

SOVIET
TRADE

FROM THE
PACIFIC
TO THE
LEVANT

WITH AN ECONOMIC
STUDY OF THE SOVIET
FAR EASTERN REGION

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BY

VIOLET CONOLLY

THIS work continues and concludes the author's intensive study of Soviet Russia's economic relations with Eastern countries. The first volume discussed the question in connection with Turkey, Persia, Afghanistan, Chinese Turkistan, Outer Mongolia, and Tana Tuva. Here the scene shifts to the seaboard of Asia and the development of Soviet trade with Japan, China, the Pacific Tropics, India, Arabia, Palestine, Syria, and Egypt.

This exhaustive examination of Russo-Japanese economic relations is especially interesting in view of the attention now concentrated on Far Eastern politics.

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**SOVIET TRADE
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TO THE LEVANT**

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TO THE LEVANT

*WITH AN ECONOMIC STUDY OF THE
SOVIET FAR EASTERN REGION*

By VIOLET CONOLLY

Author of
Soviet Economic Policy in the East

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FOREWORD

THIS book is the continuation and conclusion of a study of Soviet economic relations with Eastern countries published in 1933, which dealt with the subject in so far as Turkey, Persia, Afghanistan, Chinese Turkistan, Mongolia, and Tanna Tuva are concerned. Here the same theme is discussed in connexion with China proper and Manchuria, Japan, the Chinese Eastern Railway, India, the Pacific Tropics, Egypt and the Levant, and the Red Sea Basin. The inclusion of a chapter on the Soviet Far Eastern Region may at first sight seem curious in a work which is essentially a study of certain aspects of Soviet foreign policy. On the other hand, it seemed to me impossible to form a just estimate of Soviet Russia's economic policy in regard to either China or Japan, if the nature and needs of the Far Eastern Region—the base of much of this trade—its agricultural and industrial structure and the plans for its development now launched by the Soviet Government, were not in the first instance clearly understood. The very vague and scattered information available in either English, French, or German on this subject, and the virtual dearth of data on the progress of the Five-Year Plans in the Soviet Far East (except in Russian), finally convinced me that a general sketch of the situation was an *a priori* necessity. Even in Russian this information is none too easy to find, unless one is content with the most loose and diverging statements. The picture presented in this book has only taken colour in my mind by combing the files of Soviet publications, and in particular those periodicals, like *Sovietskaya Aziya*, *Ekonomicheskaya Skizn dalnevo Vostoka* (Economic Life of the Far East), *Vestnik Manchurii* (Messenger of Manchuria), *Torgovlia Russii s Vostokom* (Trade of Russia with the East), *Za Industrializatsiu sovet-skovo Vostoka* (For the industrialization of the Soviet East), *Sovietskaya Sibir* (Soviet Siberia), which are specially concerned with Far Eastern problems; by analysing the laws and decrees affecting the Far East in the Soviet Union Code of Laws; by checking Soviet planned figures with published statistics of production; and by watching the Soviet press for the disclosures

of the special correspondent, who almost invariably lets the cat of fact out of the bag of fiction, thus rewarding one for perhaps months of tedious investigation.

This research work was, however, greatly facilitated by the invaluable Russian archives of the Ost-Europa Institut, in Breslau, and the *Archiv* of the *Eurasisches Seminar* at the Deutsche Hochschule für Politik, Berlin, where a large range of Russian periodicals are cut and classified most usefully for economic research work. Nothing of the kind exists as far as I know in England.

I should like to remark in passing that only the most casual reader of the Soviet press can fail to find there frequent and sure sidelights on the working of the Soviet economic machine. If judiciously and continuously read, it will in nine cases out of ten provide sufficient data for a good critical estimate of the position even in remote areas like the Far Eastern Region. In spite of the inevitable adulation of Soviet system and policy, as such, it is in my opinion a better guide to the internal *status quo* than either the Nazi press of Germany or the Fascist press of Italy (and I have lived in both countries while writing this book).

I am very deeply indebted to the Rockefeller Foundation for a Research Travelling Fellowship which I enjoyed from 1933 to 1935 and as a result of which I was enabled to pursue my research work in the libraries of Germany, Paris, and Geneva under ideal conditions, as well as to travel in Turkey, Syria, Palestine, and Persia.

Russian material is notoriously difficult of access at the present time both in Germany and Italy, where most of this book was written. That no administrative difficulties were long allowed to obstruct my work I have to bless the presence in Berlin and Rome of the respective Ministers of the Irish Free State, their Excellencies Charles H. Bewley and W. B. Macauley, who were always ready to explain my case to the authorities and to get me what I wanted. And, it should be added, the authorities in both countries eventually proved most reasonable.

I would like to thank the following bodies for generously placing their archives and libraries at my disposal, and the

staff in each case for collaboration which far exceeded the requirements of duty:

Eurasisches Seminar (Hochschule für Politik), Berlin (where the

Archivist Frau Bestak was an indefatigable collaborator).

Gesellschaft zum Studium Ost-Europas, Berlin.

Instituto Internazionale d'Agricoltura, Rome (where MM.

Lungobardi and Grinenco helped me over many statistical stiles).

Ost-Europa Institut, Breslau.

Wirtschaftsinstitut für Russland und die Randstaaten, Königsberg.

Many times in the preparation of this book difficulties of one kind or another have been solved for me by the goodwill and unfailing resourcefulness of the staff of the Royal Institute of International Affairs. I hope that, in particular, Miss Cleeve, Mr. G. E. Hubbard, and the two librarians, Miss Grindrod and Miss Stiff, will accept this tardy word of gratitude for the help they have given me.

VIOLET CONOLLY.

ROME,

February 1935.

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APPENDIX I

TEXT¹ OF DECREES RELEASING THE FAR EASTERN REGION FROM THE STRICT ENFORCEMENT OF THE FOREIGN TRADE MONOPOLY.

DECREES of this kind have been in operation since 1923. The following are the more important texts:

1. The Council of National Commissars decrees: To establish free of licence, tax, or excise the import from abroad of supplies for the fishing industries of the Vladivostok and Nikolaevsk districts and of the Soviet rayon of the Chabarovsk district of the Far Eastern Region, according to lists and rates drawn up annually by the Customs Tariff Committee.

Cf. *Zabranie Zakonov*, No. 14, Statute 146, February 28, 1926.

2. The Council of National Commissars decrees:

(1) To establish free of licence, tax, or excise the import of goods from abroad to Kamchatka district and the Ochotsk rayon according to lists and norms set up by the Customs Tariff Committee.

(2) Changes in and additions to the lists indicated in par. 1 of this decree are effected annually by the Customs Tariff Committee on the representation of the Far Eastern Revolutionary Committee.

(3) In special cases it will be incumbent on the Far Eastern Revolutionary Committee, before the Customs Tariff Committee has produced its lists: (a) to complete the lists mentioned in par. 1 by items not found therein; (b) to exclude from these lists such items as may be supplied from the Far Eastern Region without detriment to the interests of the population of the Kamchatka district and the Ochotsk rayon.

Cf. *Zabranie Zakonov*, No. 14, Statute 101, March 2, 1926.

N.B. A similar decree for Sachalin was passed by *SNK* on May 7, 1926. Cf. *Zabranie Zakonov*, No. 34, Statute 247.

3. Decree concerning the tax free, excise free, and licence free import of goods from abroad to certain places of the Far Eastern Region and the Yakutsk A.S.S.R.

The Council of National Commissars of the U.S.S.R. decrees:

(1) To permit the tax free, excise free, and licence free import

¹ The following texts from the *Zabranie Zakonov*, the Soviet official code of laws, have been translated by the author.

of goods from abroad to Kamchatka and the Sachalin district and the Ochotsk and Olga rayons of the Nicholaevsk districts of the Far Eastern Region, the islands of the Eastern part of the Northern Arctic Ocean, Behring and Ochotsk Seas and in the following localities of the Yakutsk A.S.S.R. . . . the rayons settled by Tungus in the Viliuisk district and Uchursk rayon of the Aldansk district.

(2) Lists and contingents of goods permitted exceptionally for import in the above-mentioned places are drawn up annually by the Customs Tariff Committee in accordance with the proposals of the Executive Committee of the Far Eastern Region and the Council of National Commissars of the Yakutsk Autonomous S.S.R. The regulations for the import of these goods are established by the National Commissariat of Foreign and Domestic Trade of the U.S.S.R.

Cf. *Zabranie Zakonov*, No. 54, Statute 507, August 29, 1929.

APPENDIX II

COLONIZATION DECREES AFFECTING THE FAR EASTERN REGION

THE Central Executive Committee and the Council of National Commissars decree that:

(1) The present ruling applies to workers and employees among citizens of the U.S.S.R. dispatched for permanent work in the State, co-operative, and private (including concessionary) undertakings and enterprises established within the limits of the Kamchatka and Nikolaevsk districts and Selemdjinsky-Bureinsky rayons of the Amur district of the Far Eastern Region, on the following conditions:

(a) if the workers and employees are dispatched to work by the organs of the National Commissariat of Labour of the U.S.S.R. and the national Commissariats of Labour of the federal republics, or by the employers themselves on the basis of special agreements with the organs above-mentioned, regarding the recruitment of labour;

(b) if the distance between the original dwelling-place and the place of the new occupation exceeds 1,000 km. by rail or other means of communication;

(c) if the intending workers do not belong to the indigenous inhabitants of the above-mentioned districts and rayons.

(2) The workers mentioned in par. (1) are offered increased compensation at removal to place of work and at dismissal, percentage increases to prevailing rate of wages and advantages for the education of their children as enumerated in St. 3, 4, 5, and 8 of the Statutes of the Central Executive Committee and the Council of Peoples Commissars of the U.S.S.R. of May 11, 1927, regarding advantages for workers of State enterprises and undertakings in remote places of the U.S.S.R. (cf. *Zabranie Zakonov*, U.S.S.R., No. 25, St. 270, and No. 35, St. 311, 1928), with the following amendments:

(a) the quantity of household effects transported at expense of the employer is fixed at 120 kilos for the worker and 80 kilos for each member of his family travelling with him;

(b) the advantages for education start from the time of registering for work in the undertakings and enterprises mentioned in par. (1).

(3) Workers mentioned in par. (1) in case of migration to a farm and engaging in the handicrafts connected therewith, in places mentioned in the same paragraph are released from the imposition of the single agricultural tax and the State occupational tax, for ten years, in case of settlement in inhabited areas and for fifteen years in case of settlement in uninhabited areas and also enjoy privileges open to all settlers in the places in which they settle.

(4) All workers mentioned in par. (1) and members of their families accompanying them, in the course of the entire period of residence in the places mentioned in the same paragraph are released from the obligation of active military service.

Remark. This paragraph does not apply to recruits who at the time of the migration of their families are actually engaged in completing their military service in the ranks of the workers' and peasants' army and to compulsory reserves in case of mobilization.

(5) The workers mentioned in par. (1) are released from the imposition of the State income tax during the entire time of paid work in the places enumerated in the same paragraph.

(6) The workers mentioned in par. (1) during ten years from date of arrival in place where they are to work are entitled to: (a) right of free timber for construction and repairs of dwellings and for farm buildings and for the fabrication of objects of household and agricultural necessity; (b) the right of free fishing and free hunting of wild animals and fowl for personal use;

(7) All documents necessary for the journey to the places mentioned in par. (1) are provided gratis for the workers mentioned in the same paragraph.

(8) Upon the institution of the advantages enumerated above, the regulations of par. (9), (10), (12), and (13) of the above-mentioned statute of the Central Executive Committee and of the Council of National Commissars of the U.S.S.R. of May 11, 1927, are to be correspondingly applied.

(9) Disbursements made to the workers mentioned in par. (1), as enumerated in par. (2), are the liability of the respective employers; however, sums necessary for payment of compensation given to workers at the time of their departure for work in new place of habitation are advanced by the competent organs of the national commissariat of labour from the special grants made for this purpose according to the estimates of the national commissariats of labour.

(10) Instructions for the execution of this decree are issued by

the National Commissariat of Labour of the U.S.S.R. in agreement with the National Commissariat of Finances of the U.S.S.R.

Cf. Zabranie Zakonov, No. 35, Statute 312, May 26, 1928.

Decree concerning additional advantages for settlers in the Far Eastern Region.

For the purpose of the rapid and economically-permanent settlement of the Far Eastern Region the Council of National Commissars of the U.S.S.R. decrees:

(1) For settlers and prospectors dispatched to the Far Eastern Region, payment for the journey by rail is to be reduced by 10 per cent. of the cost of transport by rail in the 'hard' passenger class, according to the general tariff and by water by 10 per cent. of the cost of transport in 3rd or 4th class.

(2) Members of Kolchozi migrating in groups to the Far East and organized by red army soldiers, red army guards, and former red army partisans, if these citizens form not less than half of the entire number of able-bodied male members of the Kolchozi, are offered free transport by rail and waterways to the place of settlement.

(3) Far Eastern settlers are allowed free transport of heavy draught and beef cattle from the rail and boat stations of the Siberian region, Zabaikal and the Buriat-Mongolian Autonomous Soviet Socialist Republic, up to three head of cattle per household,—as much the individual household and as that joining the Kolchozi,—and also free transport of fodder to feed the animals on the journey.

(4) The tariff for the transport of settlers' property to the Far Eastern Region is fixed at 0·2 kopeck per ton-kilometre.

(5) The periodical repayment by Far Eastern settlers of sums paid out by the credit institutions at the original dwelling place—which repayments are to start after settlers are established—is to be accomplished in two years.

(6) The children of peasants—landless and of average means—settling in the Far East and also of hunters and handicraft workers not employing hired labour, are entitled to the right of entering the higher educational institutions of Siberia and the Far Eastern Region on the same conditions as the children of workers.

(7) Peasants—landless and of average means—settling in the Far East upon registering as members of consumers' co-operatives are entitled to specially advantageous conditions for acquiring shares. These favourable conditions are fixed by the Central Union of Co-operative Associations of the U.S.S.R.

(8) Settlers in the Far Eastern Region are supplied with deficit goods for three years from the time of settling on equal conditions with workers.

(9) Settlers in the Far Eastern Region in the course of the first year after settlement are supplied with grain on the same conditions as workers.

Remark. If settlers dispatched to the Far Eastern Region give up their grain before departure to the State collectors, instead of money they may obtain compensation in kind at the eventual place of settlement.

The conditions for this compensation are settled by agreement between the settlers and the State collectors at the original dwelling place.

(10) The enumerated privileges extend also to landless and average households migrating to the Far Eastern Region, independently of planned arrangements—from the time they are established by the land and settlement organs within the boundaries of the Far Eastern Region.

Cf. Zabranie Zakonov, No. 9, Statute 112, February 1, 1930.

Decree of the Council of National Commissars of the U.S.S.R. and of the Central Committee of the All-Union Communist Party concerning advantages for the Settlement of the Far Eastern Region.

In view of the considerable influx of settlers to the Far Eastern Region and of the necessity for facilitating their establishment as far as possible on an economic basis under the difficult conditions prevailing in the uninhabited areas of the Region and for improving labour conditions for workers and employees in this region, working far from the cultural centres of the U.S.S.R., the Council of National Commissars of the U.S.S.R. and the Central Committee of the *VKP* decree:

(1) From January 1, 1934, onwards all Kolchozi and members of Kolchozi settled in the Far Eastern districts are relieved from compulsory grain and rice deliveries to the State for a period of ten years, individual peasants for a period of five years.

(2) From January 1, 1934, Kolchozi and members of Kolchozi in the Torneisk, Soviet and Olginsk rayons of the Primory, in the Komsomolsky rayon, the Lower Amur, Okhotsk, Evensk, Koriaksk and Chukotsk districts in Sakalin and Kamchatka are released from compulsory deliveries of meat, potatoes, sunflower-seed, wool, milk and butter and also from state requisitions of

soya, vegetables and flax for a period of ten years, individual peasant households for five years.

(3) From January 1, 1934, for a period of ten years all Kolchozi and their members in the frontier districts, with the exception of the districts mentioned in section (2), in the Amur province, Birobidjan and Prigorodny rayons have only to deliver 50 per cent. of the state quota of agricultural products mentioned in section (2).

(4) From January 1, 1934, the price for fresh fish delivered by the Kolchozi and the collective enterprises in the Far Eastern Region, to the State, will be raised 20 per cent.

(5) From January 1, 1934, the following increases in the salaries paid in the Far Eastern Region will be introduced:

(a) Workers and technical staff in coal mines: 30 per cent.

(b) Workers and the technical-engineering staff of factories, workshops, transport and communications, 'sovchozi' and tractor-machine stations, and also to teachers, political-professional-educational workers, medical staff, agriculturalists, veterinary surgeons, agricultural experts and land surveyors, 10 per cent.

