

Treaty of Lausanne has not come into force. The Serb-Croat-Slovene State did not sign the Treaty of Lausanne; if that State signs the Treaty of Lausanne in accordance with the Protocol of 24th July, 1923 (see Command Paper 1929, page 227), it will also be entitled to accede to the Convention so long as the Treaty of Lausanne has not come into force. The Convention will come into force at the same time as the Treaty of Lausanne.

2. The Convention provides that the following sums shall be constituted as a joint fund to be used for the reparation of the damage suffered by the nationals of the Contracting Powers :—

- (i.) The sums in gold referred to in Article 58 of the Treaty of Lausanne.\*
- (ii.) The 5-per-cent. Treasury bills, 1911, of the nominal value of £846,100 which the British Government has agreed to contribute to the Reparation Fund.†

3. The above fund will be administered by a Commission (to be named the Assessment Commission), which will be set up within one month after the coming into force of the treaty with Turkey, to assess the damages suffered by the nationals of the Contracting Powers, as defined below.

This Commission will consist of three members named by the Governments of France, Great Britain, and Italy respectively. In cases where the damage concerns the nationals of another Contracting Government there will be added to the Commission for the assessment of this damage an additional member nominated by the said Government.

4. The claims of the parties concerned must be put forward within one year from the coming into force of the Treaty of Lausanne.

5. The Commission will assess and compensate, on the terms provided for by the Convention, the damage defined below :—

- (a.) Direct damage (other than that referred to in paragraph 6 below) suffered on territory which was Ottoman on 1st August, 1914, or at sea by the nationals of the Contracting Powers, in respect of their persons or their property, between 1st August, 1914, and the coming into force of the treaty with Turkey, as the result of any act or negligence of the Turkish Government, including damage resulting from measures of requisition, sequestration, or confiscation, and also direct damage suffered on the same territory by such nationals between the dates named as the result of any acts of war (*faits de guerre*), whatever party may have been the author of such acts.
- (b.) Direct damage caused by the fire of Smyrna to the rights and property of the nationals of the Contracting Powers.  
The Commission will be empowered to deduct from the compensation granted on this account the sums obtained by the claimant from other sources. The Commission will also be empowered to reject claims in cases where it considers that the claimant has not taken all reasonable steps to obtain compensation to which he would have been entitled from other sources.
- (c.) Damage referred to in (a) and (b) above suffered by persons protected by the Contracting Powers in cases where the patent of protection is of a date prior to 1st August, 1914.
- (d.) The damage referred to in (a) and (b) above suffered on territory remaining Turkish at the date of the coming into force of the Treaty of Lausanne by Ottoman companies in which the nationals of the Contracting Powers had a preponderating interest on 1st August, 1914.

The Commission will take account of the advantages of an economic character granted to such companies by the Turkish Government on account of the damage suffered by them. The value of such advantages will be assessed in cash, and the amount will be deducted from the amount to which the companies would be entitled in accordance with the Convention. In no case will the total amount of the compensation to be paid to these companies exceed the nominal value of the Treasury bills referred to in paragraph 2 above.

6. The Commission will not deal with or grant compensation in respect of the following categories of damage :—

- (a.) Indirect damage, including deprivation of the use of property and loss of profits.
- (b.) Claims relating to amounts payable by the Hellenic Government in accordance with the Convention of 24th July, 1923, on the subject of the payment of debts resulting from the acts of the Hellenic authorities in Turkey.‡
- (c.) The claims of concessionary companies on account of the utilization by the Turkish Government of their property or of their services which are to be settled by the Turkish Government in accordance with the Protocol relating to certain concessions granted in the Ottoman Empire of 24th July, 1923, and the declaration annexed thereto,§ or in accordance with arrangements made between the Turkish Government and such companies.

7. The Commission will distribute the Reparation Fund to the parties concerned in proportion to the damage suffered by them. The awards granted by the Commission will be paid to the parties concerned through the Allied Governments whose nationals they are.

\* The passage referred to is the following : " Turkey renounces in favour of the other Contracting Parties (except Greece) any right in the sums of gold transferred by Germany and Austria under Article 259 (1) of the Treaty of Peace of 28th June, 1919, with Germany, and under Article 210 (1) of the Treaty of Peace of 10th September, 1919, with Austria." (Command Paper 1929, page 49.) The sums amount to about £T5,000,000 gold.

† These Treasury bills are Turkish Government Treasury bills which the British Treasury purchased from the holders in 1914.

‡ See Command Paper 1929, p. 239.

§ 1 b, pp. 202-211.