche Mark for each financial year. The first financial year shall be deemed to be the period commencing on the date of the coming into force of the present Agreement and ending on 31st March, 1953 ; thereafter, each financial year shall be the period commencing on the first day of April of one year and ending on the thirty-first day of March of the following year ;
- (ii) As from 1st April, 1954, nine annual instalments of 310 million Deutsche Mark each and a tenth annual instalment of 260 million Deutsche Mark, subject to the provisions of sub-paragraph (iii) hereof ;
- (iii) Should the Government of the Federal Republic of Germany be of opinion that they cannot comply with the terms of sub-paragraph (ii) hereof, they shall, three months before the beginning of the third financial year, give notice in writing to the Israel Mission referred to in Article 12, of a reduction of the annual instalments payable under sub-paragraph (ii) hereof, provided, however, that the said annual instalments shall in no circumstances be allowed to fall below the sum of 250 million Deutsche Mark.

(b) The annual instalments hereinbefore referred to shall become due in equal amounts on the fifteenth day of April and on the fifteenth day of August of each year.

The first annual instalment shall be paid as follows :—

60 million Deutsche Mark on the day of the coming into force of the present Agreement, and 140 million Deutsche Mark three months thereafter, or on 31st March, 1953, whichever date may be the earlier.

(c) Any annual instalments paid in pursuance of the provisions of this Article shall, when paid, diminish the obligation undertaken by the Federal Republic of Germany in Article 1, paragraph (b) in the proportion which that obligation bears to the total sum payable, and referred to in Article 1, paragraph (c).

The Government of Israel shall, when such annual instalments have been received, pay to the *Conference on Jewish Material Claims against Germany*, or to its successor or successors, an amount in the proportion hereinbefore referred to, within one year from the receipt of such instalments.

(d) The annual instalments shall, in accordance with Article 9, be paid into the Account of the Israel Mission with the *Bank deutscher Länder* or with any central bank of issue which may take its place.

Article 4

(a) The Federal Republic of Germany will endeavour, by increasing the annual instalments, to pay the sum payable in pursuance of Article 1 of the present Agreement, within a period of time shorter than that which would result from all or any of the provisions of Article 3, paragraph (a).

(b) In the event of the Government of the Federal Republic of Germany obtaining an external loan or any other financial relief from external sources in a currency generally and freely convertible and destined exclusively for the purpose of financing the obligation undertaken in Article 1, the entire proceeds of such loan or relief shall be used for such purpose, and shall be applied to the last annual instalments payable under the present Agreement.

(c) In the event of the Government of the Federal Republic of Germany obtaining an external loan or other financial relief from external sources in a currency generally and freely convertible and not destined for a specific purpose unconnected with the present Agreement, the Government of the Federal Republic of Germany shall, if and inasfar as they consider themselves capable of so doing, apply an appropriate portion of such loan or relief to financing the obligation undertaken in Article 1; in that event such portion shall be applied to the last two annual instalments, or to any part thereof, unless the amounts due in respect of such instalments shall have been previously redeemed.

(d) The proceeds referred to in paragraphs (b) and (c) hereof shall be made available to Israel in the currency in which, and at the time when, such loan or relief is obtained.

(e) Any redemption, whether premature or not, may be effected by the Government of the Federal Republic of Germany at any time in any currency generally and freely convertible, or in Deutsche Mark if and when the Deutsche Mark becomes generally and freely convertible, or in any other currency agreed upon.

(f) Whenever premature redemption of the whole or part of the sum still payable is offered in Deutsche Mark at a time when the Deutsche Mark is not generally and freely convertible, such redemption shall be accepted by Israel, provided that the proceeds thereof can be used for the purchase of commodities and services falling within the Schedule referred to in Article 6, paragraph (a), which may then be applicable, subject, however, to the provisions of Article 6, paragraph (e); the proceeds of such redemption shall be applied to the last annual instalment or instalments then payable.

(g) In the event of the obligation of the Federal Republic of Germany being prematurely redeemed, the Mixed Commission referred to in Article 13 shall decide whether, and if so, to what extent, having regard to all the relevant circumstances, a cash discount shall be granted to the Federal Republic of Germany in consideration of such premature redemption.

Article 5

(a) The delivery of commodities falling within the Groups comprised in the Schedule, shall in every respect be subject to the general conditions applicable at the time to the export from the Federal Republic of Germany of commodities of the same kind. There shall be no discrimination as compared with exports to any third country, in particular, also, insofar as prices are concerned which are now or may in future be subject to the effects of governmental action.

(b) Deliveries of commodities to Israel shall, in regard to taxation, be subject to the following treatment :—

- (i) Commodities delivered by suppliers in the Federal Republic of Germany under a contract of delivery with the Israel Mission shall, upon proof that they have been consigned to Israel in compliance with the terms of such contract of delivery, be deemed to be export deliveries ("*Ausfuhrlieferungen*") within the meaning of that term in the "*Umsatzsteuergesetz in der Fassung vom 1. September 1951*" (BGBl. I 791) and in the "*Durchführungsbestimmungen zum Umsatzsteuergesetz in der Fassung vom 1. September 1951*" (BGBl. I 796). The provisions of sections 23, 25 and 26 of the said "*Durchführungsbestimmungen*" shall be applied accordingly;
- (ii) Deliveries of commodities effected on or after 1st April, 1953, shall be accorded the export traders' refund and the export refund ("*Ausfuhrhändlervergütung und Ausfuhrvergütung*"), and the provisions of sections 70-80 of the "*Durchführungsbestimmungen zum Umsatzsteuergesetz in der Fassung vom 1. September 1951*" shall be applied accordingly;

- (iii) The provisions of the "*Gesetz über steuerliche Massnahmen zur Förderung der Ausfuhr vom 28. Juni 1951*" (BGBl. I 405) relating to taxation on income and profits and the implementary provisions enacted or to be enacted thereunder shall not apply to deliveries of commodities under the terms of the present Agreement ;
- (iv) If any of the tax provisions referred to in sub-paragraphs (i) and (ii) hereof are amended, or repealed and replaced by tax provisions of a similar nature, such tax provisions shall, insofar as they are of general application, apply to deliveries of commodities to Israel.

(c) The Government of the Federal Republic of Germany shall take all necessary administrative measures for the carrying into effect of deliveries of commodities to Israel, in particular insofar as the same may be required in connection with any internal economic measures, such as allocation of export quotas and the like, which now apply or which may in future apply to commodities of a kind to be delivered to Israel.

(d) Any internal restrictions imposed on the export of commodities from the Federal Republic of Germany shall apply to commodities to be exported to Israel only insofar as they are of general application to countries or groups of countries maintaining foreign trade relations with the Federal Republic of Germany.

(e) The commodities exported to Israel under the terms of the present Agreement shall not be re-exported to any third country, unless otherwise agreed by the Mixed Commission. This prohibition shall not apply to commodities which have undergone their final, substantial and economically justified transformation in Israel.

(f) In the event of such commodities being re-exported in a manner contrary to the provisions contained in paragraph (e) hereof, the Arbitral Commission referred to in Article 14 of the present Agreement, on finding that such export has taken place, shall be entitled to impose on Israel a penalty equivalent in amount to the value of such commodities at the time when the same were re-exported as aforesaid. The said penalty, if found to be due, shall be deducted from the annual instalment next payable.

Article 6

(a) The commodities and services to be purchased by the Israel Mission shall be comprised in Schedules.

(b) In laying down such Schedules account shall be taken especially of capital goods.

(c) Commodities delivered under the terms of the present Agreement may also be of non-German origin.

(d) The commodities and services included in the Schedule for the first two financial years shall be comprised in the following Groups : —

- Group I — Ferrous and non-ferrous metals ;
- Group II — Products of the steel-manufacturing industry ;
- Group III — Products of the chemical industry and of other industries ;
- Group IV — Agricultural products ;
- Group V — Services.

(e) The amounts by which the annual instalments under the present Agreement may increase shall be apportioned as follows among the Groups mentioned in paragraph (d) hereof :—

- 13 % of the increase to go to Group I ;
- 30 % of the increase to go to Group II ;
- 45 % of the increase to go to Groups III and IV ;
- 12 % of the increase to go to Group V.

(f) The Schedules shall, as from 1st April, 1954, be laid down by the Mixed Commission on the basis of lists to be submitted by the Israel Mission for an agreed period of not less than one year, in accordance with the following provisions :—

- (i) The Israel Mission will submit to the Mixed Commission its list for deliveries not later than six months before the expiration of the Schedule then current ;
- (ii) The Mixed Commission shall meet not later than three months after receipt of the list referred to in sub-paragraph (i) hereof, in order to lay down, in accordance with the terms of this Article, the Schedule then following.

(g) Each Schedule laid down for a period subsequent to 31st March, 1954, shall, in principle, be based in its composition on the Schedule immediately preceding it. The Mixed Commission shall, however, be entitled to introduce modifications in such Schedule when laying down the same in accordance with the terms of paragraph (f) hereof. In considering modifications in the composition of each such Schedule the Mixed Commission shall take into account, in an appropriate manner, the requirements of Israel and the possibilities of the economy of the Federal Republic of Germany to carry into effect deliveries of commodities.

(h) In the event of the Mixed Commission failing to reach agreement on modifications, each such Schedule shall, subject to the provisions of paragraph (e) hereof, be based in its composition on the Schedule immediately preceding it, provided, however, that the foregoing shall not apply to modifications which have been agreed expressly as applying to a fixed period of time.

Article 7

(a) Purchases of commodities and services under the terms of the present Agreement shall be carried out solely and exclusively by the Israel Mission.

(b) Contracts for the delivery of commodities or the provision of services, in accordance with the Schedule in force for the time being, shall be concluded between the Israel Mission of the one part and German suppliers of the other part.

The procedure for the purchase of commodities of non-German origin shall be regulated by the Mixed Commission.

(c) The legal relations of the Israel Mission arising in connection with the delivery of commodities and the provision of services which fall within the ambit of private law shall be subject to German law.

(d) The procedure relating to the examination of orders placed by the Israel Mission with German suppliers is set out in the Annex to the present Article.

Article 8

(a) The amounts to be set aside for the provision of services under any Schedule in force for the time being shall be used for the payment by the Israel Mission of insurance and transport charges, of administrative expenses, including wages, salaries, rent and the like, and of any other expenses incurred by the Israel Mission in connection with the implementation of the present Agreement. In the event of any such amounts having remained unspent at the expiration of any of the periods referred to in Article 6, paragraphs (d) and (f), such amounts shall be used for the purchase of commodities during the period then commencing; they shall be apportioned among the Groups of commodities contained in the Schedule then coming into operation, and in the proportions therein laid down.

(b) The Israel Mission will, in principle, cover with German insurance companies, risks concerning commodities under the present Agreement. Contracts of insurance shall be expressed and insurance premiums paid in Deutsche Mark. Claims arising under such contracts shall be satisfied in Deutsche Mark and the proceeds used for the purpose of providing replacements. Such replacements shall be subject in every respect to the provisions of the present Agreement.