From January 1, 1934, the rates of payment to troops stationed in the Far East will be increased as follows:

(a) Red army soldiers and junior officers, by 50 per cent.

(b) Intermediate and senior officers, by 20 per cent.

(Signed) President of the Council of Peoples Commissars of the U.S.S.R. MOLOTOV.

Secretary of the Central Committee of the Communist Party of the Soviet Union,

STALIN.

(Cf. *Izvestiya*, December 12, 1933.)

APPENDIX III

TEXT OF THE FISHERIES CONVENTION BETWEEN RUSSIA AND JAPAN (1907)¹

Convention de Pêche entre la Russie et le Japon

Article I

Le Gouvernement Impérial de Russie concède aux sujets japonais, conformément aux dispositions de la présente Convention, le droit de pêcher, de prendre et de préparer toutes espèces de poissons et produits aquatiques, sauf les phoques à fourrure et les loutres marines, le long des côtes russes des Mers du Japon, d'Okhotsk et de Behring, à l'exception des fleuves et des anses (inlets). Les anses, faisant l'objet de l'exception ci-dessus, se trouvent énumérées dans l'Article I du Protocole ci-annexe.

Article II

Les sujets japonais sont autorisés à se livrer à la pêche et à la préparation des poissons et produits aquatiques dans les lots de pêche spécialement destinés à ce but, s'étendant tant en mer que sur les côtes, qui seront vendus à bail aux enchères publiques sans aucune distinction entre les sujets japonais et russes, soit que ce bail soit à long terme, soit qu'il soit à court terme; les sujets japonais jouiront sous ce rapport des mêmes droits que les sujets russes ayant acquis les lots de pêche dans les régions spécifiées à l'Article I de la présente Convention.

Les dates et les lieux désignés pour ces enchères, ainsi que les détails nécessaires relatifs aux baux des différents lots de pêches à vendre, seront officiellement notifiés au Consul japonais à Vladivostok au moins deux mois avant les enchères.

La pêche des baleines et des morues ainsi que de tous les poissons et produits aquatiques dont la pêche ne peut se faire dans les lots spéciaux est autorisée aux sujets japonais sur les bâtiments de mer munis d'un permis spécial.

Article III

Les sujets japonais, qui auront acquis à bail des lots de pêche conformément aux dispositions de l'Article II de la présente Con-

¹ Ministère des Affaires Étrangères St. Pétersbourg, Recueil de Documents Diplomatiques concernant les négociations en vue de la conclusion d'une Convention de pêche entre la Russie et le Japon. Août 1906—Juillet 1907.

vention, auront, dans les limites de ces lots, le droit de faire librement usage des côtes, qui leur ont été concédés pour l'exercice de leur industrie de pêche. Ils pourront y faire des réparations nécessaires à leurs barques et filets, tirer ces derniers à terre et débarquer leurs poissons et produits aquatiques, y saler, sécher, préparer et emmagasiner leurs pêches et cueillettes. Dans ces buts ils auront la liberté d'y construire des bâtiments, magasins, cabanes et sécheries, ou de les déplacer.

Article IV

Les sujets japonais et les sujets russes, qui ont acquis des lots de pêche dans les régions spécifiées à l'Article I de la présente Convention, devront être traités sur le pied d'égalité en tout ce qui concerne les impôts ou taxes qui sont ou seront levés sur le droit de pêche et de préparation des produits de la pêche et le matériel meuble et immeuble nécessaire à cette industrie.

Article V

Le Gouvernement Impérial de Russie ne percevra aucun droit sur les poissons et produits aquatiques pêchés ou pris dans les Provinces du Littoral et de l'Amour, soit que ces poissons et produits aquatiques fussent manufacturés, soit qu'ils ne le fussent pas, lorsqu'ils seront destinés à être exportés au Japon.

Article VI

Aucune restriction ne sera établie à l'égard de la nationalité des personnes employées par les sujets japonais dans la pêche ou dans la préparation des poissons et produits aquatiques dans les régions spécifiées à l'Article I de la présente Convention.

Article VII

En ce qui concerne le mode de préparation des poissons et produits aquatiques, le Gouvernement Impérial de Russie s'engage à ne pas imposer aux sujets japonais des restrictions spéciales dont seraient exempts les sujets russes ayant acquis des lots de pêche dans les régions spécifiées à l'Article I de la présente Convention.

Article VIII

Les sujets japonais qui auront acquis le droit de pêche pourront se rendre directement soit du Japon aux lieux de pêche, soit des dits lieux au Japon, sur les bâtiments munis d'un certificat délivré

au Japon par le Consulat russe compétent, ainsi que d'un certificat de santé délivré par les autorités japonaises.

Les dits bâtiments seront autorisés à transporter, sans impôts ni taxes, d'un lieu de pêche à un autre, les personnes et les objets nécessaires à l'industrie de la pêche, ainsi que les produits de pêche et cueillettes; les bâtiments susmentionnés devront, sous tous les autres rapports, se soumettre aux lois russes de cabotage actuellement en vigueur ou qui seront édictées dans la suite.

Article IX

Les sujets japonais et russes, qui auront acquis des lots de pêche dans les régions spécifiées à l'Article I de la présente Convention, seront placés sur le pied d'égalité par rapport aux lois, règlements et ordonnances actuellement en vigueur ou qui seraient édictés à l'avenir concernant la pisciculture et la protection des poissons et des produits aquatiques, le contrôle de l'industrie y relative et toute autre matière se rapportant à la pêche.

Il sera donné connaissance au Gouvernement japonais des lois et règlements nouvellement édictés au moins six mois avant leur mise en application.

Quant aux ordonnances nouvellement établies, connaissance en sera donnée au Consul japonais à Vladivostok au moins deux mois avant leur mise en vigueur.

Article X

En ce qui concerne les matières qui ne sont pas spécialement désignées dans la présente Convention, mais qui se rapportent à l'industrie de la pêche dans les régions spécifiées à l'Article I de la dite Convention, les sujets japonais seront traités sur le même pied que les sujets russes qui auront acquis des lots de pêche dans les régions susmentionnées.

Article XI

Les sujets japonais pourront se livrer à la préparation des poissons et produits aquatiques dans les lots fonciers qui leur seront loués en dehors des régions spécifiées à l'Article I de la présente Convention, le tout en se soumettant aux lois, règlements et ordonnances qui sont ou qui pourront être en vigueur et applicables à tous les étrangers en Russie.

Article XII

Le Gouvernement Impérial du Japon, en considération des droits de pêche accordés par le Gouvernement Impérial de Russie

aux sujets japonais en vertu de la présente Convention, s'engage à ne frapper d'aucun droit d'importation les poissons et produits aquatiques pêchés ou pris dans les Provinces du Littoral et de l'Amour, soit que ces poissons et produits aquatiques fussent manufacturés, soit qu'ils ne le fussent pas.

Article XIII

La présente Convention restera en vigueur pendant douze ans. Elle sera renouvelée ou modifiée au bout de tous les douze ans, en vertu d'un accord mutuel entre les deux Hautes Parties Contractantes.

Article XIV

La présente Convention sera ratifiée et les ratifications seront échangées à Tokio le plus tôt possible, et en tout cas pas plus tard que quatre mois après sa signature.

En foi de quoi les Plénipotentiaires respectifs ont signé et scellé de leurs sceaux la présente Convention.

Fait à Saint-Petersbourg, en double exemplaire, le quinze (vingt-huit juillet de l'an neuf-cent sept, correspondant au vingt-huitième jour du septième mois de la quarantième année de Meidji.

Ont signé:

Iswolsky.
Goubastoff.

I. MOTONO.

N.B. Several protocols were annexed to the Fishery Convention of 1907, with the object of defining:

- (a) Thirty inlets prohibited to Japanese fishermen (prohibition extending of course only to limit of territorial waters of Russia).
- (b) Four bays also closed to Japanese fishermen for strategic reasons:
 - De Castries Bay;
 - St. Olga Bay;
 - Peter the Great Bay;
 - Possiet Bay.

N.B. An inlet was defined as a bay whose length is three times the width of the mouth. The river Podkagner-naya to Port Ayar on the northern coast of the Sea of Ochotsk was also excluded from the Japanese fishing operations.

The conditions governing fishing in the Amur delta:

- (a) Japanese subjects having acquired fishing grounds are subject to the same laws and regulations regarding the fishing industry as obtain in the Amur basin for Russian subjects having acquired fishing grounds and especially the regulations forbidding the concessionaries of fishing grounds in that area to employ foreign labour.

N.B. It was subsequently explained that labour here does not extend to categories such as inspectors, clerks, &c. It is to be strictly understood as applying to those actually catching fish. (A concession was also made for the employment of foreign labour for preparation of fish, not for employment in catching, on grounds rented on a short lease of one year, if living 1/2 verst from fishing ground.)

Communicated by the Director of the Ministry of Foreign Affairs to Russian representatives abroad.

St. Petersburg, August 30, 1907.

APPENDIX IV

MEMORANDUM SUBMITTED TO THE REPRESENTATIVE OF THE SOVIET UNION BY THE JAPANESE REPRESENTATIVE, AUGUST 29, 1924

Oil Exploitation Operations

I. The exploitation operations are being carried out by the Hokushinkai Co. on behalf of the Government.

II. *Operations:*

	<i>Areas (Acres)</i>
Oha	2,500
Ehabi	1,600
Pilutum	1,200
Nutovo	2,500
Chiavo	1,200
Nuivo	1,600
Vuigrektui	800
Katangli	1,600
	13,000

III. Experts employed 20.

Workers 400 (in summer time)

IV. *Machinery:*

Hydraulic rotary system	3	} For deep boring
Standard cable	5	
Diamond boring	2	} For shallow boring.
Spring boring	10	

V. *Outfit:*

A. *For communication*, telephone lines connecting the several operations.

Wireless stations at Oha and Chiavo.

B. *For Transportation*. One small steamer and several motor boats which are used in summer time for connecting the several operations besides a dozen lighters and junks.

C. *Establishment*. Houses, boiler-houses, oil reservoirs, &c., fuel-oil tanks.

VI. *Light railway:*

None. A trolley line extending for $2\frac{1}{2}$ miles between Urkt Bay and water at Oha and another trolley line extending for about 3 miles between Katangli and Nobil.

VII. *Exportation of Oil.* None.*Colliery Works*I. *Exploiters:*

Doue Mine. The Mitsubishi Co. is working this mine on behalf of the occupation army.

Rogatui Mine: is worked by Staheef and Co. and Mitsubishi as a joint enterprise.

Location of the Mines:

Doue Mine. About 6 miles south of the harbour of Alexandrovsk in the valley of Postvaya close to the sea. There are two level pits now in operation, but no shaft. The output for 1923 was 50,000 tons approximately.

Rogatui Mine. Above 10 miles south of Alexandrovsk Harbour towards the sea. Two pits now in operation, no shaft. The output is 30,000 tons.

II. *Number of experts and workers:*

Doue mine . . . experts 5; workers *c.* 200

Rogatui . . . " 3; " 150

IV. *Machinery.* At Doue mine small locomotives are used for the purpose of transportation of coal. In Rogatui mine no machinery is used. Both digging and transportation being carried on by man-power and on horse-back.

V. *Establishments.* No special establishments for colliery purposes except a little more than a mile of trolley leading from the Doue mine to the seashore and another trolley line less than a quarter of a mile at Rogatui.

VI. *Exportation.* The output of Doue mine is consumed by the occupation army and the people residing within the occupation area. No part of it is taken out of the island. About 30,000 tons output of the Rogatui mine is said to have been exported in 1923 by Mitsubishi and Staheef.

(Signed) YOSHIKAWA.

APPENDIX V

PROTOCOLS REGARDING CONCESSIONS AFFIXED TO SOVIET-JAPANESE AGREEMENT OF 1925

THE Government of the U.S.S.R. agree to place at the disposal of Japanese firms recommended by the Japanese Government concessions for the exploitation of 50 per cent. of the area of each oil-field in North Sakhalin, mentioned in the Memorandum of August 29, 1924. With a view to defining the area to be leased to the Japanese concerns, each of the above-mentioned oil deposits is to be divided in chessboard squares of 15×40 desiatines by which the Japanese will be ascribed a known quantity of these squares.

In regards payment, according to the terms of the Concession, the Japanese concessionaires will annually hand over to the Government of the U.S.S.R. from 5 to 8 per cent. of the production from the coal-mines, and from the oil-fields from 5 to 15 per cent. of production, bearing in mind that in the case of a 'gusher' the rate of payment may be increased to 45 per cent. of production.

APPENDIX VI
FISHERY CONVENTION
BETWEEN JAPAN AND THE UNION OF SOVIET
SOCIALIST REPUBLICS (1928)

HIS MAJESTY THE EMPEROR OF JAPAN and the Central Executive Committee of the Union of Soviet Socialist Republics, for the purpose of concluding a Fishery Convention in conformity with the provisions of Article 3 of the Convention embodying Basic Rules of the Relations between Japan and the Union of Soviet Socialist Republics concluded at Peking on January 20th, 1925, have named their respective Plenipotentiaries, that is to say:

His Majesty the Emperor of Japan:

Tokichi Tanaka, Ambassador Extraordinary and Plenipotentiary to the Union of Soviet Socialist Republics, Joshii, a member of the First Class of the Imperial Order of the Sacred Treasure;

The Central Executive Committee of the Union of Soviet Socialist Republics:

Lev Mikhailovitch Karakhan, People's Deputy Commissary for Foreign Affairs of the Union of Soviet Socialist Republics, and Martin Ivanovitch Lacic, a member of the Collegium of the People's Commissariat for Agriculture of the Russian Socialist Federative Soviet Republic;

Who, after having communicated to each other their respective Full Powers, found to be in good and due form, have agreed upon the following Articles:

Article I

The Union of Soviet Socialist Republics grants to Japanese subjects, in conformity with the stipulations of the present Convention, the right to catch, to take and to prepare all kinds of fish and aquatic products, except fur-seals and sea-otters, along the coasts of the possessions of the Union of Soviet Socialist Republics in the Japan, Okhotsk, and Behring Seas, with the exception of rivers and inlets. The inlets comprised in this exception are enumerated in Article I of the Protocol (A) attached to the present Convention.

Article II

Japanese subjects are at liberty to engage in catching, taking and preparing fish and aquatic products in the fishery lots, lying

both in the sea and on shore, which are specially designated for that purpose. The lease of the said fishery lots shall be granted by public auction, without any discrimination being made between Japanese subjects and citizens of the Union of Soviet Socialist Republics.

It is understood, however, that, as an exception to the foregoing, those fishery lots for which the Governments of the two High Contracting Parties have so agreed may be leased without auction.

The auction of fishery lots shall take place at Vladivostok in February every year, and the date and locality designated for this purpose, as well as the necessary details relating to the lease of various fishery lots to be sold, shall be officially notified to the Japanese Consular officer at Vladivostok at least two months before the auction.

With regard to fishery lots for which there shall have been no successful bidder, they shall again be put up to auction within fifteen days, but not earlier than five days, after the preceding auction.

The catching of whales and codfish, as well as of all the fish and aquatic products which cannot be caught or taken in special lots is permitted to Japanese subjects on board sea-going vessels furnished with a special licence.

Article III

The Japanese subjects who have obtained the lease of fishery lots in conformity with the provisions of Article II of the present Convention shall have, within the limits of those fishery lots, the right to make free use of the littoral. They may there carry out necessary repairs to their boats and nets, haul them ashore, and land, prepare and preserve their catches and collections. For these purposes they shall be at liberty to erect there buildings, warehouses, huts, and drying-sheds or to remove the same.

Article IV

With regard to taxes, imposts and fees to be levied in connexion with the fishing industry, Japanese subjects shall be subject to the following conditions and shall under no circumstances be subject to any treatment less favourable than that accorded to citizens of the Union of Soviet Socialist Republics.

- (1) The amount of the business tax chargeable to Japanese subjects having fishery rights shall not exceed three per cent. of the price on the fishery grounds of fish and aquatic products caught, taken or prepared by them.

- (2) The said Japanese subjects shall be exempted from all kinds of taxes, imposts and fees, except the business tax and the taxes, imposts and fees mentioned in Article 9 of the Protocol (A) attached to the present Convention.
- (3) The payment of the business tax and other taxes, imposts and fees may be arranged by a special agreement between the two Governments.
- (4) No taxes or imposts shall be levied on the income of Japanese employees having their domicile in Japan and engaged in seasonal labour on fishery grounds leased to Japanese subjects.

Article V

The Union of Soviet Socialist Republics shall levy no duties on fish and aquatic products caught or taken in the Far Eastern waters of the Union of Soviet Socialist Republics, whether such fish and aquatic products have or have not undergone a process of manufacture, when they are destined for export from the Union of Soviet Socialist Republics to Japan.

Article VI

No restriction shall be established with regard to the nationality of the employees of Japanese subjects engaged in catching, taking and preparing fish and aquatic products in the districts specified in Article I of the present Convention.

Article VII

So far as concerns methods of preparation of fish and aquatic products, the Union of Soviet Socialist Republics engages not to impose upon the Japanese subjects who have obtained fishery rights in the districts specified in Article I of the present Convention any restriction from which the citizens of the Union of Soviet Socialist Republics who have obtained fishery rights in the said districts are exempt.

Article VIII

The Japanese subjects who have obtained fishery rights may make use of sea-going vessels furnished with a navigation certificate issued in Japan by the competent Consular officer of the Union of Soviet Socialist Republics, as also with a health certificate issued by the Japanese authorities, for the direct navigation from Japan to their fishery grounds, from one of their fishery

grounds to another, as well as from their fishery grounds to Japan; the said vessels may also proceed from the fishery grounds direct to a third state, provided they conform to the formalities required for the exportation to the said state of the fish and aquatic products on board, caught or taken in the Far Eastern waters of the Union of Soviet Socialist Republics.

The above-mentioned vessels shall be at liberty to transport, free of imports and taxation, the persons and things necessary for the fishing industry, as also catches and collections.

The Japanese subjects who have obtained fishery rights may, free of imposts and taxation, transport by land, along shore or by sea, on board fishing boats the above-mentioned persons, things, catches and collections between their own fishery lots or vessels furnished with the licence mentioned in the last paragraph of Article II of the present Convention.

The provisions of the present Article shall equally apply to the case when the respective holders of separate fishery lots or licences make use of a vessel or a boat jointly.

The provisions of the present Article shall apply to the removal of remaining properties in the fishery lots, the lease-term of which has expired, to other fishery lots or to Japan.

The above-mentioned vessels and boats must in all other respects comply with the laws of the Union of Soviet Socialist Republics which are or may be enacted respecting the coasting trade.

Article IX

The Japanese subjects who have obtained fishery rights may freely export to Japan fish and aquatic products caught or taken by Japanese subjects, without any export-licence; they may also export such fish and aquatic products to a third state, conforming to the formalities required for the exportation thereof.

For the exportation of fish and aquatic products bought from the state or other enterprises or citizens² of the Union of Soviet Socialist Republics, the said Japanese subjects shall conform to the formalities required for the exportation thereof.

The said Japanese subjects are at liberty to import the necessities solely intended for use for their fishing industry, as well as for themselves or their employees, without any import-licence.

No duties or imposts shall be levied on the importation of the goods above mentioned; the said goods as well as their quantity will be defined in the list, which shall be formulated every year

in due time by the competent local authorities subject to the approval of the central authorities of the Union of Soviet Socialist Republics.

Article X

With regard to the entry, stay, removal, and departure of the Japanese subjects who have obtained fishery rights, as well as of their employees who are not citizens of the Union of Soviet Socialist Republics, the summary regulations which are or may be enacted by the authorities of the Union of Soviet Socialist Republics shall be applied in the districts specified in Article I of the present Convention; in all other cases, Japanese subjects shall conform to the laws and regulations which are or may be enacted concerning the entry and stay in, and departure from, the Union of Soviet Socialist Republics, of foreigners.

The Japanese subjects and the citizens of the Union of Soviet Socialist Republics who have obtained fishery rights in the districts above mentioned shall be placed on a footing of equality as regards the laws, regulations and ordinances which are or may be enacted concerning pisciculture and the protection of fish and aquatic products, the control of industry germane thereto and all other matters relating to fisheries.

Information of newly enacted laws and regulations, applicable to the fishing industry in the Far Eastern waters of the Union of Soviet Socialist Republics, shall be furnished to the Japanese Government at least three months before they are put in force; information of ordinances of the same nature newly issued by the local authorities of the Union of Soviet Socialist Republics shall be furnished to the Japanese Consular officer at Khabarovsk at least two months before they are put in force.

Article XI

Japanese subjects are at liberty to engage in the preparation of fish and aquatic products in the landed lots leased to them outside the limits of the districts specified in Article I of the present Convention, always complying with the laws, regulations and ordinances which are or may be enacted and applicable to all foreigners in the Union of Soviet Socialist Republics.

Article XII

The Japanese Government, in consideration of fishery rights accorded by the Union of Soviet Socialist Republics to Japanese subjects in virtue of the present Convention, engages not to

impose any import duties on fish and aquatic products caught or taken in the Far Eastern waters of the Union of Soviet Socialist Republics, whether such fish and aquatic products have or have not undergone any process of manufacture.

Article XIII

Recognizing that Japanese employees, with their place of habitation in Japan, are engaged there and return thereto after carrying on labour in the seasonal industry of fishery; that their habits and customs are characteristic of Japanese nationality; that free passage between Japan and fishery grounds and free rations during the whole term of engagement are granted; that a share of catches and collections is given them in addition to regular wages, and that medical aid and other means of relief are provided for free of charge;

The Union of Soviet Socialist Republics agrees to conform to the above-mentioned facts in the application of its laws and regulations regarding the protection and regulation of labour, which are or may be enacted, to the labour of Japanese employees in the fishery grounds leased to Japanese subjects in accordance with the provisions of the present Convention.

Article XIV

So far as concerns matters not specially dealt with in the present Convention, but yet relating to the fishing industry in the districts specified in Article I of the present Convention, Japanese subjects shall be entitled to the same treatment as accorded to the citizens of the Union of Soviet Socialist Republics who have obtained fishery rights in the said districts.

Article XV

The present Convention shall remain in force for eight years and shall be revised or renewed at the end of the said period; thenceforth the Convention shall be revised or renewed at the end of every twelve years.

Either of the High Contracting Parties may give notice to the other of its desire to revise the present Convention, twelve months before the termination of the Convention. Negotiations for the revision shall be concluded within the said twelve months.

Should neither of the High Contracting Parties give notice for such revision, the present Convention shall remain in force for a further period of twelve years.

Article XVI

The present Convention shall be ratified, and the ratifications thereof shall be exchanged at Tokyo at as early a date as possible and in any case not later than four months after its signature.

The Convention shall come into force on the fifth day following the date of the exchange of its ratifications.

In witness whereof the respective Plenipotentiaries have signed the present Convention in duplicate in the English language and have affixed thereto their seals.

Done in the City of Moscow, this 23rd day of January, 1928.

T. TANAKA (L.S.)
L. KARAKHAN (L.S.)
M. LAGIS (L.S.)

PROTOCOL (A)

Article 3

The fishery rights accorded to Japanese subjects in the Liman of the Amur in virtue of the Fishery Convention are subject to the special provisions which follow:

- (1) Japanese subjects may obtain in this district fishery lots by public auction on the same footing as citizens of the Union of Soviet Socialist Republics.
- (2) Japanese subjects who have obtained fishery lots are placed in all respects, so far as the fishing industry is concerned, under the same laws, regulations and ordinances which are or may be enacted respecting river fisheries in the basins of the Amur, as citizens of the Union of Soviet Socialist Republics who are successful bidders for fishery lots, and in particular the provisions which forbid the lessees of fishery lots in this district to employ foreign workmen.

Article 4

Japanese subjects may upon making application therefor obtain in accordance with the provisions of Article II of the Fishery Convention the lease of fishery lots in any part of the districts specified in Article I of the said Convention, submitting to the laws, regulations and ordinances which are or may be enacted in the Union of Soviet Socialist Republics, for the culture and protection of fish, for the control of the industry germane thereto, and for all other matters regarding fisheries in the above-mentioned districts.

In case the species of fish to be caught are not defined in the contract for the lease of fishery lots, the Union of Soviet Socialist Republics shall not impose any restrictions on the species of fish to be caught, unless they are rendered necessary for the protection of fish of the salmon tribe.

Article 5

As regards the transfer of fishery rights between Japanese subjects as well as between Japanese subjects and citizens of the Union of Soviet Socialist Republics, permission shall be given upon application therefor, in conformity with the formalities prescribed by the laws of the Union of Soviet Socialist Republics.

Article 6

The duration of the lease of fishery lots shall be determined as follows:

One year, in the case of lots which have been already opened, but not yet worked, before the coming into force of the Fishery Convention, or of lots opened for the first time since then;

Three years, in the case of lots which have been worked for not less than one year;

Five years, in the case of lots which have been worked for not less than three years.

It is understood that the above-mentioned terms may be modified in the case of fishery lots which may be granted for special lease by virtue of the provisions of the second paragraph of Article II of the Fishery Convention and the instruments attached thereto.

Article 7

The fishery rights, the terms of which shall not have come to an end at the date of the expiration of the term of the Fishery Convention, shall continue to be valid for the whole duration of their terms, whatever may be the decision come to by the two High Contracting Parties concerning the Fishery Convention itself.

Article 8

The fishery lots already existing in the districts specified in Article I of the Fishery Convention shall remain open for exploitation for the whole duration of the Fishery Convention.

Article 9

With regard to the provisions of Paragraph (2) of Article IV of the Fishery Convention, Japanese subjects are liable to the following taxes, imposts and fees:

- (1) The local imposts on means of conveyance (horses, automobiles, bicycles, motor-cycles, and motor-boats not provided with a navigation certificate).
- (2) The fee for inspection certificate for boilers, apparatus worked by pressure, lifts and elevating machines.
- (3) The local imposts on buildings, now in practice in towns, when such imposts are to be applied to localities where there are fishery grounds.
- (4) The stamp-duties, notarial fees, judicial fees and other similar taxes, imposts, and fees, instituted by the central authorities of the Union of Soviet Socialist Republics and having indirect bearing on fishery lots and the equipments of fishery grounds, as well as the local taxes instituted by the local authorities on transactions carried out or registered at an exchange.
- (5) The consular fee and the registration fee concerning entry into, stay in, and departure from, the Union of Soviet Socialist Republics.
- (6) The consular and other official fees for the issue or certification of documents.
- (7) The registration fee for lease contract of fishery lot.
- (8) The imposts on timber sold out from forests.
- (9) The income-tax on profit accruing from sale of fish and aquatic products for consumption in the Union of Soviet Socialist Republics, as also the transportation tax concerned therewith.

Article 10

The Government of the Union of Soviet Socialist Republics engages to maintain, for the duration of the Fishery Convention, its present ruling exempting from duties fish and aquatic products exported from the Far Eastern District of the Union of Soviet Socialist Republics, except in the case when, with regard to a particular third state or states, the duties applicable to goods in general exported thereto are to be altered.

So far as concerns fish and aquatic products reimported into the Union of Soviet Socialist Republics without having been worked upon in Japan, the Government of the Union of Soviet Socialist

Republics engages likewise to maintain, for the duration of the Fishery Convention, its present regulation exempting from duties reimported goods, the produce or manufacture of the Union of Soviet Socialist Republics.

Article 11

The Government of the Union of Soviet Socialist Republics has no objection to the making of manure by Japanese subjects from herrings and other species of fish which are of minor value, as well as from refuse produced in the preparation of fish and aquatic products. Nor has the Government of the Union of Soviet Socialist Republics any objection to Japanese subjects preparing and curing fish of the salmon tribe according to Japanese methods.

Article 12

The navigation certificate mentioned in the first paragraph of Article VIII of the Fishery Convention is to be issued by the Consular officer of the Union of Soviet Socialist Republics on the presentation of:

- (1) Documents certifying the lease of the fishery lot or lots to which the vessel desires to resort.
- (2) A certified list of the persons on board with documents of their identification.
- (3) Documents certifying that the cargo of the vessel consists solely of goods mentioned in the third paragraph of Article IX of the Fishery Convention; in such documents amount of the cargo is also to be indicated.

The following shall be indicated in the navigation certificate:

- (1) The name of the vessel and her port of registry.
- (2) The name of the lease-holder or lease-holders of the fishery lot or lots.
- (3) A precise indication of the fishery lot or lots, to which the vessel desires to resort.
- (4) The nature and amount of the cargo.
- (5) The names of the crew.

Vessels furnished with the above-mentioned certificate and a health certificate are authorized to enter and remain at only those points of the coast of the Union of Soviet Socialist Republics which are mentioned in the navigation certificate. It goes without saying that ports where there is a custom-house are always open to such vessels.

Japanese vessels resorting to the Far Eastern waters of the Union of Soviet Socialist Republics in virtue of the last paragraph of Article II of the Fishery Convention must first put into one of the ports of the Union of Soviet Socialist Republics specially designated, where the competent authorities of the Union of Soviet Socialist Republics shall issue to them a special licence for catching, taking and preparing fish and aquatic products; the said licence shall at the same time take the place of a navigation certificate. The licence may also be obtained through a Consular officer of the Union of Soviet Socialist Republics in Japan; in this case the said vessels shall not be required to proceed to any of the above-mentioned ports.

Article 13

The Government of the Union of Soviet Socialist Republics has no objection to the individual voyage of Japanese fishing boats (*rybolovnyye lodki*) between fishery grounds leased to various Japanese subjects; in the case of the voyage, with or without boats tugged, of fishing boats provided with motors, permission shall be obtained from the local authorities of the Union of Soviet Socialist Republics.

Article 14

Japanese steamers engaged in the fishing industry or in its auxiliary services, within the waters of the Union of Soviet Socialist Republics, shall be provided with a Russian or English translation of the log-book; Japanese sea-going motor or sailing vessels shall conform to the said stipulation so far as it is possible.

Article 15

The Government of the Union of Soviet Socialist Republics guarantees that on formulating and approving the list mentioned in Article IX of the Fishery Convention, the actual requirements of the fishing industry of Japanese subjects shall receive fullest consideration.

Article 16

Japanese subjects fitted for the work of any branches of fishing industry and not exceeding one hundred persons in all, shall have the right to winter in the fishery lots leased to Japanese subjects, provided they conform to laws and regulations relating to the entry and residence in the Union of Soviet Socialist Republics. Watchmen required for wintering in the said fishery lots shall be employed from among citizens of the Union of Soviet Socialist Republics.

Article 17

For catching and taking the fish and aquatic products which may call for protective measures for their propagation, a standard by which the amount of such catching and taking may be limited shall be determined by the authorities of the Union of Soviet Socialist Republics, by taking as a basis of consideration the actual tendency of their propagation both in the rivers and seas of the Union of Soviet Socialist Republics in the Far East.

The employment of 'tateami' shall be authorized in all fishery lots leased to Japanese subjects, except in those lots which are situated in the closest proximity to estuaries; it is also agreed that in the case of the fishery lots last mentioned, the employment of 'tateami' shall be authorized in case fishing with movable nets should prove impracticable there. Moreover, in no fishery lots shall any restriction be imposed on the use of winches, escalators, conveyers, capstans, blocks or other instruments, machines and equipments which facilitate the working of fishing industry.

Article 18

It is understood that the terms 'Japanese subjects' and 'citizens of the Union of Soviet Socialist Republics' employed in the Fishery Convention and in the instruments attached thereto include public and private enterprises of Japan and the Union of Soviet Socialist Republics respectively, and that the term 'citizens of the Union of Soviet Socialist Republics' does not imply local peasants and fishermen enjoying special treatment. It is further understood that, with regard to the matters particularly dealt with in Article IV of the Fishery Convention as well as in Article 9 of the present Protocol, the state enterprises and co-operative societies of the Union of Soviet Socialist Republics are accorded special status.

Article 19

At any time after the auction of the fishery lots in the first year of the duration of the Fishery Convention shall have been conducted, the Government of the Union of Soviet Socialist Republics may grant without auction the lease of fishery lots situated in any part of the districts specified in Article I of the Fishery Convention to the local peasants and fishermen who are now established or may happen to establish themselves there; such grant may be given only in respect of those districts where no application mentioned in Article 4 of the present Protocol shall have been

PROTOCOL (B)

In proceeding this day to the signature of the Fishery Convention between Japan and the Union of Soviet Socialist Republics, the Plenipotentiaries of the two High Contracting Parties have agreed as follows:

In consideration of the provisions of Article XIII of the Fishery Convention, the application of laws and regulations regarding the protection and regulation of labour to Japanese subjects having fishery rights and to their Japanese employees, shall be conditioned as follows:

(1) With regard to the supply by the employer to his employees of the clothing and other articles necessary for their work, as well as of dwellings, the national habits and customs of the employees shall receive due consideration.

(2) A basic amount of wages may be arranged in the Japanese currency and for a whole fishing season, according to the usage in the fishing industry of the Far Eastern District; if the employee so desires, part of the said basic wages shall be paid to him in advance. The said basic wages for the whole season shall, however, not be less than the amount corresponding to fifteen yen a month, even when the employer is responsible by the contract of engagement for the expenses of the employees' transportation and rations, and even when the employer allows his employees an extra pay corresponding to a certain proportion of catches and collections in virtue of the so-called 'kuichi' or similar practice.