(c) If the Government of Israel employ German shipping lines for the transport of commodities, the freight required shall be paid in Deutsche Mark and shall be charged against the amount set aside for services under the present Agreement. Sea-freight payable in any currency other than Deutsche Mark shall be paid by the Government of Israel out of funds other than funds obtained under the present Agreement.

(d) Where transport by way of a German sea-port involves expenditure or arrangements which, having regard to all the circumstances, are economically unreasonable, the Israel Mission shall be entitled to use sea-ports outside the Federal Republic of Germany; the question whether such expenditure or arrange-

ments are economically unreasonable shall be determined by reference, principally, to the normal method of transport which would be used in cases of a similar nature.

The Government of Israel shall not be entitled to use funds obtained under the present Agreement for the purpose of defraying charges for transport operations or for other services beyond the German frontier.

Article 9

(a) The Israel Mission shall, upon the coming into force of the present Agreement, apply to the *Bank deutscher Länder*, or to any central bank of issue which may take its place, for an Account in Deutsche Mark to be opened in its name. Without prejudice to the right of the Government of the Federal Republic of Germany to pay, upon their falling due, the annual instalments payable under the terms of Article 3, paragraph (b) into the Account of the Israel Mission, the Government of the Federal Republic of Germany shall, upon the request of the Israel Mission, pay into the said Account such annual instalments as have fallen due, in the amounts indicated in each case by the Israel Mission, in order to meet its financial requirements as they arise.

(b) Any balances, the transfer of which to the above Account has not been requested by the Israel Mission by the end of any one financial year shall be brought forward to the credit of the Israel Mission with the Government of the Federal Republic of Germany for the following financial year.

(c) The provisions relating to the implementation of the present Article are contained in the Annex thereto.

Article 10

(a) If, during the currency of the present Agreement, the economic or the financial capacity of the Federal Republic of Germany shall be adversely affected in a fundamental and lasting manner, the Contracting Parties shall consult with a view to adjusting to the changed circumstances resulting therefrom the further discharge by the Federal Republic of Germany of the obligations under the present Agreement.

(b) Such adjustment shall not cause the total sum payable by the Federal Republic of Germany in pursuance of Article 1 of the present Agreement to be reduced, but shall merely result in a temporary suspension or a temporary reduction of the annual instalments payable in pursuance of Article 3.

(c) If, in the event of the financial capacity of the Federal Republic of Germany being adversely affected in a fundamental and lasting manner, negotiations fail to lead to an agreement, and if thereupon application is made to the Arbitral Commission, the Government of the Federal Republic of Germany shall be entitled,

pending an award of the Arbitral Commission, to reduce the amount of the annual instalment next due, provided that they give such notice as is appropriate in the circumstances, of their intention so to reduce such instalment.

Article 11

If, during the currency of the present Agreement, circumstances change in such a manner as to result in an essential reduction of the substance of the obligation undertaken by the Federal Republic of Germany under the present Agreement, the Contracting Parties shall consult with a view to adjusting to such changed circumstances the annual instalments still payable.

Article 12

(a) The Government of Israel will send to the Federal Republic of Germany as their sole and exclusive agent a Mission which shall be charged on their behalf with the implementation of the present Agreement. The name of the Mission shall be "Israel Mission", or such other name as may be agreed upon between the Contracting Parties.

(b) The Israel Mission shall be entitled to engage in all activities which may be required in the Federal Republic of Germany in connection with the expeditious and effective implementation of the present Agreement, and shall, in particular, be entitled :—

- (i) To place orders and to conclude and execute contracts for the delivery of commodities and the provision of services under the terms of the present Agreement and to incur expenditure therefor ;
- (ii) To consult with governmental or non-governmental bodies or organisations on any question relating to the implementation of the present Agreement ;
- (iii) To deal with all other matters incidental to the activities hereinbefore referred to.

(c) The Israel Mission shall be deemed to be a juristic person within the meaning of German Law. The Israel Mission shall not be required to be registered in the *Handelsregister*. The names of the persons authorized to represent the Israel Mission shall be published by the Israel Mission in the *Bundesanzeiger* from time to time and shall, in addition, be given notoriety by other means. In relation to third parties such persons shall be deemed to be entitled to represent the Israel Mission as long as the withdrawal of their authority has not been published in the *Bundesanzeiger*.

The Israel Mission shall be subject to this jurisdiction of the German courts in regard to legal relations arising out of and in connection with its commercial activities. The Israel Mission shall be exempt from the obligation to give security for the costs of legal proceedings. The Account of the Israel Mission with the *Bank deutscher Länder*, or with any central bank of issue which may take its place,

and its accounts with banking institutions authorized to engage in foreign trade transactions shall be liable for all obligations arising out of or in connection with such activities, and in particular, to attachment and execution.

(d) The Head of the Israel Mission requires the consent of the Government of the Federal Republic of Germany for the admission to the performance of his activities. Such consent may be withdrawn by the Government of the Federal Republic of Germany. The names of all personnel of the Israel Mission, with special indication of its senior officials, shall be communicated by the Head of the Israel Mission to the Government of the Federal Republic of Germany.

(e) The Israel Mission shall be entitled to establish offices in the Federal Republic of Germany as may appear necessary for the effective performance of its activities, provided, however, that the places where such offices shall be located shall be agreed between the Israel Mission and the appropriate authorities of the Government of the Federal Republic of Germany.

(f) The Israel Mission, its personnel of Israel nationality and its premises shall be entitled to the following rights, privileges, immunities and courtesies:—

- (i) Such administrative assistance as is usually accorded to foreign missions in the Federal Republic of Germany and as is required for the effective performance of the activities of the Israel Mission and of its personnel of Israel nationality ;
- (ii) Exemption of the income of the Israel Mission derived from the performance of all or any of the activities referred to in paragraph (b) hereof, and of the property of the Israel Mission serving such activities from all taxes imposed in the Federal Republic of Germany on income, profit or capital (*Steuern vom Einkommen und Ertrag und Vermögenssteuer*) ;
- (iii) Exemption of real estate owned by the Israel Mission in the Federal Republic of Germany and used directly for the performance of the activities of the Israel Mission or for the accommodation of its members of Israel nationality from real estate tax ;
- (iv) Exemption of the salaries and emoluments of the Head of the Israel Mission and of its permanent officials of Israel nationality derived from the performance of their activities as members of the Israel Mission from all taxation imposed in the Federal Republic of Germany on income ;
- (v) Exemption of all articles destined for the official purposes of the Israel Mission and the personal use of the Head and of the senior officials of the said Mission of Israel nationality from customs duties, irrespective of whether such articles have been imported on first arrival of such officials in the

Federal Republic of Germany or at any time thereafter during their term of office, provided, however, that no articles the importation of which into the territory of the Federal Republic of Germany is prohibited under the laws or regulations in force at the time of importation shall be brought into that territory; exemption of all articles imported into the territory of the Federal Republic of Germany by virtue of this sub-paragraph from all economic restrictions on their importation into or their exportation from the said territory.

The granting of the privileges herein referred to may be made contingent upon an assurance in writing by the Head or by a senior official of the Israel Mission authorized by him for this purpose that the consignments concerned, which the said Head or official shall identify by quantity, kind, markings, numbers and contents, are destined solely for one of the purposes herein referred to;

- (vi) Exemption of the Head and of the senior officials of the Israel Mission of Israel nationality from German civil and criminal jurisdiction in all that pertains to any acts carried out by them within the framework of their official functions, subject, however, to the provisions of paragraph (c) hereof; exemption of the said Head and of the said senior officials of the Israel Mission from arrest, except for such infringements of the laws of the Federal Republic of Germany as are therein defined as "*Verbrechen*";
- (vii) Exemption of the office premises of the Israel Mission from any acts of the authorities of the Federal Republic of Germany, and in particular exemption of the archives from inspection, impounding or seizure, subject, however, to the right of the said authorities to serve process;
- (viii) Exemption of the Head and of the members of the Israel Mission from any obligation to produce in court or elsewhere documents from the archives of the Israel Mission, or to testify to their contents, unless such documents relate to the commercial activities of the Israel Mission;
- (ix) The right of the Israel Mission to use cipher and receive and despatch diplomatic couriers.

Article 13

(a) The Contracting Parties shall set up a Mixed Commission composed of representatives of the Government of Israel and of the Government of the Federal Republic of Germany, respectively.

(b) The Mixed Commission shall meet at the request of the representatives of either Party.

(c) The Mixed Commission shall have the following functions :--

- (i) To deal with all questions arising between the Contracting Parties out of or in connection with the implementation of the present Agreement, to review the progress of such implementation, to examine any difficulties that may arise, and to take decisions in order to resolve such difficulties ;
- (ii) To lay down Schedules in accordance with the provisions of Article 6.

Article 14

(a) All disputes between the Contracting Parties arising out of the interpretation or application of the present Agreement not settled by negotiation shall be submitted, at the request of either Party, to an Arbitral Commission, constituted in accordance with the provisions here following :—

- (i) Each Contracting Party shall notify the other Party of the appointment of an arbitrator within a period of two months from the coming into force of the present Agreement ;
- (ii) The Contracting Parties shall, within a period of two months subsequent to the appointment of the two arbitrators, by agreement, appoint the umpire of the Arbitral Commission ;
- (iii) If, within the periods respectively referred to in sub-paragraphs (i) and (ii), either Contracting Party fails to appoint an arbitrator, or if the Contracting Parties fail to agree upon the appointment of an umpire, such arbitrator or umpire, as the case may be, shall be appointed, upon the request of one or other of the Contracting Parties, by the President of the International Court of Justice ;
- (iv) The umpire shall not be a national of either of the Contracting Parties, or ordinarily resident within their respective territories, or in the service of either of them.

(b) The members of the Arbitral Commission shall be appointed for a period of five years. The Arbitral Commission shall be reconstituted in accordance with the provisions of paragraph (a) hereof, three months before the expiration of the said period of five years. The members of the Arbitral Commission are re-eligible.

(c) A member whose term of office has expired shall continue to discharge his duties until his successor is appointed. After such appointment he shall, unless the umpire directs otherwise, continue to discharge his duties respecting pending cases in which he has participated, until such cases have been finally decided.

(d) If an arbitrator, or the umpire, during his term of office, dies or retires, the vacancy shall be filled in accordance with the provisions of paragraph (a) hereof.

(e) The Arbitral Commission shall meet at a place to be designated by the umpire.

(f) The Arbitral Commission shall lay down its own rules of procedure; in particular, it shall have power to request the attendance of witnesses and experts and the submission of advisory expert opinions in writing.

If the Contracting Parties agree, the Arbitral Commission may dispense with oral proceedings.

(g) The Contracting Parties shall cause their courts of law to execute letters of request for the examination of witnesses and the service of documents issued by the Arbitral Commission in connection with any case pending before it.