The above stipulation having been adopted by taking into consideration the law of the Union of Soviet Socialist Republics concerning minimum wages on one hand and the actual economic and social conditions in Japan on the other, it is agreed that, when the stipulation shall have become inadequate, a necessary readjustment may be made by agreement between the two Governments, with the view to suit new circumstances.

(3) Working hours in the fishery grounds shall as a rule be eight hours a day; however, in view of the special features of the fishing industry and in accordance with the laws of the Union of Soviet Socialist Republics providing for the conditions of working in seasonal labours, the employer may by agreement with his employees put them to work more than eight hours a day, provided he makes an arrangement with the competent local organs of the People's Commissariat of Labour relating to the working hours as well as the wages, even for a whole fishing season.

So far, however, as labour in fishing operations is concerned, at any time of the season, on occasions of an abundance of fish coming in shoals, the employees may, when they so agree, be put to work outside regular hours, on holidays and at night-time, for which no arrangement with the above-mentioned organs of the People's Commissariat of Labour is to be required.

As regards labour in canning operations, the above paragraph is applicable only in the case when, owing to excessive accumulation of catches on occasions of an abundance of fish coming in shoals, extra work is necessitated in order to prevent the quality of the products from being deteriorated, subject to the condition that the employers concerned shall inform the local labour organs as soon as possible and in any case before the closing of the fishing season of the corresponding year, of the conditions of the agreement made between the employers and employees regarding the extra work.

(4) (a) In case the employer owes the obligation to pay the social insurance premium in accordance with the laws of the Union of Soviet Socialist Republics, his employees, even after their return to Japan, or their families in Japan shall enjoy the same rights as citizens of the Union of Soviet Socialist Republics or their families residing in the Union of Soviet Socialist Republics.

(b) In case the social insurance is due to Japanese subjects or their families residing in Japan, it shall be paid to them by the Government of the Union of Soviet Socialist Republics through its Consular officers in Japan, within four months after the social insurance premium for the season shall have been paid.

(c) In all calculations and payments pertaining to the social insurance, the respective mint value of the currencies of Japan and the Union of Soviet Socialist Republics shall be taken into account instead of the current rates of exchange.

(d) The employer's obligation for social insurance shall be limited to the following three categories:

- I. when the employee is temporarily incapacitated for work;
- II. when the employee is invalided or dies because of an accident;
- III. when the employee needs medical treatment.

(e) The employer shall be exempt from the payment of the premium for the case III of the section (d), in case he undertakes in agreement with the sanitary authorities of the Union of Soviet Socialist Republics the supply of medical aid.

The employer shall be exempt from the payment of the

premium for the cases I and II of the section (d), in the case when in accordance with the regulations approved by the Japanese authorities, such measures of relief shall be undertaken by a group of employers or other organizations as shall prove equally or more favourable to the employees compared with those provided for in the social insurance of the Union of Soviet Socialist Republics.

(5) It may be stipulated in the contract of engagement that, when the employee shall have cancelled the contract on his own volition, he shall bear the expenses of passage from the fishery ground to Japan, it being understood that the employer shall be responsible for the employee's embarkation for Japan.

When the employer shall have dismissed his employee on his fishery ground, the employer shall pay the expenses of the latter's return to Japan.

As a matter of course, a stipulation may be included in the said contract of engagement for payment of an indemnity in the case when the employer or employee shall not, without due cause carry out the contract before the employee's departure from Japan.

The provisions of the present Protocol shall be subject to change or supplement by a mutual agreement which may be arranged between the two Governments.

The present Protocol is to be considered as ratified with the ratification of the Fishery Convention signed this day and shall have the same duration as that Convention.

It witness whereof the respective Plenipotentiaries have signed the present Protocol in duplicate in the English language and have affixed thereto their seals.

Done in the City of Moscow, this 23rd day of January, 1928.

	L. KARAKHAN (L.S.)
T. TANAKA (L.S.)	M. LACIS (L.S.)

PROTOCOL (C)

In proceeding this day to the signature of the Fishery Convention between Japan and the Union of Soviet Socialist Republics, the Plenipotentiaries of the two High Contracting Parties have agreed as follows:

The establishment and operation of canning factories by Japanese subjects having fishery rights, in the districts specified in Article I of the Fishery Convention, shall be conditioned as follows, provided that, in all that concerns the canning industry, Japanese subjects shall not be placed in a position less favourable

than that accorded to private persons or enterprises of the Union of Soviet Socialist Republics.

(A) In the fishery lots leased by auction to Japanese subjects, they may establish and operate canning factories during fishing seasons of their lease-term, by giving notice in advance to the competent authorities of the Union of Soviet Socialist Republics, and subject to the application of the provisions of Sections (1), (2), (6), (7), and (9) of Paragraph (B) of the present Protocol.

(B) For the operation of the canning factories owned by Japanese subjects and actually existing at the time of conclusion of the Fishery Convention, special contracts shall be concluded between the competent authorities of the Union of Soviet Socialist Republics and the Japanese subjects concerned in conformity with the following conditions:

(1)

Japanese subjects are at liberty to make alterations in the scope and equipments of their canning factories, provided that, when such alterations are made, they shall make notification thereof to the competent authorities of the Union of Soviet Socialist Republics, in accordance with the formalities prescribed by the regulation of the Union of Soviet Socialist Republics. Moreover, they shall not be prohibited or restricted to transport fish and aquatic products from fishery lots granted to other lessees to the said canning factories, or to prepare them.

(2)

All the properties not belonging to the Government or citizens of the Union of Soviet Socialist Republics in the fishery lots where canning factories are found may, after the expiration of the term of special contracts, either be transported by the Japanese subjects concerned to other fishery lots or outside the Union of Soviet Socialist Republics, or, with the permission of the Government of the Union of Soviet Republics, be sold off within the territory of the Union of Soviet Socialist Republics; in case the said properties shall not have been disposed of as above mentioned, within one year after the expiration of the said contracts, they shall come into the possession of the Government of the Union of Soviet Socialist Republics without compensation.

(3)

For the operation of the canning factories now in existence, each canning factory shall be provided with the fishery lot where the

factory is situated and also with another fishery lot lying in the neighbourhood, both of which are to be leased without auction in accordance with the provisions of the second paragraph of Article II of the Fishery Convention.

In case Japanese subjects make application to the competent authorities of the Union of Soviet Socialist Republics for the lease of fishery lots for the purpose of establishing therein canning factories, in accordance with the provisions of the second paragraph of Article II of the Fishery Convention, the Government of the Union of Soviet Socialist Republics will agree to enter into negotiations with the Japanese Government, with a view to granting such lease so far as the circumstances permit.

(4)

The term of special contracts concerning the canning factories mentioned in Section (3) shall be ten years.

As regards measures to be taken with respect to the canning factories after the expiration of the term of the said special contracts, the two Governments shall enter into negotiations on this question either on occasion of the negotiations for the revision of the Fishery Convention, or one year before the said expiration.

(5)

Japanese subjects who desire to conclude the special contracts mentioned in Section (4) shall be recommended by the Japanese Government to the competent authorities of the Union of Soviet Socialist Republics.

(6)

The special royalty (*dolevoe otchislenie*) for the operation of canning factories shall be calculated in the gold currency of the Union of Socialist Republics at the following rates for the actual amount of the fish and aquatic products prepared in the canning factories concerned:

1. For red salmon, 20 copecks per case.
2. For silver salmon, king salmon and dog salmon, 16 copecks per case.
3. For humpback-salmon, 9 copecks per case.
4. For crabs, 40 copecks per case.

It is understood in this connexion that one case of canned goods contains 48 cans of 1 lb. each or 96 cans of half a pound each. The said special royalty, together with the taxes, imposts and hand fees chargeable thereon, shall be paid in December every year.

The above-mentioned rates of the special royalty may be altered by mutual agreement, in case the market price of the respective merchandise now obtaining has considerably changed.

(7)

As regards taxes, imposts and fees, the provisions of Article IV of the Fishery Convention as well as those of the instruments attached thereto shall be applicable, it being understood in this connexion that the term 'royalty' employed in the said instruments shall be held to include the royalty for the lease of fishery lots and the special royalty (*dolevoe otchislenie*) for the operation of canning factories provided for in Section (6).

(8)

For the purpose of determining the amount of ordinary royalty for the fishery lots leased in accordance with the provision of Section (3), the following method shall be adopted:

Every three years shall be taken, as a standard, fishery lots amounting so far as practicable to four in all, which are leased by auction and lie in the closest proximity to the fishery lots appertaining to canning factories and where the same kinds of fish are caught as in the latter, and the quotient obtained through dividing the sum total of the royalty for their lease by the sum total of their standard amounts of catch shall be considered as basic unit; the royalty in question shall be computed expressed in the gold currency of the Union of Soviet Socialist Republics by multiplying the said basic unit by the standard amount of catch assigned to the fishery lots concerned.

(9)

In all that concerns the operation of canning factories and fishery lots and which is not specifically dealt with in the present Protocol, the provisions of the Fishery Convention and the instruments attached thereto shall be applicable.

(10)

For the purpose of concluding special contracts concerning the canning factories now in existence, the Japanese subjects concerned shall as soon as possible apply to the competent authorities of the Union of Soviet Socialist Republics for the opening of negotiations with a clear indication of the fishery lots which they

APPENDIX VII

AGREEMENT ON GENERAL PRINCIPLES FOR THE SETTLEMENT OF THE QUESTIONS BETWEEN THE REPUBLIC OF CHINA AND THE UNION OF SOVIET SOCIALIST REPUBLICS (1924)

THE Republic of China and the Union of Soviet Socialist Republics, desiring to re-establish normal relations with each other, have agreed to conclude an agreement on general principles for the settlement of the questions between the two countries, and have to that end named as their Plenipotentiaries, that is to say:

His Excellency the President of the Republic of China: Vi Kyuin Wellington Koo.

The Government of the Union of Soviet Socialist Republics: Lev Mikhailovitch Karakhan.

Who having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following Articles:

Article I. Immediately upon the signing of the present Agreement, the normal diplomatic and consular relations between the two Contracting Parties shall be re-established.

The Government of the Republic of China agrees to take the necessary steps to transfer to the Government of the Union of Soviet Socialist Republics the Legation and Consular buildings formerly belonging to the Tsarist Government.

Article II. The Governments of the two Contracting Parties agree to hold within one month after the signing of the present Agreement a Conference which shall conclude and carry out detailed arrangements relative to the questions as provided in the following articles.

Such detailed arrangements shall be completed as soon as possible and in any case, not later than six months from the date of the opening of the Conference as provided in the preceding paragraph.

Article III. The Governments of the two contracting Parties agree to annul at the Conference as provided in the preceding Article, all Conventions, Treaties, Agreements, Protocols, Contracts, etcetera, concluded between the Government of China and the Tsarist Government and to replace them with new treaties,

agreements, etcetera, on the basis of equality, reciprocity and justice, as well as the spirit of the Declarations of the Soviet Government of the years of 1919 and 1920.

Article IV. The Government of the Union of Soviet Socialist Republics, in accordance with its policy and Declarations of 1919 and 1920, declares that all Treaties, Agreements, etcetera, concluded between the former Tsarist Government and any third party or parties affecting the sovereign rights or interests of China are null and void.

The Governments of both Contracting Parties declare that in future neither Government will conclude any treaties or agreements which prejudice the sovereign rights or interests of either Contracting Party.

Article V. The Government of the Union of Soviet Socialist Republics recognizes that Outer Mongolia is an integral part of the Republic of China and respects China's sovereignty therein.

The Government of the U.S.S.R. declares that as soon as the questions for the withdrawal of all the troops of the U.S.S.R. from Outer Mongolia—namely, as to the time-limit of the withdrawal of such troops and the measures to be adopted in the interests of the safety of the frontiers—are agreed upon at the Conference as provided in Article II of the present Agreement, it will effect the complete withdrawal of all the troops of the U.S.S.R. from Outer Mongolia.

Article VI. The Governments of the two Contracting Parties mutually pledge themselves not to permit, within their respective territories the existence and/or activities of any organizations or groups whose aim is to struggle by acts of violence against the Governments of either Contracting Party.

The Governments of the two Contracting Parties further pledge themselves not to engage in propaganda directed against the political and social systems of either Contracting Party.

Article VII. The Governments of the two Contracting Parties agree to redemarcate their national boundaries at the Conference as provided in Article II of the present Agreement, and pending such redemarcation, to maintain the present boundaries.

Article VIII. The Governments of the two Contracting Parties agree to regulate at the aforementioned Conference the questions relating to the navigation of rivers, lakes and other bodies of water which are common to their respective frontiers, on the basis of equality and reciprocity.

Article IX. The Governments of the two Contracting Parties

agree to settle at the aforementioned Conference the question of the Chinese Eastern railway in conformity with the principles as hereinafter provided:

(1) The Governments of the two Contracting Parties declare that the Chinese Eastern Railway is a purely commercial enterprise. The Governments of the two Contracting Parties mutually declare that with the exception of matters pertaining to the business operations which are under the direct control of the C.E.R., all other matters affecting the rights of the National and the Local Governments of the Republic of China—such as judicial matters, matters relating to civil administration, military administration, police, municipal government, taxation, and landed property (with the exception of lands required by the said Railway) shall be administered by the Chinese Authorities.

(2) The Government of the U.S.S.R. agrees to the redemption by the Government of the Republic of China, with Chinese capital, of the Chinese Eastern Railway, as well as all appurtenant properties, and to the transfer to China of all shares and bonds of the Railway.

(3) The Governments of the two Contracting Parties shall settle at the Conference as provided in Article II of the present Agreement the amount and conditions governing the redemption as well as the procedure for the transfer of the C.E.R.

(4) The Government of the U.S.S.R. agrees to be responsible for the entire claims of the shareholders, bondholders, and creditors of the C.E.R. incurred prior to the Revolution of March 9th, 1917.

(5) The Governments of the two Contracting Parties mutually agree that the future of the C.E.R. shall be determined by the Republic of China and U.S.S.R. to the exclusion of any third party or parties.

(6) The Governments of the two Contracting Parties agree to draw up an arrangement for the provisional management of the C.E.R. pending the settlement of the questions as provided under Section (3) of the present Article.

(7) Until the various questions relating to the C.E.R. are settled at the Conference as provided in Article II of the present Agreement, the rights of the two Governments arising out of the Contract of August 27th/September 8th, 1896, for the Construction and Operation of the C.E.R., which do not conflict with the present Agreement and the Agreement for the Provisional Management of the said Railway, and which do not prejudice China's rights of sovereignty, shall be maintained?

Article X. The Government of the U.S.S.R. agrees to renounce the special rights and privileges relating to all Concessions in any part of China acquired by the Tsarist Government under various Conventions, Treaties, Agreements, etcetera.

Article XI. The Government of the U.S.S.R. agrees to renounce the Russian portion of the Boxer Indemnity.

Article XII. The Government of the U.S.S.R. agrees to relinquish the rights of extraterritoriality and consular jurisdiction.

Article XIII. The Governments of the two Contracting Parties agree to draw up simultaneously with the conclusion of a Commercial Treaty at the Conference as provided in Article II of the present Agreement a Customs Tariff for the two Contracting Parties in accordance with the principles of equality and reciprocity.

Article XIV. The Governments of the two Contracting Parties agree to discuss at the aforementioned Conference the questions relating to the claims for the compensation of losses.

Article XV. The present Agreement shall come into effect from the date of signature.

In witness whereof, the respective plenipotentiaries have signed the present Agreement in duplicate in the English language and have affixed thereto their seals.

Done at the City of Peking this Thirty-First Day of the First Month of the Thirteenth Year of the Republic of China, which is the Thirty-First Day of May One Thousand Nine Hundred and Twenty-Four.

(Seal) V. K. WELLINGTON KOO.

(Seal) L. M. KARAKHAN.

APPENDIX VIII

DOCUMENTS CONCERNING THE C.E.R.

A. *Contract for the Construction and Operation of the Chinese Eastern Railway, September 8, 1896*

(Translated from the authentic French text)

BETWEEN the undersigned: His Excellency Hsü Ching-ch'eng, Minister Plenipotentiary of His Majesty the Emperor of China, at St. Petersburg, acting by virtue of an Imperial Edict, dated Kuang Hsü, 22nd year, 7th month, 20th day (August 16:28. 1896), of the one part, and the Russo-Chinese Bank, of the other part, it has been agreed as follows:

The Chinese Government will pay the sum of five million Kuping taels (Kuping Tls. 5,000,000) to the Russo-Chinese Bank, and will participate in proportion to this payment in the profits and losses of the Bank on conditions set forth in a special contract.

The Chinese Government having decided upon the construction of a railway line, establishing direct communication between the city of Chita and the Russian South Ussuri Railway, entrusts the construction and operation of this railway to the Russo-Chinese Bank upon the following conditions:

(1) The Russo-Chinese Bank will establish for the construction and operation of this railway a company under the name of the Chinese Eastern Railway Company.

The seal which this Company will employ will be given to it by the Chinese Government. The statutes of this Company will be co-ordinated with the Statutes of Russian railway companies. The shares of the Company can be acquired only by Chinese and Russian subjects. The president of this Company will be named by the Chinese Government, but paid by the Company. He may have his residence in Peking.

It will be the duty of the president to see particularly to the scrupulous fulfilment of the obligations of the Bank and of the Railway Company towards the Chinese Government; he will furthermore be entrusted with the conduct of the relations of the Bank and of the Railway Company with the Chinese Government and the central and local authorities.

The president of the Chinese Eastern Railway Company will likewise be entrusted with the examination of all accounts of the Chinese Government with the Russo-Chinese Bank.

To facilitate local negotiations, the Russo-Chinese Bank will maintain an agent at Peking.

(2) The route of the line will be determined by the deputies of the president (named by the Chinese Government) of the Company, in mutual agreement with the engineers of the Company and the local authorities. In laying out this line, cemeteries and tombs, as also towns and villages, should so far as possible be avoided and passed by.

(3) The Company must commence the work within a period of twelve months from the day on which this contract shall be sanctioned by Imperial decree and must so carry it on that the whole line will be finished within a period of six years from the day on which the route of the line is definitely established and the lands necessary therefor are placed at the disposal of the Company. The gauge of the line shall be same as that of the Russian railways (5 Russian feet—about four feet, two and one-half inches, Chinese).

(4) The Chinese Government will give orders to the local authorities to assist the Company to the extent of their ability in obtaining, at current prices, the material necessary for the construction of the railway, as also labourers, means of transport by water and land, the provisions necessary for the feeding of men and animals, &c.

The Chinese Government shall as needed take measures to facilitate such transportation.

(5) The Chinese Government will take measures to assure the safety of the railway and of the persons in its service against any attack.

The Company will have the right to employ at will as many foreigners or natives as it may find necessary for the purpose of administration, &c.

Criminal cases, lawsuits, &c., upon the territory of the railway, must be settled by the local authorities in accordance with the stipulations of the treaties.

(6) The lands actually necessary for the construction, operation and protection of the line, as also the lands in the vicinity of the line necessary for procuring sand, stone, lime, &c., will be turned over to the Company freely, if these lands are the property of the State; if they belong to individuals, they will be turned over to the Company either upon a single payment or upon an annual rental to the proprietors, at current prices. The lands belonging to the Company will be exempt from all land taxes.

The Company will have the absolute and exclusive right of administration of its lands.

The Company will have the right to construct on these lands buildings of all sorts, and likewise to construct and operate the telegraphs necessary for the needs of the line.

The income of the Company, all its receipts and the charges for the transportation of passengers and merchandise, telegraphs, &c., will likewise be exempt from any tax or duty. Exception is made, however, as to the mines, for which there will be a special arrangement.

(7) All goods and materials necessary for the construction, operation and repair of the line, will be exempt from any tax or customs duty and from any internal tax or duty.

(8) The Company is responsible that the Russian troops and war material despatched in transit over the line, will be carried through directly from one Russian station to another, without any pretext for stopping on the way longer than is strictly necessary.

(9) Passengers who are not Chinese subjects, if they wish to leave the territory of the railway shall be supplied with Chinese passports. The Company is responsible that passengers, who are not Chinese subjects, shall not leave the territory of the railway if they do not have Chinese passports.

(10) Passengers' luggage as well as merchandise despatched in transit from one Russian station to another, will not be subject to customs' duties; they will likewise be exempt from any internal tax or duty. The Company is bound to despatch such merchandise, except passengers' baggage, in special cars, which, on arrival at the Chinese frontier, will be sealed by the office of the Chinese Customs, and cannot leave Chinese territory until after the officer of the Customs shall satisfy himself that the seals are intact; should it be established that these cars have been opened on the way without authorization the merchandise will be confiscated.

Merchandise transported into China by the railway, and likewise exported from China into Russia by the same route, will respectively pay the import and export duty of the Chinese Maritime Customs, less one-third.

If merchandise is transported into the interior it will pay in addition the transit duty—equivalent to a half of the import duty collected—which frees it from any other further charge.

Merchandise not paying the transit tax will be subject to all the barrier and likin duties imposed in the interior.

The Chinese Government must install customs offices at the two frontier points on the line.

(11) The charges for the transportation of passengers and merchandise, as well as for the loading and unloading of merchandise, are to be fixed by the Company, but it is obliged to transport free of charge the Chinese official letter post, and, at half price, Chinese land or sea forces and also Chinese war materials.

(12) The Chinese Government transfers to the Company the complete and exclusive right to operate the line on its own account and risk, and so that the Chinese Government will in no case be responsible for any deficit whatsoever of the Company, during the time allotted for the work and thereafter for a further eighty years from the day on which the line is finished and traffic is in operation. This period having elapsed, the line, with all its appurtenances, will pass free of charge to the Chinese Government.

At the expiration of thirty-six years from the day on which the entire line is finished and traffic is in operation, the Chinese Government will have the right to buy back this line upon repaying in full all capital involved as well as all the debts contracted for this line, plus accrued interest.

If—in case the profit realized exceeds the dividends allowed to the shareholders—a part of such capital is repaid, that part will be deducted from the price of repurchase. In no case may the Chinese Government enter into possession of this line before the appropriate sum is deposited in the Russian State Bank.

The day when the line is finished and traffic is in operation, the Company will make to the Chinese Government a payment of five million Kuping taels (Tls. 5,000,000).

KUANG Hsü, 22nd year, 8th month, 2nd day.

(Signed) SHU (Hsü)

Berlin, August 27/September 8, 1896.

RUSSO-CHINESE BANK

(Signed) ROTHSTEIN

(Signed) PRINCE OUKHTOMSKY.

B. Statutes of the Chinese Eastern Railway (Approved by the Russian Government at St. Petersburg on December 16, 1896)

(Translated from the Russian text)

1. *Formation of the Company.* On the strength of the Agreement concluded on August 27/September 8th, 1896, by the Imperial Chinese Government with the Russo-Chinese Bank, a Company

is formed under the name of the 'Chinese Eastern Railway Company' for the construction and working of a railway, within the confines of China from one of the points on the western borders of the province of Hei-lung kiang to one of the points on the eastern borders of the province of Kirin, and for the connexion of this railway with those branches which the Imperial Russian Government will construct to the Chinese frontier from the Transbaikal and the Southern Ussuri lines. (Observation: The Company is empowered, subject to the sanction of the Chinese Government, to exploit in connexion with the railway or independently of it, coal-mines, and also to exploit in China other enterprises—mining, industrial and commercial. In so far as the working of these enterprises will be quite independent of the railway, the Company shall keep for them accounts separate from those of the railway. The formation of the Company shall be undertaken by the Russo-Chinese Bank.)

With the formation of the Company all rights and obligations are transferred to it in regard to the construction and working of the line ceded in virtue of the above-named Agreement of August 27th/September 8th, 1896.

The Company shall be recognized as formed on the presentation to the Minister of Finances of a warrant of the State Bank certifying the payment of the first instalment of the shares. In any case such payment must be made not later than two months from the day of confirmation of the present statutes.

The succeeding instalments on the shares shall be paid in such order of gradation that the shares shall be fully paid up at their nominal value not later than one year from the day of formation of the Company. Owners of shares of the Company may only be Russian and Chinese subjects.

2. *Term of Concession.* In virtue of the Agreement with the Chinese Government, the Company shall retain possession of the Chinese Eastern Railway during the course of eighty years from the day of the opening of traffic along the whole line.

3. *Obligations towards the Russian Government.* In recognition that the enterprises of the Chinese Eastern Railway will be realized only owing to the guarantee given by the Russian Government in regard to the revenue of the line, for covering working expenses as well as for effecting the obligatory payments on the bonds, the Company, on its part, binds itself to the Russian Government during the whole time of the concession (2) under the following obligations:

(a) The Chinese Eastern Railway with all its appurtenances

and rolling-stock must be always maintained in full order for satisfying all the requirements of the service of the line, in regard to the safety, comfort, and uninterrupted conveyance of passengers and goods.

(b) The traffic on the Chinese Eastern Railway must be maintained conformably with the degree of traffic on the Russian railway lines adjoining the aforesaid line.

(c) The trains of all descriptions running between the Russian Transbaikal and Ussuri lines shall be received by the Chinese Eastern Railway and dispatched to their destination in full complement without delay.

(d) All through trains, both passenger and goods, shall be dispatched by the Chinese Eastern Railway at rates of speed not lower than those which shall be adopted on the Siberian Railway.

(e) The Chinese Eastern Railway is bound to establish and maintain a telegraph along the whole extent of the line and to connect it with the telegraph-wire of the Russian adjoining railways, and to receive and dispatch without delay through telegrams sent from one frontier station of the line to another, as also telegrams sent from Russia to China, and conversely.

(f) Should, with the development of traffic on the Chinese Railway its technical organization prove insufficient for satisfying the requirements of a regular and uninterrupted passenger and goods traffic, the Chinese Eastern Railway shall immediately on receipt of a notification on the part of the Russian railways to augment its capacity to a corresponding degree, adopt the necessary measures for further developing its technical organization and the traffic on it. In the event of difference of opinion arising between the above-mentioned railways, the Chinese Eastern Railway shall submit to the decision of the Russian Minister of Finances. If the means at the command of the Chinese Eastern Railway prove insufficient for carrying out the necessary work of its development the Board of Management of the Railway may at all times apply to the Russian Minister of Finances for pecuniary assistance on the part of the Russian Government.

(g) For all transit conveyance of passengers and goods, as also for the transmission of telegrams, there will be established by agreement of the Company with the Russian Government, for the whole term of duration of the concession (2), maximum tariffs, which cannot be raised without the consent of the Russian Government during the whole term above referred to. Within these limits the tariffs of direct communication both for railway

carriage and telegrams will be fixed by the Board of Management of the Company on the strength of a mutual agreement with the Russian Minister of Finance.

(h) The Russian letter- and parcels-post, as also the officials accompanying the same, shall be carried by the Chinese Eastern Railway free of charge; for this purpose the Company shall set apart in each ordinary passenger train a carriage compartment of three 'sajens' (21 feet) in length. The Russian postal authorities may, moreover, if they deem it necessary, place on the line postal carriages, constructed by them at their own cost; and the repair, maintenance (interior fittings excepted) as well as the running of such carriages with the trains shall be free of charge and at the cost of the railway.

The above-mentioned engagements, by which, as already stated, the grant of a guarantee by the Russian Government is conditioned as well as the consequent realization of the enterprise of the Chinese Eastern Railway, shall be binding on the railway until the same, after the expiration of the eighty years' term of the concession, shall without payment become the property of the Chinese Government (29). The redemption of the line from the Company before the above-mentioned term in accordance with § 30 of the present statutes shall not in any way diminish the effect of the above specified engagements, and these latter, together with the railway shall be transferred to its new proprietor.

In the same manner during the course of the whole eighty years' term of the concession (2), the following privileges granted to the railway by the Imperial Government shall remain in force:

(a) Passengers' luggage as also goods carried in transit from one Russian station to another shall not be liable to any Chinese customs duties, and shall be exempt from all internal Chinese dues and taxes.

(b) The rates for the carriage of passengers and goods, for telegrams, &c., shall be free from all Chinese taxes and dues.

(c) Goods imported from Russia into China by rail and exported from China to Russia in the same manner, shall pay respectively an import or export Chinese duty to the extent of one-third less as compared with the duty imposed at Chinese sea-port custom-houses.

(d) If goods imported by the railway are destined for conveyance inland they shall in such case be subject to payment of transit duties to the extent of one-half of the import duty levied

on them, and they shall then be exempted from any additional imposts. Goods which shall not have paid transit duty shall be liable to payment of all established internal barrier and likin dues.

4. *Immunities of the Company in regard to Russian customs dues.* In regard to the place of acquisition of materials for the requirements of the railway, the Company shall not be liable to any limitations. If materials be obtained beyond the confines of Russia, they shall, on importation through Russian territory, be freed from payment of Russian customs duties.

5. *Technical Conditions: Periods of Time for the Commencement and Termination of the work.* The breadth of the railway track must be the same as that of the Russian lines (5 feet). The Company must commence the work not later than the 16th (29th n.s.) of August 1897, and conduct it in such a manner that the whole line shall be completed not later than six years from the time when the direction of the line shall be finally determined and the necessary land assigned to the Company. When tracing the line of the railway, cemeteries and graves, as also towns and villages, must as far as possible be avoided by the railway. When affecting the connexion in accordance with § 1 of these Statutes, of the Chinese Eastern Railway with the Russian Transbaikal and South Ussuri lines, the Company shall have the right, with a view of reduction of expenditure, of abstaining from building its own frontier-stations and of utilizing the frontier-stations of the above-mentioned Russian Lines. The conditions on which they shall be utilized shall be determined by agreement of the Board of the Company with the Boards of the respective railways.

6. *Tariffs.* The tariffs for the carriage of passengers and goods, as also for supplementary carriage rate, shall be determined by the Company itself, within the limits indicated in § 3.

7. *Order of Examination of Legal Suits, and the Establishment of Rules for Railway Conveyance.* Offences, litigation, &c., on the territory of the Chinese Eastern Railway, shall be dealt with by local authorities, Chinese and Russian, on the basis of existing Treaties. In regard to the carriage of passengers and goods, the responsibility for such conveyance, the courts empowered to decide claims, the lapse of time for the presentation of claims, the order of recovering money from the railway when adjudged, and the relations of the railway to the public, shall be defined in rules drawn up by the Company and established before the opening of railway traffic; these rules shall be framed in accordance with those existing on Russian railways.

8. *Maintenance of Security and Order on the Railway.* The Chinese Government has undertaken to adopt measures for securing the safety of the railway and of all employed on it against any extraneous attack. The preservation of law and order on the lands assigned to the railway and its appurtenances shall be confined to police agents appointed by the Company. The Company shall for this purpose draw up and establish police regulations.

9. *Foundation Capital of the Company.* The whole amount of the capital of the Company shall be determined according to the cost of construction calculated on the basis of estimates framed when the survey of the line is carried out. The foundation capital shall be charged with:

(a) The payment of interest and amortization of the foundation capital during the construction of the railway;

(b) The purchase from the Russian Government of the results of the surveys of the direction of the railway to Manchuria, which were made by Russian engineers, the sum payable for these surveys being determined by agreement of the Russian Ministers of Finance with the Company.

The capital of the Company shall be formed by the issue of shares and bonds.

10. *Bond Capital: Guarantee of Russian Government on Bonds.* The remaining portion of the capital of the Company will be formed by the issue of bonds. The bonds will be issued as required and each time with the special sanction of the Minister of Finances. The nominal amount and value of each separate issue of bonds, the time and condition of the issue, as also the form of these bonds, shall be subject to the sanction of the Minister of Finances. The Russian Government will guarantee the interest on and the amortization of the bonds. For the realization of these bonds the Company must have recourse to the Russo-Chinese Bank, but the Russian Government reserves to itself the right of appropriating the bond loan at a price which shall be determined between the Company and Bank, and to pay the Company the agreed amount in ready money.

12. *Guarantee of Realized Bond Capital.* As payments are received for bonds guaranteed by the Russian Government, the Company shall be bound to keep such sums, or interest-bearing securities purchased with the same by permission of the Russian Minister of Finances under the special supervision of the Russian Ministry of Finances. Out of the above receipts the Company shall have the right to make the following payments:

(a) According to the actual fulfilment of work in progress and execution of orders, and at the time when various expenditures shall become necessary, such payments to be made on the scale and on the conditions specified in the working estimates.

(b) During the construction of the line, of interest, as it becomes due, on the bonds issued by the Company, subject to the conditions of their issue, and the Company shall pay the sums necessary for the above purpose within the limits of the amount realized by it in the issue of its bonds.

13. *Shares.* On the payment of the first allotment on the shares, the founders shall receive temporary certificates on which subsequently when the Board of Management of the Company shall have been formed, the receipt of the further instalments on the shares will be inscribed. When the shares shall be fully paid up, the temporary certificates issued to the founders shall be replaced by shares. The shares of the Company are issued to bearer, under the signature of not fewer than three members of the Board of Management. To the shares will be attached a coupon sheet for the receipt once yearly under them of any dividend that may be payable. On the coupon sheet becoming exhausted new sheets will be issued. A dividend on the shares out of the net profits of any year, supposing such accrue, shall be payable on the adoption by the general meeting of share-holders of the annual report for that year, and the dividend shall be payable at the offices of the Company, or at such places which it may indicate. The Company shall notify, for general information in the *Official Gazette* and in the *Finance Messenger*, as also in the Chinese newspapers, and also in other newspapers selected at the shareholders' meeting, the amount and place of payment of the dividend.