(h) The Arbitral Commission, and in case of urgency and subject to confirmation by the Arbitral Commission, the umpire, shall have power to issue orders for provisional measures to preserve the rights of either Party. Such orders, when issued by the umpire, shall lapse after one month, unless confirmed by the Arbitral Commission.

The Contracting Parties shall comply with such orders.

(i) Each Party shall bear its own costs, including the costs of the arbitrator appointed by it. All costs of the Arbitral Commission shall be apportioned equally between the Contracting Parties. The fees of the umpire for each case and the apportionment thereof between the Parties shall be fixed by the Arbitral Commission.

(k) The awards of the Arbitral Commission shall not be subject to appeal and shall be binding upon the Parties.

The Arbitral Commission may set a time limit for the execution of its awards.

(l) Unless the Contracting Parties agree upon another solution, any dispute which may arise between them as to the interpretation or execution of any award of the Arbitral Commission may, at the request of either Party, be submitted to the Arbitral Commission.

If, for any reason, the Arbitral Commission does not accept the submission within a period of one month, and if the Parties have not agreed upon another solution, the dispute shall be referred to an *ad hoc* Arbitral Commission constituted in accordance with the provisions of paragraph (a) hereof.

(m) The Arbitral Commission shall not be competent to deal with disputes between the Contracting Parties arising out of the legal relations referred to in Article 12, paragraph (c) until all local remedies have been exhausted.

Article 15

(a) The Arbitral Commission referred to in Article 14 of the present Agreement shall be competent to deal also with disputes arising out of the interpretation or

application of Protocol No. 2 this day drawn up and signed between the Government of the Federal Republic of Germany and the *Conference on Jewish Material Claims against Germany*, in the cases here following and subject to the provisions hereinafter set out :—

- (i) If the Government of the Federal Republic of Germany are of opinion that the said *Conference* has failed to comply with the terms of Article 2 of the said Protocol, they shall be entitled to invoke the Arbitral Commission within a period of one year from the date fixed for the making of the communication referred to in the said Article.

If the Arbitral Commission finds that the said *Conference* has used any sum for purposes other than those referred to in the said Protocol, or has without adequate reason failed to use such sum or has failed to make the communication provided for in Article 2 thereof, the Federal Republic of Germany shall be entitled to withhold an amount equal in value to the sum the use of which has been in dispute. Such amount may be withheld from the annual instalments next due, to the extent that such annual instalments are in excess of 250 million Deutsche Mark. In the event of an annual instalment not exceeding the amount of 250 million Deutsche Mark, the sum to be withheld may be deducted from the last annual instalment payable under the present Agreement ;

- (ii) Application may be made to the Arbitral Commission requesting it to find that subsequent to its award under the terms of sub-paragraph (i) hereof the said *Conference* has used for the purposes referred to in Article 2 of the said Protocol moneys derived from independent sources, or has subsequently spent an unused sum for such purposes, or has subsequently made the communication referred to in the said Protocol. In the event of the Arbitral Commission finding in favour of such application, the Government of the Federal Republic of Germany shall have lost its right to withhold or deduct such sum under the terms of the award previously made, and shall pay any sum that may have been withheld previously ;
- (iii) In the event of any doubt arising as to the continued existence of the *Conference on Jewish Material Claims against Germany* or as to its successor, the Government of the Federal Republic of Germany shall be entitled to request an award of the Arbitral Commission to resolve such doubt ;
- (iv) The Government of the Federal Republic of Germany shall be entitled, within three months after receipt of the notification referred to in Article 3 of the said Protocol, to request a finding of the Arbitral Commission as to whether the assignment or intended assignment of the rights and obligations of the said *Conference* to a successor may be regarded as fulfilling the purposes referred to in Article 2 of the said Protocol.

(b) *The Conference on Jewish Material Claims against Germany* shall be entitled to intervene in any proceeding instituted under the terms of this Article.

Article 16

(a) The following Annexes and Letters shall form an integral part of the present Agreement :—

(i) Schedule ;

Annex to Article 7 ;

Annex to Article 9 ;

(ii)

Letter No. 1a : Letter from the Minister for Foreign Affairs, State of Israel, on the settlement of the Israel claim and the rights of Israel nationals under legislation in the Federal Republic of Germany on restitution, compensation or other redress for National-Socialist wrongs ;

Letter No. 1b : Reply of the Chancellor and Minister for Foreign Affairs of the Federal Republic of Germany to Letter No. 1a ;

Letter No. 2a : Letter from the Head of the German Delegation concerning Article 5 ;

Letter No. 2b : Reply of the Joint Heads of the Israel Delegation to Letter No. 2a ;

Letter No. 3a : Letter from the Chancellor and Minister for Foreign Affairs of the Federal Republic of Germany concerning Article 6 ;

Letter No. 3b : Reply of the Minister for Foreign Affairs, State of Israel, to Letter No. 3a ;

Letter No. 4a : Letter from the Minister for Foreign Affairs, State of Israel, concerning Article 6 ;

Letter No. 4b : Reply of the Chancellor and Minister for Foreign Affairs of the Federal Republic of Germany to Letter No. 4a ;

Letter No. 5a : Letter from the Joint Heads of the Israel Delegation concerning Article 7 ;

Letter No. 5b : Reply of the Head of the German Delegation to Letter No. 5a ;

Letter No. 6a : Letter from the Joint Heads of the Israel Delegation concerning Article 8 ;

Letter No. 6b : Reply of the Head of the German Delegation to Letter No. 6a ;

Letter No. 7a : Letter from the Head of the German Delegation concerning Article 8 ;

Letter No. 7b : Reply of the Joint Heads of the Israel Delegation to Letter No. 7a ;

Letter No. 8a : Letter from the Minister for Foreign Affairs, State of Israel, concerning Article 12 ;

Letter No. 8b : Reply of the Chancellor and Minister for Foreign Affairs of the Federal Republic of Germany to Letter No. 8a ;

Letter No. 9a : Letter from the Joint Heads of the Israel Delegation concerning Article 12 ;

Letter No. 9b : Reply of the Head of the German Delegation to Letter No. 9a ;

(b) Copies of Protocol No. 1 and of Protocol No. 2 this day drawn up and signed between the Government of the Federal Republic of Germany and the *Conference on Jewish Material Claims against Germany* are appended for reference only.

Article 17

(a) The Present Agreement shall be ratified with the least possible delay in accordance with the constitutional procedures of the Contracting Parties.

(b) The instruments of ratification shall be exchanged as soon as possible by accredited representatives of the Contracting Parties, at the Secretariat of the United Nations in New York.

A procès-verbal shall be drawn up by the Secretary-General of the United Nations, who is hereby requested to furnish each Contracting Party with certified copies thereof.

(c) The present Agreement shall come into force upon the exchange of the instruments of ratification.

IN FAITH WHEREOF the undersigned representatives duly authorized thereto have signed the present Agreement.

DONE at Luxembourg this tenth day of September, 1952, in two originals in the English language, one copy of which shall be furnished to each one of the Governments of the Contracting Parties.

For the State of Israel :

(Signed) M. SHARETT

For the Federal Republic of Germany :

(Signed) ADENAUER

SCHEDULE

The Schedule of commodities and services referred to in Articles 6 and 8 of the present Agreement shall be subject to the following provisions :—

1. The figures set against the Groups and Sections contained in the Schedule are figures fixed in respect of the financial year ending on 31st March, 1953 ; the same figures shall apply to the second financial year.

2. The grand totals set against each of the Groups I to IV and the totals of the Sections of each such Groups shall be binding and shall be used only for the purchase of commodities contained in such Groups or Sections, without prejudice, however, to the provisions of paragraphs 3 and 4 hereof.

3. The Israel Mission shall be entitled to vary the total in this Schedule set against each Section forming part of Groups II and III to an extent of not more than ten per cent. of such total in either direction. Variations in excess of ten per cent. of such total or totals shall be subject to the provisions of Article 6, paragraphs (g) and (h).

4. The commodities listed in the Sections of this Schedule are listed by way of example only, and there may be substituted for or added to such commodities other commodities of a similar nature provided, however, that the total set against each Section shall remain constant.

Value in 1,000
Deutsche Mark

GROUP I: FERROUS AND NON-FERROUS METALS

Section 1) <i>Pig iron</i> (weight approximately 1,300 tons)	Total	350		
Section 2) <i>Rolling mill products</i> (hot rolled)				
Structural steel	3,000 t	18.0 %		
Bar steel	5,300 t	32.0 %		
Strip steel	1,500 t	9.0 %		
Sheet plates	2,000 t	12.1 %		
Wire rods	1,100 t	6.6 %		
Rails and railway material	700 t	4.2 %		
Galvanized flat and corrugated sheets	300 t	1.8 %		
Tin plates	300 t	1.8 %		
Fine steels	250 t	1.5 %		
Dynamo sheets (*)	150 t	0.9 %		
Tubes (black and galvan.)	2,000 t	12.1 %		
	16,600 t	100.0 %	Total	11,500
Section 3) <i>Foundry products</i>				
Waste pipes, pressure pipes, general steel and die-castings, malleable cast iron, sanitary castings, fittings, joints, couplings	Total	6,250		
Section 4) <i>Drawn and cold rolled iron and steel products</i>				
Cold rolled strip iron, cold rolled sheets, high speed steel, steel shafts, expansion metal, drawn iron and steel wire, electrodes, wire ropes, structural steel netting, bright steel, precision steel tubes (weight approximately 3,100 tons)	Total	3,100		
Section 5) <i>Semi-finished products of non-ferrous metals and alloys thereof</i>				
Sheets, hoops, bars, tubes, structural shapes, wires, foils, metal powder, etc., made of aluminium, copper, brass, lead, zinc and tin	Total	5,300		
			Grand Total	26,500

(*) Of more than 1.3 Watts per kg.

Value in 1,000
Deutsche Mark

GROUP II: PRODUCTS OF THE STEEL-MANUFACTURING INDUSTRY

Section 1) *Products of the machine manufacturing industry*

Machines of all kinds, in particular agricultural machinery, agricultural tractors, pumps, combustion engines (Diesel engines), construction and road building machinery, earth moving machinery, mining equipment, welding machines, refrigeration machines, machine tools, metal and wood-working machinery, hoistings, locomobiles and locomotives of any gauge, household appliances, office and calculating machines, typewriters Total 17,000

(Purchases of commodities falling under this Section shall be distributed in a reasonable proportion among the commodities therein contained.)