14. *Reserve Capital.* The reserve capital is destined:

(a) For the capital repair of the railway, its buildings and appurtenances:—

(b) For defraying extraordinary expenditure of the Company in repairing the railway and its appurtenances. The reserve capital of the Company is formed out of annual sums put aside from the net profits of the working of the railway. The reserve capital must be kept in Russian State interest-bearing securities or in railway bonds guaranteed by the Russian Government. At the expiration of the term of possession of the railway by the Company the reserve capital shall be first of all employed in the payment of the debts of the Company, including among them sums due to the Russian Government, if such exist; after the debt of the Company

shall have been paid the remainder of the reserve capital of the railway shall be divided among the shareholders: in the event of the redemption of the railway by the Chinese Government the reserve capital becomes the property of the shareholders.

15. *Net Revenue.* The net revenue of the Company shall be the remainder of the gross receipts, after the deduction of working expenses. Under these expenses are classed:

(a) General outlays, including assignments towards pension and relief funds, if such be established on the line;

(b) Maintenance of the staff of the Board of Management and of all the services—as also the maintenance of employees and labourers not on the permanent list;

(c) Outlays for materials and articles used for the railway, as also expenditure in the shape of remuneration for the use of buildings, rolling-stock, and other various requisites, for the purposes of the railway;

(d) Outlays for the maintenance, repair and renewal of the permanent way, works of construction, buildings, rolling-stock, and other appurtenances of the railway;

(e) Expenditure connected with the adoption of the measures and instructions of the Board of Management for insuring the safety and regularity of the railway service;

(f) Expenditure for the improvement and development of the railway as also for creating and developing its resources.

16. *Additional payments by the Russian Government under the guarantee, and the order of settlement of accounts between the Company and the Russian Government in respect of these additional payments.* Should the gross receipts of the railway prove insufficient for defraying the working expenses and for meeting the yearly payments due on the bonds, the Company will receive the deficient sum from the Russian Government through the Russian Minister of Finances. The payments referred to will be made to the Company as advances at a rate of interest of six per cent. per annum. Sums paid in excess to the Company in consequence of its demands and on account of the guarantee will be deducted from succeeding money payments.

On the presentation to the general meeting of shareholders of the annual report of the working of the railway for a given year, the Company shall at the same time submit to the general meeting, for confirmation, a detailed statement of the sums owing by the Company to the Russian Government, with the interest that has accrued thereon. On the confirmation of this statement by the general meeting, the Board of Management shall deliver to the

Russian Government an acknowledgment of the Company's debt, to the full determined amount of the same, and this acknowledgment, until its substitution by another, shall bear annually interest at the rate of six per cent. The acknowledgment above mentioned given by the Board of Management to the Russian Government shall not be subject to bill or deed stamp tax.

17. *Distribution of Net Profits.* A sum of up to 10 per cent. of the net profits may be put aside from them, by decisions of the shareholders' meeting, and be added to the reserve capital (14). The remaining sum is used to pay the interest on and the amortization of the bond capital. The remaining surplus, i.e. the net profits of the Company, is used to pay dividend on shares to an amount which shall every time be determined by the general meeting of the shareholders. The balance of the net profits, should there remain any, will be used for paying off the debts of the Company to the Russian Government; in those years when the Company will have no more debts, the said balance will be distributed as an additional dividend on the shares.

18. *Board of Management.* The administration of the Company's business with regard both to the construction and to the exploitation of the Chinese Railway, as also the keeping of the books and accounts of the Company, will be entrusted to the Board of Management (Pravlénie). The Board of Management represents the Company and therefore its actions, performed within the limits of the rights conferred on it by the Agreement concluded with the Chinese Government, by the present Statutes and by the decisions of the general meetings (of shareholders) are binding on the Company. Being an agent of the Company, the Board of Management acts without a special power of attorney and has itself the right to select agents whom it may supply with a legal power of attorney according to general regulations. The Board of Management shall reside in Peking or in St. Petersburg. The Board of Management has its own seal.

19. *Constitution of the Board of Management.* The Board of Management of the Company shall consist of a President and nine members. The President of the Board is appointed by the Chinese Government. The other members are elected by the general meeting of shareholders. The Board elects from amongst its members a Vice-President. The duties of the President include the control of the strict fulfilment by the Railway Company of its obligations with regard to the Chinese Government. The Company communicates with the Chinese Government and the

Chinese central and local authorities through the intermediary of the President of the Board. The duties of the Vice-President include direct administration of the Company's business. Two members of the Board of Management retire every year: either by lots or by mutual agreement during the first five years, and by seniority of their election thereafter. Their replacements are elected by the shareholders' general meetings. The amount of salary of the President and of the members of the Board of Management shall be determined by the shareholders' general meeting. The members of the Board, elected by the shareholders, may be relieved of their duties, before their term of office expires, by a decision of the shareholders' general meeting.

20. *Order of transaction of the business of the Board.* The Board of the Company meets, when it is necessary, on the invitation of the President or of Vice-President. The validity of its decisions demands the participation in the examination of the (corresponding) affairs, either personally or by writing (by letter or telegram) of five members, including the President or the Vice-President. Decisions are taken by a simple majority of votes. The drawing of monies from establishment of credit or generally speaking, from persons or institutions to whom the safeguarding of the Company's capital may be entrusted, the transfer of State funds, the issuing of receipts for monies received as due to the Company and the indorsement of their transfer (excepting sums in current accounts) require the signatures of at least three members of the Board. Payments on current bills, i.e. out of the ready cash of the Board, take place according to legally valid decisions of the Board, by means of cash orders signed by one of the Board, empowered to do so. The books of the Company must be closed every year on the 31st December, old style.

21. *General meetings of shareholders and the subjects that shall come under their notice.* The general meeting of shareholders may be ordinary or extraordinary. Ordinary general meetings are called every year to decide upon the report and balance sheets submitted by the Board of Management and for the election of the members of the latter. Besides these two obligatory subjects, the ordinary general meetings may also consider other questions within the scope of their competence. Extraordinary general meetings are called when required. The business coming under the notice of the general meeting is brought before it by the Board of Management only. Besides the above-mentioned obligatory subjects, the subjects coming under the notice of the general meetings include,

generally speaking: (a) the confirmation of the activities and suggestions of the board of Management with regard to the construction and working of the railway; (b) the examination and approval of the accounts of the Board of Management; (c) deliberation on and decisions with regard to the uses which the reserve capital is to be applied to; (d) approval of the amount to be put aside and added to the reserve capital as per (17) of the Statutes, as also of the amount of dividend to be distributed among the shareholders and the approval of assignments towards pension and relief funds, if such be established on the line; (e) the election of the members of the Board of Management and of the Audit Committee; (f) determination of the amount of salaries to the members of the Board of Management and of the Audit Committee; (g) the assignment to the Board of Management of sums for yearly and unforeseen expenses, or for single outlays, within the limits of the approved budget, and permission to the Board to obtain credits; (h) decisions on all affairs, generally speaking, which are beyond the sphere of competence of the Board of Management and on all affairs submitted to the general meetings by the Board.

22. *Order of convening general meetings.*—General Meetings are called, at the discretion of the Board of Management, at Peking or at St. Petersburg by means of notices in a Chinese and in Russian newspapers.

23. *Conditions under which general meetings shall be recognized as legally held.* General meetings of shareholders shall be recognized as legally held when at least half of the Company's total share capital will be represented.

24. *Participation of shareholders in proceedings of general meetings.* At general meetings every share gives one vote, however many shares the owner may hold. So as to obtain the right to participate in general meetings the owners of the shares shall present to the Board of Management either personally or through a representative duly qualified by a power of attorney, and not later than seven days before the general meeting, the shares of the Company which they hold, or certificates of the State Bank, of its agencies and branches or of the Russo-Chinese Bank and of its branches stating that the corresponding shares are deposited with them and will not be delivered until one day after the general meeting. These certificates must show the numbers of the shares. The shares presented to the Board of Management are kept by the latter and returned by it, after the general meeting, against

receipts received for them. All questions are decided by a simple majority of votes. The decisions of the general meetings held on the above-mentioned basis, and within the limits of the rights given to the general meetings by the Statutes, are binding on all shareholders, whether present or absent.

25. *Local management of works of construction.* The direct administration of the technical side, as regards the planning and fulfilment of works for the construction of the railway, shall be entrusted by the Board of Management of the Company to the Chief Engineer. The Chief Engineer is responsible before the Company and the Board of Management for the efficiency technically speaking of all works for the construction of the railway. The Chief Engineer, his replacent and the senior engineers for the construction of the railway, as well as the chief comptrollers, are appointed by the Board of Management. The remaining staff for the construction are appointed either by the Board or directly by the Chief Engineer, according to the powers conferred on him by the Board.

26. *Local Management of Railway when in working order.* The Board shall entrust the Manager of the railway with the direct administration of the exploitation of the railway and of the works connected therewith. The Manager of the railway, the chief of the railway departments, and the chief comptrollers shall be appointed by the Board of Management. The remaining working staff are appointed either by Board of Management or directly by the Manager of the railway, according to the powers conferred on him by the Board. The seat of the Railway administration shall be determined by the Board of Management.

27. *Questions to be submitted to the Russian Minister of Finance.* In consideration of the guarantee of the net profits of the Chinese Eastern Railway which the Russian Government has assured, and of its consequent right to control the construction and working of the railway, decisions on the following questions shall be submitted to the Russian Minister of Finances for confirmation by him: (a) the election of the Vice-President; (b) the appointment and dismissal of the Chief Engineer for the construction of the railway and of the Manager for the exploitation, also of the chiefs of the railway departments and of engineers; (c) the election of the members of the Audit Committee; (d) the direction of the railway line; (e) the technical conditions of the construction of the railway and those technical plans and estimates regarding the construction which the Chief Engineer will not be empowered to approve; a complete plan of the direction of the line, the general estimates

for its construction and the estimates for its exploitation, the limits of the rights and duties and of the sphere of competence of the Chief Engineer, the Manager of the Railway and the senior agents for the construction and for the working of the railway, as also the internal order in all departments of the administration with regard both to the construction and to the exploitation of the line, (f) the methods of placing the pension, relief and other funds, excepting those mentioned in 14.

28. *Audit Committee.* The shareholders' general meeting shall elect an Audit Committee consisting of five persons, who are not connected with the administration of the Company's business. The Audit Committee elects a Chairman from amongst its members. One member of the Committee retires every year: by lots or by mutual agreement in the course of the first five years and by seniority of election thereafter. The general meeting elects the replacent of the outgoing member.

The duties of the Audit Committee include: (a) the examination of estimates and working balance sheets for the construction and improvement of the line, (b) examination of reports on works accomplished; (c) examination of yearly budgets for the working of the railway; (d) examination of the report of the Board of Management with regard to the revenues and expenses of the working of the line for every given year; (e) generally speaking—a general supervision of the construction and working of the line.

The Board of Management shall be bound to supply the Audit Committee without delay with all information and explanations required by the latter. Estimates for the construction, improvements and exploitation of the line shall be examined by the Audit Committee together with the Board of Management, in joint meetings, and all questions shall be decided by a majority of votes of the persons present. Thereupon, the estimates approved of at such meetings, and concerning the construction and the working of the railway, shall be submitted through the Board of Management to the Russian Minister of Finances for approval by him.

The reports on the construction and on the exploitation of the line shall be considered by the Audit Committee alone, which will make observations thereupon, taking decisions by a simple majority of votes. In submitting its reports to the general meeting of shareholders, the Board of Management shall simultaneously submit the observations made by the Audit Com-

mittee and the Board's explanations resulting therefrom. After the general meeting shall have considered the observations of the Audit Committee and shall have taken decisions thereupon, the Audit Committee shall make a record of the corresponding decisions of the general meeting, on the reports and books of the Board of Management, which shall have been audited by the Committee.

For their work in auditing reports and estimates, the members of the Audit Committee shall receive a remuneration to be determined by the shareholders' general meeting.

29. *Gratuitous entrance into possession of Railway by Chinese Government.* In accordance with the Agreement concluded with the Chinese Government the latter after the expiration of eighty years of possession of the railway by the Company, enters into possession of it and its appurtenances. The reserve and other funds belonging to the Company shall be employed in paying the money due to the Russian Government under the guarantee and in satisfaction of other debts of the Company, and the remainder shall be distributed among the shareholders. Any money that may remain owing by the Company to the Russian Government in respect of the guarantee shall be written off. The Russo-Chinese Bank will incur no responsibility in respect of same.

30. *Right of the Chinese Government to acquire the Railway on the expiration of thirty-six years.* In accordance with the Agreement concluded with the Chinese Government, on the expiration of thirty-six years from the time of completion of the whole line and its opening for traffic, the Chinese Government has the right of acquiring the line, on refunding to the Company in full all the outlays made on it, and on payment for everything done for the requirements of the railway, such payments to be made with accrued interest. It follows as a matter of course that the portion of the share capital which has been amortized by drawing and the part of the debt owing to the Russian Government under the guarantee and repaid out of the net profits will not constitute part of the purchase money (17). In no case can the Chinese Government enter into possession of the railway before it has lodged in the Russian State Bank the necessary purchase money. The purchase money lodged by the Chinese Government shall be employed in paying the debt of the Company under its bonds and all sums, with interest, owing to the Russian Government, the remainder of the money being then at the disposal of the shareholders.

C. *The Karachan Declaration of 1919*

(Text as translated by the Chinese Ministry of Foreign Affairs from the original French text)

To the Chinese People and the Government of North and South China. At the time when the Soviet troops after defeating the army of the counter-revolutionary despot Koltchak supported by foreign bayonets and money, entered Siberia and marched together with the revolutionary people of Siberia the Council of Commissaries of the people addressed to all the people of China the following brotherly words:

The Russia of the Soviets and her red armies after two years of struggle and after making incredible efforts, are marching towards the East beyond the Urals, not for the purposes of oppressing nor with the spirit of tyrannizing or conquest. All the peasants and workmen of Siberia are already-aware of this. We are marching to free the people from the yoke of the military force of foreign money which is crushing the life of the people of the East, and principally the people of China. We are not only bringing help to our working classes but also to the Chinese people; and we want once more to remind them of that which we have constantly told them, since the great revolution of October 1917, and which the public in the pay of the Americans, Europeans, and Japanese have perhaps suppressed. Ever since the government of workmen and peasants took the power into their hands in October 1917 that government has in the name of the Russian people called upon the people of the whole world to establish an enduring peace. This peace must be based upon mutual renouncement of all seizure of other peoples' land, and of all forced contribution from any people; all people whether they are great or small, whether they have lived until now with a free life or whether they form against their own will, a part of another country, shall be free in their inner life and no power shall interfere with them within this limit. The government of workers and peasants has then declared null and void all the secret treaties concluded with Japan, China, and the ex-Allies, the treaties which were to enable the Russian Government of the Tsar and his Allies to enslave the people of the East and principally the people of China by intimidating or buying them for the sole interests of the capitalists, financiers, and the Russian generals. The Soviet Government invites henceforth the Chinese Government to enter into negotiations with the object of cancelling the Treaty of 1896, the protocol

of Peking of 1901, and all the agreements concluded with Japan from 1907 to 1916. That is to say to give back to the Chinese people all the power and authority which were obtained by the government of the Tsar by tricks or by entering into understandings with Japan and the Allies. The negotiations on the subject lasted until March 1918. But the Allies suddenly took the Government of Peking by the throat, filled the pockets of the Mandarins and the Chinese newspapers with money and forced the Chinese Government to refuse to have any relations whatever with the government of workers and peasants of Russia. Without waiting for the restoration of the railway of Manchuria to the people of China, Japan and the Allies seized it for themselves, invaded Siberia and forced the Chinese soldiers to assist them in this unheard of and criminal act of brigandage. And the people, the workmen and peasants of China have not the slightest knowledge of either the truth or the reason of the invasion of Manchuria and Siberia by the greedy Europeans, Americans, and Japanese. We herewith address the Chinese people with the object of making them thoroughly understand that the Soviet Government has given up all the conquests made by the government of the Tsars which took away from China Manchuria and other territories. The population of these territories shall decide for themselves to which country they would like to belong, as well as the form of government which they would like to adopt.