Section 2) *Products of the motor vehicle and bicycle industry*

Buses and trailers, trucks, delivery and passenger cars of all kinds, engines, accessories and spare parts of all kinds, bicycles, motorcycles and spare parts Total 4,500

Section 3) *Products of the structural steel industry*

Structural steel products of all kinds for superstructure work, bridges, masts, railway cars of all kinds for passengers and goods, steam boilers, containers, pipe lines, tanks, cars for narrow-gauge railways and hauling trucks, switches and crossings Total 7,000

Section 4) *Shipbuilding*

Payments on account of two cargo ships of 8,000 tons and 10,000 tons each and fishing vessels of all kinds Total 2,000

Section 5) *Products of the electro-technical industry*

Power generating and distributing equipment, switching equipment, control and measuring instruments, meters, installation material, cables and wiring, telephone and telegraph installations, wireless apparatus equipment, electro-medical apparatus, motors, other electro-technical equipment Total 9,000

Section 6) *Fine mechanical and optical instruments*

Fine mechanical instruments of all kinds and precision instruments; optical and medical instruments Total 1,000

Section 7) *Goods and products of iron, steel, sheet-metal and metal*

Tube joints and flanges, springs, agricultural implements of all kinds, tools, sheet-steel constructions, welded tubes, containers for agricultural purposes, barrels and containers of all kinds, metal hardware as well as other finished goods of iron or steel, non-ferrous metal goods and non-ferrous metal netting, foil, metal powder, etc., printing lines and letters Total 4,500

Grand Total 45,000

Note: The totals set against Sections 1, 2, 3, 4 and 5 include payments on account.

GROUP III: PRODUCTS OF THE CHEMICAL INDUSTRY AND OF OTHER INDUSTRIES

Section 1) *Rubber and asbestos products*

Rubber, including synthetic rubber for the production of tyres, regenerated rubber, tyres of all kinds, asbestos goods of all kinds, such as paper and card-

Value in 1,000
Deutsche Mark

board, high-pressure packing plates, yarns, fabrics, insulating and packing material, packings, brake and clutch linings, filtration material, protective clothing Total 1,800

Section 2) *Chemical and pharmaceutical products*

Inorganic chemicals of all kinds, such as sodium perborate, hydrogen peroxide, sodium sulphide, ammonium chloride, silver nitrate, chromium compounds, fluorides, potassium hydroxide, sodium hydroxide (caustic soda), potassium carbonate, calcium cyanide, etc. Organic chemicals of all kinds, such as solvents, softeners, lacquer raw materials, etc., mineral pigments, earth colours, chemical fancy colours, printer's ink, carbon black furnace, lithopones, colouring substances, colouring matter of animal origin, auxiliary material for textile and leather industries and for dye works, chemicals for pharmaceutical purposes, alkaloids, as well as fine and laboratory chemicals, sewing material for surgeons, etc. Chemicals, plates, paper and (unexposed) films for photography, artificial plastic material, such as celluloid, cellophane, hardened casein, synthetic and chrome tanning substances, nitrogen fertilizer and other fertilizers of any kind, plant protecting substances and insecticides, wood protecting and preserving materials, expedients for rubber industry, etc. Special products for pharmaceuticals, sera and vaccine material Total 13,000

Section 3) *Products of the textile industry*

Rayon, cellular wool, perlon fibre, yarns for the manufacture of worsted material, cotton and cellular fabrics, bookbinders' cloth and other technical textiles Total 1,800

Section 4) *Products of the woodworking industry and affiliated industries*

Prefabricated houses (with plain standard equipment), plywood and plywood plates, wooden barrels, hard fibre, insulating and sound-reducing boards, precision-, writing- and calculating utensils, packing material for citrus fruit, such as semi-finished cases and wrapping paper, etc., products of the paper and cardboard industry, such as paper and cardboard of all kinds, textile hulls and spools of cardboard, filters for chemical and technical purposes, books on scientific subjects Total 12,100

Section 5) *Leather and products of the leather-processing industry*

Leather of any kind, raw hides of non-German origin (in so far as available), technical leather articles and protective equipment for workers, various articles of leather clothing Total 1,800

Section 6) *Stones and earths (building materials)*

Cement, ordinary and white, heat resistant products of all kinds, quartz and quartz sand Total 1,350

Section 7) *Ceramic and glass products (accessory building materials)*

Wall tiles of ceramic materials, ceramic products for sanitary purposes and sanitary fittings, chemo-technical and electro-technical ceramic products including products containing metallic oxides, abrasive discs, abrasive-coated paper and abrasive-coated cloth, etc. Total 1,350

Value in 1,000
Deutsche Mark

Section 8) *Products of the mineral oil industry and of mining*

Lubricating oil, lubricants, white oil, crude, hard and soft paraffin, bitumen, SBP, white spirit, bunker coal (to supply ships under Israel flag in German ports)	Total	1,800
	<u>Grand Total</u>	<u>35,000</u>

GROUP IV : AGRICULTURAL PRODUCTS

Breeding cattle, agricultural seeds (including potato seeds), refined sugar, raw cheese, raw material for the production of margarine (oil seeds, crude and refined vegetable oils), other agricultural products, including such of non-German origin	Grand Total	3,500
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GROUP V : SERVICES (in accordance with Article 8)

Insurance, transport and freight as far as applicable, administrative expenses, and any other expenses incidental to the above	Grand Total	15,000
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S U M M A R Y

Group I	26,500,000	Deutsche Mark
Group II	45,000,000	Deutsche Mark
Group III	35,000,000	Deutsche Mark
Group IV	3,500,000	Deutsche Mark
Group V	152,000,000	Deutsche Mark
	<u>125,000,000</u>	<u>Deutsche Mark</u>

For the Federal Republic of Germany :
(Signed) ADENAUER

For the State of Israel :
(Signed) M. SHARETT

ANNEX TO ARTICLE 7

1. The Israel Mission shall, immediately upon the placing of an order for the purchase of commodities and services under the terms of Article 7 of the present Agreement, notify an Agency to be designated by the Government of the Federal Republic of Germany, which Agency will hereinafter be referred to as "*Bundesstelle*", of the details of such order, and in particular of the names of the commodities, their description, quantity, statistical number, price per unit, total amount of the invoice, and terms of delivery and payment.

The *Bundesstelle* will examine whether these orders are in conformity with the provisions of the present Agreement, and in particular with the provisions of Articles 5, 6 and 8 thereof.

2. The Israel Mission, having approved the final invoice and having confirmed due compliance by the supplier with the terms of the order, shall submit such approval and confirmation to the *Bundesstelle*. The *Bundesstelle* shall approve the payment of the invoice so submitted, on the basis of the documents hereinbefore referred to, and upon examination of such order in accordance with the terms of paragraph 1 hereof.

3. In so far as the orders referred to in the present Annex provide for advance payments, the *Bundesstelle* shall approve such advance payments upon examination of the particulars referred to in paragraph 1 hereof.

4. All technical details, such as the forms to be used, shall be laid down by agreement between the Israel Mission and the *Bundesstelle*.

ANNEX TO ARTICLE 9

1. The *Bank deutscher Länder*, or any central bank of issue which may take its place, will keep a non-interest bearing Deutsche Mark Credit Account in the name of the Israel Mission.

2. The amounts in Deutsche Mark to be transferred by the Government of the Federal Republic of Germany from time to time shall be credited to the Account referred to in paragraph 1 hereof.

3. The Israel Mission shall notify the *Bank deutscher Länder*, or any central bank of issue which may take its place, of the names of those of the German banking institutions authorized to engage in foreign trade transactions, with which it intends to open non-interest bearing Deutsche Mark accounts. The amounts required by the Israel Mission for its trade transactions and transferred by it from the Account referred to in paragraph 1 hereof to such banking institutions shall be debited to the said Account of the Israel Mission.

4. The Israel Mission shall be entitled to draw upon the Deutsche Mark accounts referred to in paragraph 3 hereof solely for the purposes set out in Articles 6 and 8.

The payments to be made from accounts with the banking institutions referred to in paragraph 3 hereof require, without prejudice to the provisions contained in paragraph 5 hereof, the approval of the *Bundesstelle* referred to in the Annex to Article 7. Such approval shall be given in accordance with the provisions contained in the said Annex.

5. The *Bank deutscher Länder*, or any central bank of issue which may take its place, shall, at the request of any of the banking institutions referred to in paragraph 3 hereof, authorise the administrative expenditure to be incurred in any financial year, including expenditure for wages, salaries, rent and the like.

6. All technical details shall be laid down by agreement between the Israel Mission and the *Bank deutscher Länder* or any central bank of issue which may take its place.

EXCHANGE OF LETTERS

Letter No. 1a

Luxembourg, 10th September, 1952

His Excellency the Chancellor and Minister
for Foreign Affairs of the Federal
Republic of Germany

Mr. Chancellor,

I have the honour to convey to Your Excellency the following on behalf of the Government of Israel :—

1. Considering that the Federal Republic of Germany has in the Agreement signed today undertaken the obligation to pay recompense for the expenditure already incurred or to be incurred by the State of Israel in the resettlement of Jewish refugees, the claim of the State of Israel for such recompense shall, in so far as it has been put forward against the Federal Republic of Germany, be regarded by the Government of Israel as having been settled with the coming into force of the said Agreement. The State of Israel will advance no further claims against the Federal Republic of Germany arising out of or in connection with losses which have resulted from National-Socialist persecution.

2. The Government of Israel are here proceeding on the assumption that claims of Israel nationals under legislation in force in the Federal Republic of Germany on internal restitution, compensation, or other redress for National-Socialist wrongs, and the automatic accrual of rights to Israel nationals from any future legislation of this nature, will not be prejudiced by reason of the conclusion of the Agreement, provided, however, that the provisions of No. 14 of Protocol No. 1 this day drawn up and signed between the Government of the Federal Republic of Germany and the *Conference on Jewish Material Claims against Germany*, shall apply to Israel nationals only in so far as the said provisions concern the payment of compensation for deprivation of liberty and the payment of annuities to survivors of persecutees.

I shall be obliged if you will confirm receipt of this letter, and if you will also confirm that the assumption of the Government of Israel referred to in paragraph 2 hereof is correct.

I avail myself of this opportunity to express to Your Excellency the assurance of my highest consideration.

(Signed) M. SHARETT

Letter No. 1b

Luxembourg, 10th September, 1952

His Excellency the Minister for Foreign Affairs
State of Israel

Mr. Minister,

I have the honour to confirm receipt of Your Excellency's letter of today's date in the following terms :—

[As in Letter No. 1a]

On behalf of the Government of the Federal Republic of Germany, I beg to confirm that they have taken note of the contents of paragraph 1 of the above letter. With regard to paragraph 2 thereof, I confirm that the assumption of the Government of Israel is correct.

I avail myself of this opportunity to express to Your Excellency the assurance of my highest consideration.

(Signed) ADENAUER

Letter No. 2a

Luxembourg, 10th September, 1952

The Joint Heads of the Israel Delegation

Gentlemen,

With reference to Article 5 of the Agreement signed today, I have the honour to convey to you the following :—

It is understood between the Government of the Federal Republic of Germany and the Government of Israel that although under the terms of Article 5, paragraph (b) the Israel Mission itself shall not be charged with payment of the "Umsatzsteuer" with respect to the commodities consigned to Israel, the Israel Mission shall not be accorded the export traders' refund and the export refund ("*Ausfuhrhändlervergütung und Ausfuhrvergütung*"), which are accorded to German suppliers only.

I shall be obliged if you will confirm the above understanding.

I avail myself of this opportunity to express the assurance of my highest consideration.

(Signed) BÖHM

Letter No. 2b

Luxembourg, 10th September, 1952

The Head of the German Delegation

Sir,

We have the honour to confirm receipt of your letter of today's date in the following terms :—

[As in Letter No. 2a]

We are instructed by the Government of Israel to confirm the understanding set out in the above letter.

We avail ourselves of this opportunity to express the assurance of our highest consideration.

(Signed) SHINNAR
G. JOSEPHTHAL

Letter No. 3a

Luxembourg, 10th September, 1952

His Excellency the Minister for Foreign Affairs,
State of Israel

Mr. Minister,

With reference to Article 6 of the Agreement signed today, I have the honour to convey to Your Excellency the following :—

1. The Government of the Federal Republic of Germany attach particular importance to their request that in the selection of commodities to be delivered under the terms of the Agreement the products of the industry of West-Berlin be given particular consideration. There is no need to emphasize the special reasons for this request by the Government of the Federal Republic of Germany, of which your Delegation has taken note.

2. Among the products of the industry of West-Berlin to be given special consideration would be those of the machine manufacturing, structural steel, motor vehicle construction, fine mechanical instruments, asbestos, textile, woodworking and leather industries, and of the electro-technical, optical and chemical industries.

3. The Israel Mission will address all enquiries relating to deliveries by the industry of West-Berlin to the "*Berliner Absatzorganisation, Gemeinnützige Gesellschaft m.b.H. zur Förderung der West-Berliner Wirtschaft*", Berlin-Charlottenburg, or to the offices of the said company in the Federal Republic of Germany, at Bonn, and at Frankfurt/Main.

4. If offers made by the industry of West-Berlin are as economic as those made by suppliers elsewhere, the Israel Mission will, as far as possible, preferably avail itself of these offers.

5. None of the risks which may result from the special conditions of West-Berlin shall be borne by Israel.

6. The considerations herein contained will apply as long as the reasons generally well-known as prompting the Federal Republic of Germany to support the economy of West-Berlin continue to exist.

I shall be obliged if you will confirm receipt of this letter and the consent of the Government of Israel to its contents.

I avail myself of this opportunity to renew the assurance of my highest consideration.

(Signed) ADENAUER

Letter No. 3b

Luxembourg, 10th September, 1952

His Excellency the Chancellor and Minister
for Foreign Affairs of the Federal
Republic of Germany

Mr. Chancellor,

I have the honour to confirm receipt of Your Excellency's letter of today's date in the following terms :—

[As in Letter No. 3a]

I beg to inform you of the consent of the Government of Israel to the contents of the above letter.

I avail myself of this opportunity to renew the assurance of my highest consideration.

(Signed) M. SHARETT

Letter No. 4a

Luxembourg, 10th September, 1952

His Excellency the Chancellor and Minister
for Foreign Affairs of the Federal
Republic of Germany

Mr. Chancellor,

With reference to Article 6 of the Agreement signed today, I have the honour to convey the following on behalf of the Government of Israel :—

1. The Government of Israel suggest that out of the sum of 400 million Deutsche Mark payable to Israel until 31st March, 1954, under the terms of Article 3 of the Agreement, the Government of the Federal Republic of Germany earmark the equivalent in

Pounds Sterling of 150 million Deutsche Mark for deliveries by United Kingdom oil companies of oil to Israel.

2. The Government of Israel suggest that the Government of the Federal Republic of Germany undertake to pay for such oil deliveries the equivalent in Pounds Sterling of 75 million Deutsche Mark to the said oil companies between the date of the coming into force of the Agreement and 30th June, 1953. The Government of Israel shall, however, be entitled, at any time before 31st March, 1953, upon the conclusion of contracts with the said oil companies for the delivery of oil, to request the payment of the equivalent in Pounds Sterling of the said 75 million Deutsche Mark to such oil companies. Such payment for the purchase of oil in Pounds Sterling shall be effected on the basis of invoices to be submitted by the said United Kingdom oil companies; the said invoices shall be verified by a body to be designated by the Government of Israel.

3. The Government of Israel will undertake to bear all interest charges and other costs incurred in connection with or arising out of the payment for the said oil deliveries under the terms of paragraph 2 hereof; these costs will include such interest charges as may be made against the *Bank deutscher Länder* as a result of the payment referred to in paragraph 2 hereof.

4. The Government of Israel take note that the undertaking of the Government of the Federal Republic of Germany is based upon the continued existence of the *Payments Agreement*¹ between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Federal Republic of Germany, of 9th December, 1950. They further take note that no objection has been raised by the Bank of England to the payments referred to in paragraph 2 hereof, on the assumption, however, that the said Payments Agreement shall not have been terminated by either Contracting Party thereto before the payment of the said 75 million Deutsche Mark shall have been made.

5. The Government of Israel suggest that the above arrangement shall continue in force for the financial year ending on 31st March, 1954, for further oil deliveries by United Kingdom oil companies, and that the equivalent in Pounds Sterling of the remainder of the said 150 million Deutsche Mark shall be used for this purpose, on condition, however :—

- (i) That the balance of payments of the Federal Republic of Germany with the area of the European Payments Union, or with the member countries of the Sterling bloc, or with both, during the financial year ending on 31st March, 1954, will be such as to enable the Government of the Federal Republic of Germany to pay for the said oil deliveries in full or in part, and
- (ii) That the need of the Federal Republic of Germany to satisfy its own requirements of adequate oil supplies against payment in Pounds Sterling shall not thereby be impaired.

6. The Government of Israel suggest that with regard to the period subsequent to 1st April, 1954, the Contracting Parties consult on the extension of the arrangement referred to in paragraph 5 hereof.

¹ United Nations, *Treaty Series*, Vol. 88, p. 247.

7. If, for any of the reasons referred to in paragraphs 4 and 5 hereof, the proposed arrangement does not materialize, in full or in part, the amount in Deutsche Mark not spent under such arrangement shall be apportioned in accordance with the provisions of Article 6, paragraph (e), among the Groups of commodities and services referred to in Article 6, paragraph (d).

I shall be obliged if you will confirm receipt of this letter and the acceptance by the Government of the Federal Republic of Germany of the suggestions therein set out.

I avail myself of this opportunity to renew the assurance of my highest consideration.

(Signed) M. SHARETT

Letter No. 4b

Luxembourg, 10th September, 1952

His Excellency the Minister for Foreign Affairs,
State of Israel

Mr. Minister,

I have the honour to confirm receipt of Your Excellency's letter of today's date in the following terms :—

[As in Letter No. 4a]

I beg to inform Your Excellency that the Government of the Federal Republic of Germany accept the suggestions set out in the above letter.

I avail myself of this opportunity to renew the assurance of my highest consideration.

(Signed) ADENAUER

Letter No. 5a

Luxembourg, 10th September, 1952

The Head of the German Delegation

Sir,

With reference to Article 7 of the Agreement signed today, we have the honour to convey to you the following on behalf of the Government of Israel :—

1. It is the intention of the Government of Israel to establish in Israel a governmental body to deal with all matters connected with the purchase of commodities and services and all other matters relating to the implementation of the Agreement.

2. In so far as the Agreement is implemented in the Federal Republic of Germany, the Israel Mission referred to in Article 12 of the Agreement shall operate on behalf of the above governmental body as its sole and exclusive agent.

We shall be obliged if you will confirm receipt of this letter and bring its contents to the notice of the appropriate government departments and of such non-governmental bodies in the Federal Republic of Germany as may be concerned in this matter.

We avail ourselves of this opportunity to express the assurance of our highest consideration.

(Signed) SHINNAR
G. JOSEPHTHAL

Letter No. 5b

Luxembourg, 10th September, 1952

The Joint Heads of the Israel Delegation

Gentlemen,

I have the honour to confirm receipt of your letter of today's date in the following terms :—

[As in Letter No. 5a]

The Government of the Federal Republic of Germany will not fail to bring the contents of the above letter to the notice of the appropriate government departments and of such non-governmental bodies in the Federal Republic of Germany as may be concerned in this matter.

I avail myself of this opportunity to express the assurance of my highest consideration.

(Signed) BÖHM

Letter No. 6a

Luxembourg, 10th September, 1952

The Joint Heads of the Israel Delegation

Gentlemen,

With reference to Article 8, paragraph (c) of the Agreement signed today, I have the honour to communicate to you herewith the views of the Government of the Federal Republic of Germany on the shipping of commodities to be delivered under the terms of the above Agreement :—

1. In so far as commodities will be carried in ships sailing under the Israel flag and owned by Israel shipping lines, sea-freight shall be borne by the Government of Israel in Israel currency.

2. The Government of the Federal Republic of Germany intend that commodities not shipped under the terms of paragraph 1 hereof shall be carried in shipping space to be made available by the Federal Republic of Germany ; the ships to be used shall be ships sailing under the flag of a third country, and the payment of freight shall be effected in Deutsche Mark out of moneys set aside for the provision of services. The particulars of such shipping operations shall be arranged through agencies to be designated by the Contracting Parties and shall be adjusted to prevailing circumstances. Freight charges generally prevailing in the market shall be charged. If shipping space is made available out of a "Conference-Line", the general freight tariffs of such "Conference-Line" shall be charged, and any special conditions applicable thereto shall apply.

3. If the arrangements referred to in paragraphs 1 and 2 hereof prove inadequate for the shipping of commodities, the Government of Israel shall be entitled to make other shipping arrangements.

I shall be obliged if you will confirm receipt of this letter and the consent of your Government to its contents.

I avail myself of this opportunity to express the assurance of my highest consideration.

(Signed) BÖHM

Letter No. 6b

Luxembourg, 10th September, 1952

The Head of the German Delegation

Sir,

We have the honour to confirm receipt of your letter of today's date in the following terms :—

[As in Letter No. 6a]

We are instructed to inform you of the consent of the Government of Israel to the contents of the above letter.

We avail ourselves of this opportunity to express the assurance of our highest consideration.

(Signed) SHINNAR
G. JOSEPHTHAL

Letter No. 7a

Luxembourg, 10th September, 1952

The Head of the German Delegation

Sir,

1. With reference to Article 8 of the Agreement signed today, we desire to advise you that the *Conference on Jewish Material Claims against Germany* or a body designated

by it might suggest to the Government of Israel that out of the amounts set aside for the provision of services under the terms of Article 8, paragraph (a) moneys should be made available in Deutsche Mark for relief work amongst Jews residing in the Federal Republic of Germany and in West-Berlin.

2. We shall be obliged if you will confirm that nothing in Article 8 of the Agreement shall prevent the Government of Israel from making the necessary arrangements to this end, and that in such event the provisions of paragraph 5 of the Annex to Article 9 shall apply, *mutatis mutandis*, to any licences which may be required under exchange control regulations for the expenditure of such moneys by the Israel Mission.

We avail ourselves of this opportunity to express the assurance of our highest consideration.