The Soviet Government returns to the Chinese People without demanding any kind of compensation, the Chinese Eastern Railway, as well as all the mining concessions, forestry, gold-mines, and all the other things which were seized from them by the government of the Tsars, that of Kerensky, and the Brigands, Horvat, Semenoff, Koltchak, the Russian ex-generals, merchants, and capitalists. The Soviet Government gives up the indemnities payable by China for the insurrection of the Boxers in 1900. The Soviet Government is obliged to repeat this assertion for the third time, for we are told that in spite of our willingness to forgo and give it up, this indemnity money is still held in the hands of the Allies for the payments of the salary and imaginary expenses of the former imperial minister at Peking and the former imperial consuls in China. The rights and powers of all those slaves of the Tsar have long been taken away from them. Nevertheless, they still continue to remain in their posts and cheat the Chinese people by the help of Japan and the Allies. The Chinese people should know this and kick these liars and thieves out of their

country. The Soviet Government has abolished all the special privileges and all the factories owned by the Russian merchants in the Chinese territory; no Russian official priest or missionary should be allowed to interfere with Chinese affairs; if they should commit any crime, they must be judged according to the local laws in the local law courts. No authority or law court whatever should be allowed to exist in China except the authority and law courts of the Chinese people. Besides these principal points, the Soviet Government represented by its plenipotentiaries is ready to negotiate with the Chinese people, all the other questions and to settle once for all, all the cases of violence and injustice which were committed towards China by the former government, acting together with Japan and the Allies. The Soviet Government knows perfectly well that the Allies and Japan will do what they can in order that the voice of the Russian workmen and peasants should not this time again reach the ears of the Chinese people, so that the people of China will not understand that it is for the restoration of everything which was taken away from them. It is, therefore, necessary to put a stop first of all to the predatory intrusion in Manchuria and Siberia. It is for this reason that we give to-day to the Chinese people this news from their real friends that our red armies are marching towards the East beyond the Urals to help the Siberian peasants and workmen in order to set them free from the domination of the Koltchak bandits and their allies, the Japanese. If the Chinese people, following the example of the Russian people, wish to become free and to avoid the fate reserved for them by the Allies at Versailles in their object of making China into a second Korea or another India, the Chinese people should understand that they have no other ally or brother in their struggle for liberty except the Russian peasants and workmen and their red army. The Soviet Government, therefore, offers to the Chinese people through the interposition of its government, to establish with us from now some official relations and to send some representatives to the front of our army. *Acting for the Commission of Foreign Affairs signed by Karakhan, as a true copy certified.*

Extract from 2nd Karakhan Declaration of 1920. Art. VII. Following immediately upon the signing of the present Treaty, there shall be mutually established diplomatic and consular representatives of the Republic of China and the Russian Socialist Federated Soviet Republic. The Russian and the Chinese Governments agree to sign a special treaty on the way of working the Chinese

Eastern Railway with due regard to the needs of the Russian Socialist Federated Republic and in the conclusion of the treaty there shall take part, besides China and Russia, also the Far Eastern Republic.

D. Supplement to the Agreement for the Construction and Exploitation of the Chinese Eastern Railway, October 2, 1920.¹

(Translated from the authentic French text)

Preamble.

The Chinese Government in consideration of the payment of five million Kuping taels to the Russo-Chinese (new Russo-Asiatic) Bank for the purpose of participating in it and so as to put into operation the Agreement for the Construction and Exploitation of the Chinese Eastern Railway, concluded on the 25th day of the 7th moon of the 22nd year of Kuang Hsü (September 8, 1896) in consideration of the sum due by the Chinese Eastern Railway Company to the Chinese Government and consisting of five million Kuping taels principal, with accrued interest as also of the creditor's rights resulting from advances subsequently made in the course of the last years in favour of the aforesaid Railway, in consideration of the situation created by the complete political disorganization in Russia, making it impossible for the time being for the said Company to maintain a regular exploitation, with regard, moreover, to its sovereign rights, finds itself obliged to take measures which are indispensable not only for ensuring the security of the regions served by the aforesaid Railway and for maintaining communications of universal interest, but also for the efficient protection of the property of the said Railway.

In view of the obligations enumerated above, the Chinese Government has notified the Bank, on October 2nd, 1920, of its decision to assume provisionally (pending an agreement which the Chinese Government will come to with the Russian Government recognized by China regarding the Chinese Eastern Railway) the supreme administration of the Railway as per the (1896) Agreement and regulations in force, and to avail itself again of the advantages and special interests conferred on China by the Exploitation Agreement of the 22nd year of Kuang Hsü and the original Statutes of the said Company; as a consequence (of the

¹ Cf. *China Year Book*, 1923.

foregoing circumstances) the Chinese Government has entrusted on the 2nd day of the 10th month of the 9th year of the Republic (corresponding to the 2nd of October 1920), the Ministry of Communications, representing the Chinese Government, with the conclusion in Peking of the following arrangement supplementing the 1896 Agreement with the Russo-Chinese Bank (now Russo-Asiatic Bank, and whatever the name of this Bank may subsequently be); representing the Head Office of the Bank, provisionally residing in Paris:

Article 1. The Chinese Eastern Railway Company, hereafter designated as the 'Company', declares itself bound to pay to the Chinese Government, in bonds of the Railway and under conditions to be specified in a separate letter, from the date of the signing of the present Agreement, the equivalent of the sums which ought to have been paid by the Company, to wit:

(a) a sum of five million Kuping taels which ought to have been paid to the (Chinese) Government beginning from the day of the opening of traffic on the said railway; in accordance with article 12 of the original (1896) Agreement.

(b) Interest of the aforementioned sum, to be computed from the day of opening of traffic on the said Railway¹ at the rate of six per cent. per annum, as per article 16 of the Statutes of the Company, and according to the rules applying to compound interest, up to year 1920.

From 1921 on, the interest on these sums will be 5 per cent. to be paid in half-yearly instalments. The reimbursement of the bonds will be made in cash either at the time of the redemption of the Railway by the Chinese Government, or out of the sums allotted for the redemption of the said Railway.

The bonds issued in payment of the aforementioned loan will be guaranteed by a mortgage on all the property of the Railway—landed or movable.

Article 2. It is agreed that the Chinese Government will have the right to appoint, besides the President (of the Company), four members of Chinese nationality to the 'Pravlenie' (Board of Directors) of the Railway. It is not necessary for the members thus appointed by the Chinese Government to be shareholders of the Company. The shareholders will, for their part, have the right to freely appoint the Russian members of the 'Pravlenie'. In cases of even ballot, the President will have the casting vote, in addition to his consulting vote.

¹ The date subsequently agreed upon was May 1st, 1905.

Article 3. The quorum of the 'Pravlenie' shall consist of seven members. No decision will be binding unless it is approved of by at least seven members.

Article 4. It is agreed that the Chinese Government will have the right to appoint two members of Chinese nationality out of the five members composing the Audit Committee. The Chairman of this Committee shall be of Chinese nationality.

Article 5. So as to ensure the regular working of the Railway, it is agreed that the offices on the Railway will be equitably distributed among Chinese and Russians.

Article 6. The rights and obligations of the Company will henceforward and in every respect be of a commercial nature; every political action and attribution are absolutely forbidden to the Company. The Chinese Government reserves itself the right to prescribe restrictive measures of every kind to this effect at any moment.

Article 7. The stipulations of the Agreement concluded on the 25th day of the 7th moon of the 22nd year of Kuang Hsü (September 8, 1896) and of the Statutes of the Chinese Eastern Railway Company which do not conflict with the clauses of the present temporary Agreement, remain in force as a matter of course.

The present Agreement has been done in four copies, two in French and two in Chinese. Only the French text will rule.

Done at Peking on the 2nd day of the 10th month of the 9th year of the Republic, corresponding to the 2nd day of October 1920.

For the Russo-Chinese Bank (now Russo-Asiatic Bank, and whatever the name of this Bank may subsequently be).

(Signed) JEZIERSKI.

(Signed) J. RAINDRE.

E. *Agreement for the Provisional Management of the Chinese Eastern Railway*

The Republic of China and the U.S.S.R. mutually recognizing that, inasmuch as the C.E.R. was built with capital furnished by the Russian Government and constructed entirely within Chinese territory, the said Railway is a purely commercial enterprise and that excepting for matters appertaining to its own business operations, all matters which affect the rights of the Chinese National and Local Governments shall be administered by the Chinese

Authorities, have agreed to conclude an Agreement for the Provisional Management of the Railway until its final settlement at the Conference as provided in Article II of the Agreement on General Principles for the Settlement of the Questions between the Republic of China and the U.S.S.R. of May 31st, 1924, and have to that end named as their Plenipotentiaries, that is to say:

His Excellency the President of the Republic of China: Vi Kyuin
Wellington Koo.

The Government of the U.S.S.R.: Lev Mikhailovitch Karakhan.

Who having communicated to each other their respective full powers found to be in good and due form, have agreed upon the following Articles:

Article I. The Railway shall establish, for discussion and decision of all matters relative to the Chinese Eastern Railway, a Board of Directors to be composed of ten persons, of whom five shall be appointed by the Government of the Republic of China and five by the Government of the U.S.S.R.

The Government of the Republic of China shall appoint one of the Chinese Directors as President of the Board of Directors, who shall also be the Director-General.

The Government of the U.S.S.R. shall appoint one of the Russian Directors as Vice-President of the Board of Directors who shall also be the Assistant Director-General.

Seven persons shall constitute a quorum, and all decisions of the Board of Directors shall have the consent of not less than six persons before they can be carried out.

The Director-General and Assistant Director-General shall jointly manage the affairs of the Board of Directors and they shall both sign all the documents of the Board.

In the absence of either the Director-General or the Assistant Director-General, their respective Governments may appoint another Director to officiate as the Director-General or the Assistant Director-General (in the case of the Director-General, one of the Chinese Directors, and in that of the Assistant Director-General, one of the Russian Directors).

Article II. The Railway shall establish a Board of Auditors to be composed of five persons, namely two Chinese Auditors, who shall be appointed by the Government of the Republic of China and three Russian Auditors who shall be appointed by the Government of the U.S.S.R.

The Chairman of the Board of Auditors shall be elected from among the Chinese Auditors.

Article III. The Railway shall have a Manager, who shall be a national of the U.S.S.R., and two Assistant Managers, one to be national of the Republic of China and the other to be a national of the U.S.S.R.

The rights and duties of the Manager and the Assistant Managers shall be defined by the Board of Directors.

The said officers shall be appointed by the Board of Directors and such appointments shall be confirmed by their respective Governments.

Article IV. The Chiefs and Assistant Chiefs of the various Departments of the Railway shall be appointed by the Board of Directors. If the Chief of Department is a national of the Republic of China the Assistant Chief of Department shall be a national of the U.S.S.R., and if the Chief of Department is a national of the U.S.S.R. the Assistant Chief of Department shall be a national of the Republic of China.

Article V. The employment of persons in the various departments of the Railway shall be in accordance with the principle of equal representation between the nationals of the Republic of China and those of the U.S.S.R.

Article VI. With the exception of the estimates and budgets, as provided in article VII of the present Agreement, all other matters on which the Board of Directors cannot reach an agreement shall be referred for settlement to the Governments of the Contracting Parties.

Article VII. The Board of Directors shall present the estimates and budgets of the Railway to a joint meeting of the Board of Directors and the Board of Auditors for consideration and approval.

Article VIII. All the net profits of the Railway shall be held by the Board of Directors and shall not be used pending a final settlement of the question of the present Railway.

Article IX. The Board of Directors shall revise as soon as possible the statutes of the C.E.R. company, approved on December 4, 1896, by the Tsarist Government, in accordance with the present Agreement and the Agreement on General Principles for the Settlement of the Questions between the Republic of China and the Union of Soviet Socialist Republics of May 31, 1924.

Article X. The present Agreement shall come into effect from the date of signature.

In witness whereof, the respective Plenipotentiaries have signed the present Agreement in duplicate in the English language and have affixed thereto their seals.

Done at the City of Peking this Thirty-First Day of the Fifth Month of the Thirteenth Year of the Republic of China, which is the Thirty-First Day of May One Thousand Nine Hundred and Twenty-Four.

(Seal) V. K. WELLINGTON KOO.

(Seal) L. M. KARAKHAN.

F. Text of the Agreement signed at Habarovsk December 22, 1929¹

(1) The first point of the preliminary conditions of the Soviet Government is understood by both parties, in full conformity with the telegram of M. Litvinoff, Acting Commissar for Foreign Affairs, of November 27 and the Nikolsk Ussuriisk Protocol of December 3, as the restoration of the situation existing prior to the dispute and based upon the Mukden and Peking Agreements.

All outstanding questions which arose during the period of joint Soviet-Chinese management of the railway are to be solved at the forthcoming Soviet-Chinese conference. In view of this Conference the following measures are immediately to be carried out:

(a) The restoration, on the basis of the old Agreements, of the activities of the Board of Management of the Chinese Eastern Railway and resumption of their duties by the Soviet members of the Board. Henceforth the Chinese Chairman of the Board of Management and the Soviet Vice-Chairman of the Board must act only jointly and in conformity with Point 6, Article I, of the Soviet-Mukden Agreement.

(b) The restoration of the former proportion of offices held by Soviet and Chinese citizens and the reinstatement (or immediate appointment of new candidates should such be recommended by the Soviet) of Soviet citizens in the offices of heads and assistant heads of departments.

(c) Orders and instructions on the railway issued on behalf of the Board of Management and the Administration of the Chinese Eastern Railway as from July 10, 1929, are considered to be

¹ Cf. *Documents on International Affairs, 1929*, Royal Institute of Intern. Affairs, London.

invalid unless properly confirmed by the local management and administration of the railway.

(2) All Soviet citizens without exception arrested by the Chinese authorities in connexion with the dispute since May 1, 1929, will be immediately released without division into any categories, including Soviet citizens arrested during the search of the Harbin Consulate on May 27, 1929.

The Soviet Union Government will also immediately release all the Chinese citizens without exception, arrested in connexion with the dispute, and interned Chinese soldiers and officers.

(3) All workers and employees of the Chinese Eastern Railway, citizens of the U.S.S.R., who were discharged or resigned as from July 10, 1929, shall be given the right and opportunity immediately to return to the positions they held prior to their discharge and to receive any money owing to them from the railway.

Those persons who were discharged or resigned, who fail to exercise this right must immediately be paid the full wages, pensions, dues, &c., owing to them.

Vacancies may be filled only by proper order of the lawful Board of Management and Administration of the Chinese Eastern Railway, and all former Russian citizens or non-citizens of the U.S.S.R. employed by the railway during the dispute must be summarily and immediately discharged.

(4) The Chinese authorities shall immediately disarm the Russian White Guard detachments and deport from the three Eastern Provinces their organizers and inspirers.

(5) Leaving open the question of full diplomatic and consular relations between the U.S.S.R. and China until the Soviet-Chinese Conference, both parties consider possible and necessary the immediate restoration of the Soviet Consulates in the territory of the Three Eastern Provinces and of Chinese Consulates at their respective seats in the Soviet Far East.

In view of the fact that the Union Government declared on May 21, 1929 that 'Since the Chinese authorities proved by all their actions clear unwillingness and inability to reckon with the generally accepted principles of international law and custom, it on its part does not henceforth regard itself bound by these principles in relation to Chinese representation in Moscow and the Chinese Consulates in Soviet territory and that this representation and these Consulates will no longer enjoy the extraterritoriality to which international law entitles them', and that both parties

intend to restore consular relations between them on the basis of conforming with the principle of international law and custom, the Mukden Government declares that it undertakes to assure the Soviet Consulates on the territory of the three Eastern Provinces full inviolability and all privileges to which international law and custom entitle them and will, of course, refrain from any actions violating this inviolability and these privileges. On its part the Union Government will discontinue the special régime established by it between May 21, 1929 and the rupture of relations for Chinese Consulates and will grant these Consulates which are to be restored by virtue of the first clause of this section in the territory of the Soviet in the Far East all privileges and the full inviolability to which international law and custom entitle them.

(6) With the restoration of the Consulates an opportunity shall immediately be given for the resumption of the normal activity of all Soviet business organizations existing before the dispute within the three Eastern Provinces.

A similar opportunity shall be offered to restore the Chinese commercial enterprises which existed within the U.S.S.R. whose operations were discontinued in connexion with the dispute regarding the Chinese Eastern Railway.

The question of commercial relations between the two countries as a whole shall be settled by a Soviet-Chinese conference.

(7) The question of real guarantees for the observance of agreements and the interests of both sides shall be solved at the forthcoming Conference.

(8) The Soviet-Chinese Conference to regulate all outstanding questions shall be held in Moscow on January 25, 1930.

(9) The peaceful situation of the frontiers of China and the U.S.S.R. shall be immediately restored with the subsequent withdrawal of the troops on both sides.

(10) This Protocol enters into force at the moment of its signature.

Signed at Habarovsk, December 22, 1929.