(Signed) SHINNAR
G. JOSEPHTHAL

Letter No. 7b

Luxembourg, 10th September, 1952

The Joint Heads of the Israel Delegation

Gentlemen,

I have the honour to confirm receipt of your letter of today's date in the following terms :—

[As in Letter No. 7a]

I am instructed by the Government of the Federal Republic of Germany to confirm that nothing in Article 8 of the Agreement shall prevent the Government of Israel from making the necessary arrangements to this end, and that in such event the provisions of paragraph 5 of the Annex to Article 9 shall apply, *mutatis mutandis*, to any licences which may be required under exchange control regulations for the expenditure of such moneys by the Israel Mission.

I avail myself of this opportunity to express the assurance of my highest consideration.

(Signed) BÖHM

Letter No. 8a

Luxembourg, 10th September, 1952

His Excellency the Chancellor and Minister
for Foreign Affairs of the Federal
Republic of Germany

Mr. Chancellor,

1. With reference to Article 12 of the Agreement signed today, I have the honour to notify Your Excellency of the request of the Government of Israel that the Israel

Mission be established in the Federal Republic of Germany prior to the coming into force of the Agreement.

2. I shall be obliged if Your Excellency will advise me of the consent of the Government of the Federal Republic of Germany to this request and inform me whether the Government of the Federal Republic of Germany are agreeable to according to the Mission, its Head and members, prior to the coming into force of the Agreement, the rights, privileges, immunities and courtesies provided in Article 12, paragraph (f) thereof, to the extent to which the existing laws of the Federal Republic of Germany may permit.

I avail myself of this opportunity to renew the assurance of my highest consideration.

(Signed) M. SHARETT

Letter No. 8b

Luxembourg, 10th September, 1952

His Excellency the Minister for Foreign Affairs,
State of Israel

Mr. Minister,

I have the honour to confirm receipt of Your Excellency's letter of today's date in the following terms:—

[As in Letter No. 8a]

I beg to inform Your Excellency that the Government of the Federal Republic of Germany agree that the Israel Mission may be established in the Federal Republic of Germany prior to the coming into force of the Agreement. The Government of the Federal Republic of Germany will thereupon grant to the Israel Mission, its Head and members, the rights, privileges, immunities and courtesies provided in Article 12, paragraph (f) of the Agreement, to the extent to which the existing laws of the Federal Republic of Germany may permit.

I avail myself of this opportunity to renew the assurance of my highest consideration.

(Signed) ADENAUER

Letter No. 9a

Luxembourg, 10th September, 1952

The Head of the German Delegation

Sir,

1. With reference to Article 12, paragraph (b) of the Agreement signed today, and further with reference to letter No. 1a, we have the honour to notify you of the desire

of the Government of Israel to charge the Israel Mission with functions of advice and assistance to Israel nationals in matters resulting from legislation which is now in force or may in future be enacted in the Federal Republic of Germany on internal restitution, compensation or other redress for National-Socialist wrongs. The Government of Israel understand, however, that such functions shall not include the representation of Israel nationals in formal proceedings.

2. We shall be obliged if you will advise us whether the Government of the Federal Republic of Germany share the view of the Government of Israel that nothing in Article 12, paragraph (b) of the Agreement should be construed as preventing the Israel Mission from exercising the functions referred to in paragraph 1 hereof.

We avail ourselves of this opportunity to express the assurance of our highest consideration.

(Signed) SHINNAR
G. JOSEPHTHAL

Letter No. 9b

Luxembourg, 10th September, 1952

The Joint Heads of the Israel Delegation

Gentlemen,

I have the honour to confirm receipt of your letter of today's date in the following terms :—

[As in Letter No. 9a]

I am instructed to advise you that the Government of the Federal Republic of Germany share the view of the Government of Israel that nothing in Article 12, paragraph (b) of the Agreement shall be construed as preventing the Israel Mission from exercising the functions referred to in paragraph 1 of the above letter.

I avail myself of this opportunity to express the assurance of my highest consideration.

(Signed) BÖHM

P R O T O C O L No. 1

DRAWN UP BY REPRESENTATIVES OF THE GOVERNMENT OF THE
FEDERAL REPUBLIC OF GERMANY AND OF THE CONFERENCE
ON JEWISH MATERIAL CLAIMS AGAINST GERMANY

Representatives of the Government of the Federal Republic of Germany and of the Conference on Jewish Material Claims against Germany have met in The Hague to discuss the extension of the legislation existing in the Federal Republic of Germany for the redress of National-Socialist wrongs and have agreed on a number of principles for the improvement of the existing legislation as well as on other measures.

The Government of the Federal Republic of Germany declare that they will take as soon as possible all steps within their constitutional competence to ensure the carrying out of the following programme :

I. COMPENSATION

1. The Government of the Federal Republic of Germany is resolved to supplement and amend the existing compensation legislation by a Federal Supplementing and Coordinating Law (*Bundesergänzungs- und rahmengesetz*) so as to ensure that the legal position of the persecutees throughout the Federal territory be no less favourable than under the General Claims Law now in force in the US Zone. In so far as legislation now in force in the *Länder* contains more favourable regulations these will be maintained.

The provisions contained hereinafter shall apply throughout the whole territory of the Federal Republic.

2. Jurisdictional gaps resulting from the residence and date-line requirements of the compensation laws of the various *Länder* will be eliminated. A change of residence from one *Land* to another shall not deprive anyone of compensation.

3. Where residence and date-line requirements are applicable under compensation legislation, compensation payments for deprivation of liberty shall be granted to persons who emigrated before the date-line and had their last German domicile or residence within the Federal territory.

4. Persecutees who were subjected to compulsory labour and lived under conditions similar to incarceration shall be treated as if they had been deprived of liberty by reason of persecution.

5. A persecutee who, within the boundaries of the German Reich as of December 31, 1937, lived "underground" under conditions similar to incarceration

or unworthy of human beings shall be treated as if he had been deprived of liberty by reason of persecution, in the meaning of that term under compensation legislation.

6. Where a persecutee died after May 8, 1945, his near heirs (children, spouse or parents) shall be entitled to assert his claim for compensation for deprivation of liberty, if this appears equitable by reason of the connection between the persecutee's death and persecution or of the indigence of the claimant. This provision shall not apply if the deceased was at fault in failing to file his claim in time.

7. Where the computation of annuities payable to persecutees is or will be based on the amounts of pensions payable to comparable categories of officials, all past and future changes in the pensions payable to comparable categories of officials will also be applied, as from the effective date of the future Federal Supplementing and Co-ordinating Law, to the annuities payable to persecutees. If at that time the persecutee has received no such annuities, such changes shall be effective as of April 1, 1952.

8. The future Federal Supplementing and Co-ordinating Law in supplementing the present legislation will grant to members of the free professions, including self-employed persons in trade and industry, agriculture, and forestry, the choice between a capital payment and annuities as compensation for loss of opportunities to earn a livelihood (*Existenzschäden*). The capital payment shall be granted up to a ceiling of DM 25,000 in each case as compensation for the damage suffered before the former vocation was fully resumed. Instead of the capital payment the persecutee may elect an appropriate annuity corresponding to his former living standards. The annuity shall, however, not exceed DM 25,000 per month. The persecutee shall be entitled to such choice only if at the time the choice is made, he is unable to or cannot be reasonably expected to fully resume his former vocation. The choice shall be final. If the beneficiary elects annuities, payments will be computed as from the day one year prior to the date of election.

9. The Government of the Federal Republic of Germany will provide compensation to persons who suffered losses as officials or employees of Jewish communities or public institutions within the boundaries of the German Reich as of December 31, 1937.

In so far as these persons have a claim against public authorities for compensation under existing or future compensation legislation, they will receive temporary relief pending the beginning of these compensation payments. If the persons involved do not have such claims, their maintenance will be secured by monthly payments based on their former salaries.

10. The future Federal Supplementing and Co-ordinating Law shall, in providing compensation for damage to economic prospects, include in an appropriate manner provisions for compensation for damage to vocational and professional training.

11. Persecutees who have their domicile or permanent residence abroad shall be compensated for deprivation of benefits accruing to victims of the First World War if they were deprived of such benefits by the National-Socialist régime of terror because of their political convictions, race, faith or ideology.

12. Persons who were persecuted because of their political convictions, race, faith or ideology and who settled in the Federal Republic or emigrated abroad from expulsion areas within the meaning of that term in the Equalization of Burdens Law shall receive compensation for deprivation of liberty and damage to health and limb, in accordance with the provisions of the General Claims Law of the US Zone. This applies only if they settled in the Federal Republic or emigrated abroad before the general expulsions took place and if it may be assumed that the persecutee would have been subjected to the expulsions measures taken against German nationals and ethnic Germans in connection with the events of the Second World War. Survivors of such persecutees shall receive annuities if all other conditions prescribed in the General Claims Law of the US Zone for the grant of survivors' annuities are fulfilled.

Such persecutees shall receive compensation for special levies, including the Reich Flight Tax, which were imposed upon them as a result of acts of terror of the National-Socialist régime, either by law or arbitrarily. Such special levies shall be taken into account up to a ceiling of RM 150,000 in each individual case. The claim shall be converted at the rate of DM 6.5 for RM 100, in the same way as savings accounts of expellees from the East are being converted.

For damage to economic prospects compensation shall be paid in so far as such damage made it impossible for the persecutee to provide for old age maintenance, wholly or in part, out of his own resources. In such case the damage will be determined, taken into account also up to a ceiling of RM 150,000 in each case, and converted at the rate of DM 6.5 for RM 100.

If the claimant is aged or permanently incapable of earning a livelihood because of illness or physical disability and the compensation paid to him for personal damages and for special levies, together with his own property and his other income, is insufficient to provide for his livelihood he may elect, instead of a capital payment for damage to his economic prospects, a requisite annuity.

Compensation in accordance with Paragraph 1 shall also be paid to persecutees who emigrated abroad or settled in the Federal Republic during or after the time the general expulsions took place.

13. The residence and date-line requirements of the General Claims Law of the US Zone shall not be applied to persecutees who suffered damage under the National-Socialist régime of terror and who, as political refugees from the Soviet Zone of occupation, moved into the Federal Republic and legally established their permanent residence there (so-called "double persecutees").

14. Persons who were persecuted for their political convictions, race, faith or ideology during the National-Socialist régime of terror and who are at present stateless or political refugees and who were deprived of liberty by National-Socialist terror acts shall receive appropriate compensation for deprivation of liberty and damage to health and limb, in accordance with the basic principles of the General Claims Law of the US Zone and in line with (*in Anlehnung an*) the compensation payments established therein, i. e., as a rule, not less than 3/4 of those rates. This does not apply, however, if the persecutee's needs are or were provided for by a State or an international organization on a permanent basis or by way of a capital payment because of the damage suffered from persecution. Persecutees who acquired a new nationality after the end of persecution shall be assimilated to stateless persons and political refugees.

Survivors of such persecutees shall receive corresponding annuities if all other conditions established in the General Claims Law of the US Zone for the grant of survivors' annuities are fulfilled.

If the compensation granted to the claimant, together with his own property and other income, is insufficient to provide for his livelihood he shall, in recognition of the persecution, be granted a corresponding equalization payment out of the Hardship Fund referred to elsewhere which is to be established by the Government of the Federal Republic of Germany.

The provisions contained herein shall not be applicable in so far as a persecutee is covered by the provisions of 12 above.

15. The Government of the Federal Republic of Germany will endeavour to carry out the whole compensation programme as soon as possible but not later than within ten years. They will see to it that the necessary funds shall be made available, as from the financial year 1953-54. The funds to be made available for any specific financial year shall be fixed in accordance with the Federal Republic's capacity to pay.

16. The Federal Supplementing and Co-ordinating Law shall, in recognition of general social principles, provide that claims of persons entitled to compensation who are over 60 years of age, or who are needy, or whose earning ability has been considerably impaired because of illness or physical disability shall be accorded priority over all other claims, both in adjudication and payment. Full compensation for deprivation of liberty and for damage to life and limb shall in these cases be payable at once. Property damage and loss of opportunities to earn

a livelihood in so far as they are compensated by capital payment shall be payable at once up to an amount of DM 5,000 in each case. In so far as payments are granted to such beneficiaries by way of annuities full payment shall begin at once.

17. The Government of the Federal Republic of Germany will see to it that, taking into account the principles contained in 15 above, funds shall be provided in such amounts, during the first financial years, that not only the claims referred to in 16 above can be satisfied, but, in addition, claims of other beneficiaries can also be appropriately dealt with.

18. No distinction shall be made concerning the treatment of claimants living within and those living outside of the territory of the Federal Republic, in so far as compensation is concerned.

19. Where evidence is required equitable consideration shall be given to the probative difficulties resulting from persecution. This shall apply particularly to the loss or destruction of files and documents, and to the death or disappearance of witnesses. The compensation authorities shall *ex officio* make the investigations necessary to establish the relevant facts and seek appropriate evidence. The special conditions affecting the persecutees shall be taken into due consideration in interpreting the terms "domicile" ("*rechtmässiger Wohnsitz*") or "residence" ("*gewöhnlicher Aufenthalt*").

20. A principle corresponding to the legal presumption of death contained in the restitution laws of the US and British Zones shall be inserted in the Federal Supplementing and Co-ordinating Law. This presumption of death shall also be applied in the procedure before the Probate Courts dealing with the issuance of a certificate of inheritance (*Erbschein*), provided that the validity of the certificate of inheritance be restricted to the compensation procedure.

II. RESTITUTION

1. The legislation now in force in the territory of the Federal Republic of Germany concerning restitution of identifiable property to victims of National-Socialist persecution shall remain in force without any restrictions, unless otherwise provided in Chapter Three of the *Convention on the Settlement of Matters Arising out of the War and the Occupation*.

2. The Federal Government will see to it that the Federal Republic of Germany accepts liability also for the confiscation of household effects in transit (*Umzugsgut*) which were seized by the German Reich in European ports outside of the Federal Republic, in so far as the household effects belonged to persecutees who emigrated from the territory of the Federal Republic.

3. The Government of the Federal Republic of Germany will see to it that payments shall be ensured to restitutees — private persons and successor organizations appointed pursuant to law — of all judgments or awards which have been or hereafter shall be given or made against the former German Reich under restitu-

tion legislation. The same shall apply to amicable settlements. Judgments or awards based on indebtedness in Reich Marks of the former Reich for a sum of money (*Geldsummenansprüche*) shall be converted into Deutsche Marks at the rate of ten Reich Marks for one Deutsche Mark. Judgments or awards for compensation for damage (*Schadenersatz*) shall be made in DM and assessed in accordance with the general principles of German Law applicable to the assessment of compensation for damage.

In accordance with Article 4, paragraph 3 of Chapter Three of the *Convention on the Settlement of Matters Arising out of the War and the Occupation*, the obligation of the Federal Republic of Germany shall be considered to have been satisfied when the judgments and awards shall have been paid or when the Federal Republic of Germany shall have paid a total of DM 1,500 million. Payments on the basis of amicable settlements shall be included in this sum. The time and method of payment of such judgments and awards shall be determined in accordance with the Federal Republic's capacity to pay. The Government of the Federal Republic of Germany will, however, endeavour to complete these payments within a period of ten years. In settling the liabilities of the German Reich the claimants in the French Zone shall not be treated less favourably than those in other parts of the Federal territory.

4. Monetary restitution claims against the German Reich up to an amount of DM 5,000 in each case, as well as claims of beneficiaries who are over 60 years of age, or are needy or whose earning ability has been considerably impaired because of illness or physical disability shall be accorded priority over all other monetary restitution claims against the German Reich, both in adjudication and payment.

5. The Government of the Federal Republic of Germany shall continue to grant exemption from taxation to charitable successor organizations and trust corporations appointed pursuant to restitution legislation.

6. In equalizing the burdens arising from the war (*Lastenausgleich*) the position of persons entitled to restitution is given special consideration as concerns the tax on property. Reference is made to the particulars contained in the provisions of the Law on the Equalization of Burdens of August 14, 1952 (BGBl. I. S. 446).

7. It is the intention of the Government of the Federal Republic of Germany in implementing the principle of law contained in Article 359, paragraph 2 of the Law on the Equalization of Burdens to bring about the following :

a) Compensation in accordance with the principles of the Equalization of Burdens Law shall be provided for damage to and losses of such material assets as are described in Section 12, paragraph 1, sub-paragraphs 1 and 2 thereof, if the persecutee suffered these losses as a result of confiscation as defined in the restitution legislation, and in the expulsion areas within the meaning of that

term in the Equalization of Burdens Law. This applies, however, only if the losses occurred before the general expulsions took place and if it may be assumed that the persecutee would have been subjected to the expulsion measures taken against German nationals and ethnic Germans in connection with the events of the Second World War.

- b) In implementing the principle of law referred to above, the provision of the Equalization of Burdens Law requiring that the persecutee had his permanent residence in the Federal Republic or in West Berlin on December 31, 1950, shall not apply.
- c) The indemnification of persecutees from expulsion areas whose permanent residence is outside the boundaries of the former German Reich will be taken over only in part. This part shall be determined by taking into account the distribution of expellees between the Federal Republic and the Soviet Zone of occupation.
- d) In cases where household effects in transit belonging to such persecutees were confiscated in European ports outside of the Federal Republic these confiscations shall be treated as confiscations within the meaning of paragraph a) above.

IN WITNESS WHEREOF the Chancellor and Minister for Foreign Affairs of the Federal Republic of Germany, of the one part, and the Representative of the Conference on Jewish Material Claims against Germany, duly authorized thereto, of the other part, have signed this Protocol.

DONE at Luxembourg this 10th day of September, 1952, in the English and German languages, each in two copies, the text in both languages being equally authentic.

For the Government
of the Federal Republic of Germany ;

(Signed) ADENAUER

For the Conference
on Jewish Material
Claims against Germany
(Signed) GOLDMANN

FAIT à Luxembourg, le 10 septembre 1952, dans les langues anglaise et allemande et en double exemplaire dans chaque langue, les deux textes faisant également foi.

Pour le Gouvernement
de la République fédérale d'Allemagne :

(Signé) ADENAUER

Pour la Conférence
on Jewish Material
Claims against Germany :
(Signé) GOLDMANN

EXCHANGE OF LETTERS

I

[GERMAN TEXT — TEXTE ALLEMAND]

[TRANSLATION — TRADUCTION]

Den Haag, den 8. September 1952

The Hague, 8 September 1952

An den Herrn Leiter der Delegation der Conference on Jewish Material Claims against Germany

The Head of the Delegation of the Conference on Jewish Material Claims against Germany

Herr Vorsitzender,

Sir,

Unter Bezugnahme auf das zwischen Vertretern der Regierung der Bundesrepublik Deutschland und der Conference on Jewish Material Claims against Germany vereinbarte Protokoll Nr. 1 beehre ich mich, Ihnen im Auftrage der Regierung der Bundesrepublik Deutschland folgendes mitzuteilen :

With reference to Protocol No. 1 agreed upon between representatives of the Government of the Federal Republic of Germany and of the Conference on Jewish Material Claims against Germany, I have the honour, on behalf of the Government of the Federal Republic of Germany, to inform you as follows :

Für Verfolgte, für die Fonds mit besonderer Zweckbestimmung anderweitig nicht vorgesehen sind, wird die Regierung der Bundesrepublik Deutschland im Zusammenhang mit dem Inkrafttreten eines Bundesergänzungs- und Rahmengesetzes einen Fonds zur Beseitigung von Härten errichten. Zahlungen aus diesem Fonds werden an Glaubensjuden nur in den Fällen von Teil I Nummer 14 Absatz 3 des oben erwähnten Protokolls Nr. 1 erfolgen.

In connexion with the entry into force of a Federal Supplementing and Co-ordinating Law (*Bundesergänzungs- und Rahmengesetz*), the Government of the Federal Republic of Germany will establish a Hardship Fund for persecutees for whom no specifically assigned funds are otherwise provided. Payments from this Fund will be made to persons of the Jewish faith solely in the cases referred to in the third paragraph of section 14, part 1, of the above-mentioned Protocol No. 1.

Ich wäre Ihnen zu Dank verpflichtet, wenn Sie mir den Empfang dieses Schreibens und die Zustimmung der Conference on Jewish Material Claims against Germany zu seinem Inhalt bestätigen würden.

Ich benutze diese Gelegenheit, um Sie meiner ausgezeichneten Hochachtung zu versichern.

(gez.) Dr. Franz BÖHM

I should be obliged if you would acknowledge the receipt of this letter and confirm the consent of the Conference on Jewish Material Claims against Germany to its contents.

I have the honour to be, etc.

(Signed) Dr. Franz BÖHM

II

Den Haag, September 8, 1952

The Head of the German Delegation

Sir :

I have the honour to confirm receipt of your letter of today's date in the following terms :—

[See letter I, German text]

I am instructed to inform you of the consent of the Conference on Jewish Material Claims against Germany to the contents of the letter cited above.

I avail myself of this opportunity to renew the assurance of my highest consideration.

Head of the Delegation of
the Conference on Jewish Material
Claims against Germany
(Signed) Moses A. LEAVITT

III

[GERMAN TEXT — TEXTE ALLEMAND]

[TRANSLATION¹ — TRADUCTION²]

Scheveningen, den 21. August 1952

Scheveningen, August 21, 1952

Herrn M. A. Leavitt
Leiter der Delegation der Conference
on Jewish Material Claims
against Germany

Mr. M. A. Leavitt
Chairman of the Delegation of the
Conference on Jewish Material
Claims against Germany

Sehr geehrter Herr Leavitt,

Dear Mr. Leavitt :

Unter Bezugnahme auf Ihr Schreiben vom 18. August 1952 beehre ich mich,

With reference to your letter of August 18, 1952, I am honored to inform you, in

¹ Translation by the Government of Israel.

² Traduction du Gouvernement d'Israël.

Ihnen namens der Regierung der Bundesrepublik Deutschland folgendes mitzuteilen :

Die Bundesregierung wird sich nach Verkündung eines den von unseren beiden Delegationen gemeinschaftlich formulierten "Regelungen über den Ausbau der Wiedergutmachungsgesetzgebung" entsprechenden Bundesgesetzes dafür einsetzen, dass der Senat der Stadt Berlin für seinen Bereich ein entsprechendes Gesetz in möglichst kurzer Frist erlässt.

Mit vorzüglicher Hochachtung

(gez.) BÖHM

the name of the Government of the Federal Republic of Germany, as follows :

The Federal Government will, upon promulgation of a federal law corresponding to the "Provisions for the Extension of Compensation Legislation" jointly formulated by the two Delegations, undertake all that is possible, in order that the Senate of the City of Berlin enact a corresponding law for its territory within as short a period as possible.

Yours very truly,

(Signed) BÖHM

IV

Wassenaar, Holland, September 8, 1952

Professor Franz Böhm

Head of the Delegation of the Federal Republic of Germany

Dear Professor Böhm :

In connection with Protocol No. 1, initialled this day by us, which deals with the extension of the legislation existing in the Federal Republic of Germany for the redress of National-Socialist wrongs and certain other measures, I have the honour to convey to you the following :

1. It is the understanding of the Conference on Jewish Material Claims against Germany that it will be consulted on the steps to be taken by your Government in implementing the aforesaid Protocol. In particular, the Conference expects to be consulted on the bills which your Government will introduce in the Parliament to transform the program contained in this Protocol into law.

2. The Conference on Jewish Material Claims against Germany expects your Government to keep the Conference fully informed on the work of the competent authorities of the Federal Republic of Germany engaged in the preparation of the legislation referred to above. The Conference on Jewish Material Claims against Germany assumes that representatives of the Conference will be invited to comment upon drafts of this legislation and to make such other observations as they will deem necessary. Proper notice is expected to be given to the Conference for this purpose by the competent authorities of the Federal Republic of Germany.

3. It is the understanding of the Conference on Jewish Material Claims against Germany that the Conference will also be informed, as far as feasible, of the progress of the implementation of the legislation referred to above.

Yours truly,

Head of the Delegation of
the Conference on Jewish Material
Claims against Germany
(Signed) Moses A. LEAVITT

V

[GERMAN TEXT — TEXTE ALLEMAND]

[TRANSLATION — TRADUCTION]

Den Haag, 8. September 1952

The Hague, 8 September 1952

Herrn Moses A. Leavitt
Head of the Delegation of the
Conference on Jewish Material
Claims against Germany

Mr. Moses A. Leavitt
Head of the Delegation of the
Conference on Jewish Material
Claims against Germany

Sehr geehrter Herr Leavitt,

Sir,

Ich bestätige den Erhalt Ihres Briefes vom 8. d. M. betreffend die künftige Zusammenarbeit zwischen den zuständigen Behörden der Bundesrepublik Deutschland und der Conference on Jewish Material Claims against Germany. Ich habe diesen Brief befürwortend an meine Regierung weitergeleitet.

I acknowledge the receipt of your letter of today's date concerning the future co-operation between the competent authorities of the Federal Republic of Germany and the Conference on Jewish Material Claims against Germany. I have transmitted this letter to my Government with a recommendation that the proposals contained therein be approved.

Es besteht Übereinstimmung darüber dass Fühlungnahme zwischen den zuständigen Amtsbehörden der Bundesrepublik und der Conference on Jewish Material Claims against Germany bei der Durchführung des im Protokoll Nr. 1 enthaltenen Gesetzgebungsprogramms stattfinden soll. Die Einzelheiten der künftigen Zusammenarbeit sind gegenwärtig Gegenstand von Beratungen in den zuständigen Amtsstellen der Bundesrepublik. Sie werden Ihnen ihren Beschluss mitteilen, sobald diese Beratungen abgeschlossen sind.

It is agreed that in the implementation of the programme of legislation set forth in Protocol No. 1 there should be contact between the competent official authorities of the Federal Republic and the Conference on Jewish Material Claims against Germany. The particulars of the future co-operation are at present being discussed by the competent authorities of the Federal Republic. These authorities will inform you of their decision as soon as the discussions are concluded.

Hochachtungsvoll
(gez.) Professor Franz BÖHM

I have the honour to be, etc.
(Signed) Professor Franz BÖHM

PROTOCOL No. 2

DRAWN UP BY REPRESENTATIVES OF THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND THE CONFERENCE ON JEWISH MATERIAL CLAIMS AGAINST GERMANY CONSISTING OF THE FOLLOWING ORGANIZATIONS :

Agudath Israel World Organization
Alliance Israélite Universelle
American Jewish Committee
American Jewish Congress
American Jewish Joint Distribution Committee
American Zionist Council
Anglo-Jewish Association
B'nai B'rith
Board of Deputies of British Jews
British Section, World Jewish Congress
Canadian Jewish Congress
Central British Fund
Conseil Représentatif des Juifs de France
Council for the Protection of the Rights and Interests of Jews from
Germany
Delegación de Asociaciones Israelitas Argentinas (D.A.I.A.)
Executive Council of Australian Jewry
Jewish Agency for Palestine
Jewish Labor Committee
Jewish War Veterans of the U.S.A.
South African Jewish Board of Deputies
Synagogue Council of America
World Jewish Congress
Zentralrat der Juden in Deutschland

The Government of the Federal Republic of Germany, of the one part, and the Conference on Jewish Material Claims against Germany, of the other part,

WHEREAS

The National-Socialist régime of terror confiscated vast amounts of property and other assets from Jews in Germany and in territories formerly under German rule ;

AND WHEREAS

Part of the material losses suffered by the persecutees of National-Socialism is being made good by means of internal German legislation in the fields of restitu-

tion and indemnification and whereas an extension of this internal German legislation, in particular in the field of indemnification, is intended ;

AND WHEREAS

Considerable values, such as those spoliated in the occupied territories, cannot be returned, and that indemnification for many economic losses which have been suffered cannot be made because, as a result of the policy of extermination pursued by National-Socialism, claimants are no longer in existence ;

AND WHEREAS

A considerable number of Jewish persecutees of National-Socialism are needy as a result of their persecution ; and

HAVING REGARD

To the statement made by the Federal Chancellor, Dr. Konrad Adenauer, in the Bundestag on September 27, 1951, and unanimously approved by that body ;

AND HAVING REGARD

To the Agreement this day concluded between the State of Israel and the Federal Republic of Germany ;

AND HAVING REGARD

To the fact that duly authorized representatives of the Government of the Federal Republic of Germany and of the Conference on Jewish Material Claims against Germany have met at The Hague ;

Have therefore this day concluded the following Agreement :

Article 1

In view of the considerations hereinbefore recited the Government of the Federal Republic of Germany hereby undertakes the obligation towards the Conference on Jewish Material Claims against Germany to enter, in the Agreement with the State of Israel, into a contractual undertaking to pay the sum of 450 million Deutsche Mark to the State of Israel for the benefit of the Conference on Jewish Material Claims against Germany.

Article 2

The Federal Republic of Germany will discharge their obligation undertaken for the benefit of the Conference on Jewish Material Claims against Germany, in the Agreement between the Federal Republic of Germany and the State of Israel, by payments made to the State of Israel in accordance with Article 3

paragraph (c) of the said Agreement. The amounts so paid and transmitted by the State of Israel to the Conference on Jewish Material Claims against Germany will be used for the relief, rehabilitation and resettlement of Jewish victims of National-Socialist persecution, according to the urgency of their needs as determined by the Conference on Jewish Material Claims against Germany. Such amounts will, in principle, be used for the benefit of victims who at the time of the conclusion of the present Agreement were living outside of Israel.

Once a year the Conference on Jewish Material Claims against Germany will inform the Government of the Federal Republic of Germany of the amounts transmitted by Israel, of the amounts expended as well as of the manner in which such expenditure has been incurred. If, for any adequate reasons, the Conference on Jewish Material Claims against Germany has not spent the moneys it has received, it shall inform the Government of the Federal Republic of Germany of the said reason or reasons.

The information herein referred to shall be supplied within one year from the end of the calendar year in which the relevant amount had to be transmitted to the Conference in pursuance of Article 3 paragraph (c) of the Agreement between the State of Israel and the Federal Republic of Germany.

The Conference on Jewish Material Claims against Germany undertakes to spend, not later than three months before the penultimate instalment payable to Israel falls due, all moneys referred to in Article 3 paragraph (c) of the Agreement between the State of Israel and the Federal Republic of Germany and which have been received seven months prior to the date on which the said penultimate instalment becomes due as aforesaid, and to inform the Government of the Federal Republic of Germany accordingly.

Article 3

The Conference on Jewish Material Claims against Germany shall be entitled, after prior notification to the Government of the Federal Republic of Germany, to assign its rights and obligations derived from the provisions of this Protocol and of the Agreement between the Federal Republic of Germany and the State of Israel to one or several Jewish organizations which are qualified to assume such rights and obligations.

Article 4

Disputes arising out of the interpretation and the application of Articles 2 and 3 of this Protocol shall be decided, in accordance with the provisions of Article 15 of the Agreement between the State of Israel and the Federal Republic of Germany, by the Arbitral Commission established by virtue of Article 14 of the said Agreement.

IN WITNESS WHEREOF the Chancellor and Minister for Foreign Affairs of the Federal Republic of Germany, of the one part, and the Representative of the Conference on Jewish Material Claims against Germany, duly authorized thereto, of the other part, have signed this Protocol.

DONE at Luxembourg this 10th day of September 1952, in the English and German languages, each in two copies in both languages being equally authentic.

For the Government
of the Federal Republic of Germany :

(Signed) ADENAUER

For the Conference
on Jewish Material
Claims against Germany :
(Signed) GOLDMANN

EXCHANGE OF LETTERS

I

Bonn, 3rd March, 1953

The Secretary of State
Professor Dr. W. Hallstein
Bonn
Haus Schaumburg

Sir,

I have the honour to inform you that I have been instructed by the Government of Israel to communicate to you its consent to the deletion of the following words in para 2 of the letters 6 a and 6 b of the Agreement between the Federal Republic of Germany and the State of Israel signed on September 10, 1952 :

“... the ships to be used shall be ships sailing under the flag of a third country, and...”

I avail myself of this opportunity to express the assurance of my highest consideration.

(Signed) SHINNAR

II

DER STAATSEKRETÄR
DES AUSWÄRTIGEN AMTS

Bonn, 3rd March, 1953

To the Head of the Israel Mission
Dr. F. E. Shinnar

Sir,

I have the honour to confirm receipt of your letter of to-day's date in the following terms :

[See letter I]

I am instructed to inform you of the consent of the Government of the Federal Republic of Germany to the contents of the above letter.

I avail myself of this opportunity to express the assurance of my highest consideration.

(Signed) HALLSTEIN