The Plenipotentiary of the Chinese Republic,

TSAI YUN-SHENG,

Commissioner for Foreign Affairs.

The Plenipotentiary of the U.S.S.R.

SIMANOVSKY,

Agent of the Commissariat for Foreign Affairs.

G. Statement concerning suspension of direct freight transit at the Pogradichinaya Frontier

C.E.R. Department of Information and Publicity, Department of Foreign Affairs, Hsinking. Bulletin No. 66.

May 31, 1933.

Press interview given by the Communications Minister regarding direct transit of freight cars at Pogradichinaya.

The President of the C.E.R. Board of Directors has been instructed to suspend the direct transit of freight cars with the Ussuri Railway at Pogradichinaya, as from May 31, 1933. The circumstances which compelled our authorities to resort to this measure are already well known. Ever since the Manchurian incident, an enormous quantity of rolling-stock, including locomotives, and other property of the railway, has been shifted one-sidedly over an unreasonably long period of time or taken out of Manchukuo territory without notice. In spite of the repeated protests based upon reason filed by the Manchukuo authorities, the Soviet executives of the said railway have stubbornly refused to return the afore-mentioned property. On the contrary, by utilizing the actual powers which they have hitherto held in matters relating to the operation of the line, the Soviets have plotted to remove the railway carriages on various occasions according to circumstances, thus making it difficult for us to place any longer our confidence in their method of handling the matter. Consequently for the purpose of safeguarding the property of the C.E.R., we have now been compelled to order the railway guards under the direct control of the President of the directorate to put a stop to the direct transit of freight cars, thereby preventing the further loss of property.

It goes without saying that a railway, regardless of the nature of its invested capital, constitutes an important national as well as social organ of the State. Especially in the case of the C.E.R. must it be emphasized that Manchukuo is a direct party to its management, and the fact of its being in a normal or abnormal state vitally concerns the interests of this nation. Naturally in view of the foregoing facts, the Manchukuo Department of Communications absolutely cannot acquiesce in any activities which seek the unilateral gains of the Soviets or which ignore Manchukuo's voice in matters relating to this Railway. On the contrary, this Department by acting on justice and resorting to appropriate and effectual

means, is determined to demand of the Soviets their sincere reconsideration. The present step is merely one expression of that determination.

Finally it should be added that inasmuch as the object of the present action lies in forestalling the escape of freight cars, the blockade does not extend beyond the stopping of such cars belonging to the C.E.R. from being transferred to the Ussuri line. Not only will the transportation of goods continue to be possible but, through the special consideration given to the convenience of travellers, passenger trains also will be able to take through or direct passage as heretofore since these are operated regularly and their carriages are especially designated as such.

N.B. Beginning 1st June, 1933, the C.E.R. will be called the 'North Manchurian Railway', it was formally announced to-day by the Communications Minister, Mr. Ting Chien-hsu.

H. Statement of the Manchukuo Delegation at the sixth Formal Session of N.M.R. Conference

Bureau of Information and Publicity, Department of Foreign Affairs, Hsinking. Bulletin No. 81.

Aug. 4, 1933

Aug. 15, 1933.

The Government of the U.S.S.R. claim, according to the statement of the Soviet Delegation, the sole ownership of the North Manchurian Railway on the ground that the railway was constructed with the money and material obtained by the labour of the Russian people. It may be asked then what the Soviet Union proposes to do with the vast sacrifices made by China in various directions, in providing lands for the railway free of charge, in exempting provisions and construction material from all taxes and levies, or in paying for a partnership in the Russo-Chinese Bank. Again, what is to be done with the damages done to countless Manchurians in the territory of the Soviet Union, whose money and property have been confiscated, or with the enormous losses of the Manchurians whose paper roubles, earned during the construction of the railway and its operation under the Czarist régime, have been rendered valueless through the action of the Soviet Government? The Manchukuo Delegation do not feel any more than the Soviet Delegation the need of entering into dispute on such points. In fact, we never considered it necessary to bring up these matters. It is only because that the proposal of the Soviet

Delegation is based upon the claim to the sole ownership of the N.M.R. by the Soviet Union and the matter of the Russian money and material is cited in support of that claim that we are constrained to refute their erroneous views. The Manchukuo Delegation declare hereby once more that there is to be found neither fact nor document capable of sustaining the Soviet contention concerning the ownership of the N.M.R. whereas there exists irrefutable evidence showing that the railway belongs to the State of Manchukuo.

By the successive 'Karachan declarations' of 1919 and 1920, it was made clear that the Government of the U.S.S.R. abandoned the N.M.R. as well as all the rights and interests acquired by the former Russian Imperial Government. The above relinquishment is naturally to be considered to have taken effect through the unilateral declaration without being confirmed by the other party. As a matter of fact, the only questions that remained to be settled between the Soviet Union and China were those pertaining to the manner of relinquishment and other technical matters involved therein. To contend that the declarations were invalidated merely because of the non-settlement of these technical questions is a gross violation of the most elementary principle of international morality. It is evident on the face of logic as also in the light of the spirit of the Russian Revolution that by the Sino-Russian Convention and the Mukden Agreement of 1924 China conceded to the Soviet Union nothing more than a right to participate in the administration of the N.M.R. This is a point which is universally known and on which there is no room for further argument.

In the appraisal of the N.M.R. the Soviet Delegation are ever trying to find a basis in the Sino-Russian Convention and the Mukden Agreement which are suited to its conveniences. They contend, by citing the Declaration issued by Manchukuo to foreign Powers, as though the latter were obligated to adhere to these instruments. As made clear in the statement of the Manchukuo Delegation made public under date of July 5, the Convention and Agreement above mentioned have been frequently ignored or torn to pieces, unilaterally by the Soviet Union herself, while the erstwhile Mukden authorities on their part sought, though without success, to revert the N.M.R. to the status under the Karachan Declarations. It is by far too unreasonable on the part of the Soviet Union to lay wilfully aside these facts of history and to insist that Manchukuo observe the oft discarded

instruments because that will be to the Soviet interest when it comes to the evaluation of the N.M.R. It should be definitely stated here that Manchukuo cannot acquiesce to all such points in those instruments as run counter to her sovereignty, as are incompatible with the status of the N.M.R. as a purely commercial enterprise, or unadapted to the present actual condition of Manchukuo, or any other points that do not stand to reason, and also that Manchukuo has the liberty to exercise quite properly her sovereign rights with regard to the N.M.R. as a purely commercial organ, and to its employees. As for the basis of evaluation of the N.M.R. it is simply a matter of reason as well as of commercial usage that the actual value of the railway at present should be taken, as has been proposed by us again and again, and the price be determined accordingly and with due consideration of the future profits. The Manchukuo Delegation reject, therefore, the Soviet proposal of finding the basis for the appraisal of the N.M.R. in Article I—Paragraph I—of the Sino-Russian Convention.

The Manchukuo Delegation has been requested by the Soviet Delegation to indicate the sources for the figure, which we have once quoted in order to indicate the inaccuracy of the one submitted by the Soviet Delegation according to their own formula of evaluation. We would rather ask the Soviet Delegation to show us first the precise and detailed grounds in the official documents and data, recognized by the Manchurian Authorities of the N.M.R., for the figure which they submitted as the price of the railway prior to the submission of any figure by the Manchukuo Delegation. It should be once more declared that the figure in question was submitted by the Manchukuo Delegation solely for the sake of argument.

Manchukuo has never accepted, nor will ever hereafter accept, the formula of appraisal proposed by the Soviet Delegation. The Soviet Delegation have also requested that we give our basis for the appraisal of the auxiliary property of the N.M.R. Again we should like to ask them that they show us an authoritative basis on which they have arrived at the figure of 40,000,000 roubles in estimating the value of the said property. It seems that the Soviet Delegation desire the inclusion of the lands formerly attached to the railway in the auxiliary property of the N.M.R. However, in the Sino-Russian Convention, Art. XI, and the Mukden Agreement, Art. I, Par. I, it is explicitly provided that matters relating to lands are to be taken charge of by China. Exceptions are made only of such lands necessary for the railway, which cover lands

used for the tracks, stations, &c., indispensable for the operations of the railway, and which would naturally be included in the appraisal of the railway itself. Such action as was taken by the former Mukden authorities upon the lands outside the category were, therefore, not illegal, but meant merely the carrying out of the above-mentioned stipulation. It is obvious, then, that to take those lands back as part of the auxiliary property to be appraised is wholly impermissible. Nor the Sungari River fleet and the telephone offices can, as has already been pointed out by the Manchukuo Delegation, be included in the auxiliary property, both having been taken over by the Mukden authorities acting upon the sovereign rights, the former in retaliation of the illegal and forceful seizure by the Soviet authorities of the Egelsheld Pier, and the latter as an establishment set up in disregard of China's sovereignty. The attempt on the part of the Soviet Delegation to include them in the N.M.R. auxiliary property is therefore absolutely futile.

It is a fact beyond dispute that the Egelsheld Pier was constructed with funds provided by the N.M.R., and is a property of the railway. The high-handed actions of the Soviet authorities in seizing the property and in confiscating the deposit of the Commercial Agency in a foreign bank, cannot, no matter whether it occurred before, or after, the Sino-Russian Convention and the Mukden Agreement of 1924, ever be justified. As for the telephone offices, they would be proper items for inclusion in the appraisal of the N.M.R., if their service were confined to the communications in connexion with the operations of the railway, but the office in question such as that of Harbin has nothing to do with the railway, but is an ordinary telephone office serving the general public. The establishment and operation by the N.M.R. of telephone offices of such a nature being in violation of China's sovereignty, the Mukden authorities, in taking them over, were acting entirely within their rights.

If the Soviet contention with regard to the lands attached to the railway and telephone offices were to be admitted, it might be argued, as a logical conclusion, that practically every piece of land and property in North Manchuria, being in one way or another connected with the N.M.R., should fall under the control of the railway. Manchukuo cannot accept the claims of the Soviet Union in these matters.

The Soviet Delegation are constantly emphasizing the future possibilities and increases in value of the N.M.R. However, as is

widely known, the Government of Manchukuo, realizing the difficulties of opening up the North Manchuria region by relying upon the N.M.R. alone, which was constructed all for the sake of Russia and with little regard for the interest of China (Manchukuo at present), has planned a new and independent railway system, of which the more important parts have been or are about to be completed. Since this programme of railway construction cannot be altered even if the right of the N.M.R. operation is fully recovered, both the significance and the value of the N.M.R. to Manchukuo are exceedingly small—certainly less by far than what they are alleged to be by the Soviet Delegation. Even assuming that the railway is of ponderable value to Manchukuo, it has been admitted by Mr. Litvinoff, People's Commissar for Foreign Affairs, in a memorandum addressed to Ambassador Ohta, that the railway has become to be of little value to the Soviet Union. One cannot but doubt if the Government of the Soviet Union are, in setting an extravagant price of 250,000,000 roubles on the rights in a railway little valued by themselves, really sincere in their desire for a smooth progress of the present negotiations. It is maintained by the Soviet Delegation that the N.M.R. is of great value for the reason that it constitutes part of an international communication system. Because a railway plays an important role in communication, it does not necessarily follow that it is an economically valuable one. As was pointed out in our statement of July 5, the mission and the economic value of a railway are entirely unrelated subjects that should not be confused.

The fundamental cause of various incidents which have occurred frequently of late in connexion with the N.M.R. may be traced to the fact that there is a conflict between the revolutionary ideal of the Soviet authorities and their programme of external expansion, and that arbitrary unwarranted measures are resorted to in order to cover up that conflict. As long as the N.M.R. is left in the present circumstances difficulties will continue to multiply rather than to decrease. Indeed, it is generally feared that even if the recurrence of untoward incidents should be checked, the completion of the Manchukuo railway system will cause a further dwindling of the profits of the N.M.R. and that in a year or two the railway will find it impossible to balance income with expenditures. It is obvious that the stoppage, referred to by the Soviet Delegation, of the N.M.R. subsidies to the administrative organs in the Special Administrative District of North Manchuria would not, even if realized, relieve the situation to any substantial degree.

The Soviet Delegation hold that the exemption of transportation fees extended to the railway guards is unjust. Since the status of the N.M.R. as a commercial institution is recognized by the Soviet Union, it is obvious that Manchukuo is fully entitled to order the exemption of fees on the transportation of troops and military provisions that are indispensable to the protection of the railway, as it is both logical and customary that the N.M.R. should consent to such exemption.

It is also argued by the Soviet Delegation that the N.M.R. has not the obligation to pay for the expenses of the administrative organs within the Special Administrative District. We have already in our statement of July 5 pointed out that it is perfectly fair that the N.M.R. should render financial aid to the administrative organs within the region in which it is operated in view of the fact that it pays no taxes despite its conversion into a purely commercial enterprise. If it should be insisted that the N.M.R. has not the obligation to extend such service Manchukuo would be compelled, it may be declared at this juncture, to consider the other means of maintaining the administrative organs in the region traversed by the N.M.R., namely the collection of proper taxes on the profits of the railway.

Reference is made by the Soviet Delegation in their statement of July 14 to the negotiations between Japan and Russia that were once conducted on the sale of the section of the railway between Kuanchengtsu and Laoshaokou. We do not know what price was offered by Japan on that occasion. If she had consented to purchase the railway at a price such as is quoted by the Soviet Delegation, we are inclined to suppose that Japan was then willing to pay an unduly high price by reason of her policy of attracting traffic to the South Manchurian Railway, or for some other special considerations. At any rate, to-day and in the entirely changed circumstances such an obsolete illustration will not serve to boost the value of the N.M.R.

The statement of the Soviet Delegation makes it appear as though the N.M.R. roads and tracks and all the auxiliary property were in a splendid condition. On the contrary, it is a universally acknowledged fact that the tracks, bridges, stations and all the property have fallen into a state of dilapidation, and impartial observers are agreed on the opinion that before the property could be made of a real use to Manchukuo vast sums of money would have to be expended on the necessary repairs.

Viewed in the light of these undeniable facts, that the N.M.R.

per se had lost the greater part of its value, and none of its auxiliary property can be maintained save at a loss, the appraisals of the railway and of its auxiliary property, as submitted by the Soviet Delegation, are absolutely unacceptable. The Manchukuo Delegation reiterate their stand that Manchukuo is willing to purchase the rights of the Soviet Union in the N.M.R. and its auxiliary property at the price of 50,000,000 yen and on the condition that all the existing obligations of the N.M.R. to third parties are to be borne by the government of the U.S.S.R. The payment of a higher price is impossible from the standpoint of Manchukuo's financial capacity as well as from that of the present intrinsic value of the N.M.R. itself. It is earnestly hoped that the Soviet Delegation will, upon a thorough appreciation of the facts and circumstances stated above, and through the acceptance of the terms proposed by Manchukuo, make possible a successful conclusion of the negotiations, which have a significant bearing upon the stabilization of the international situation in the Far East.

I. Agreement between Manchoukuo and the Union of Soviet Socialist Republics for the cession to Manchoukuo of the Rights of the Union of Soviet Socialist Republics concerning the Chinese Eastern Railway (the North Manchuria Railway), March 23, 1935.

Manchoukuo and the Union of Soviet Socialist Republics being desirous to settle the question of the Chinese Eastern Railway (the North Manchuria Railway) and thus to contribute to the safeguards of peace in the Far East, have resolved to conclude an Agreement for the cession to Manchoukuo of the rights of the Union of Soviet Socialist Republics concerning the Chinese Eastern Railway (the North Manchuria Railway), and have to that end named as their Plenipotentiaries, that is to say: The Government of Manchoukuo: W. S. Y. Ting, Envoy Extraordinary and Minister Plenipotentiary to Japan; Chuichi Ohashi, Vice-Minister for Foreign Affairs; Wu Tsesheng, Adviser to the Directorate General of the Chinese Eastern Railway (the North Manchuria Railway); The Government of the Union of Soviet Socialist Republics: Constantin Constantinovitch Youreneff, Member of the Central Executive Committee of the Union of Soviet Socialist Republics and the Plenipotentiary Representative of the Union of Soviet Socialist Republics in Japan; Benedict Ignatievitch Kozlovsky, Chief of the Department of the People's Commissariat for Foreign Affairs; Stepan Matveevitch Kuznetsoff, Vice-Chair-

man of the Board of Directors of the Chinese Eastern Railway (the North Manchuria Railway);

who, having communicated to each other their respective full powers found to be in good and due form, have agreed upon the following articles:

Article I.

The Government of the Union of Soviet Socialist Republics shall cede to the Government of Manchoukuo all the rights they possess concerning the Chinese Eastern Railway (the North Manchuria Railway), in consideration of which the Government of Manchoukuo shall pay to the Government of the Union of Soviet Socialist Republics the sum of One Hundred and Forty Million (140,000,000) yen in Japanese currency.

Article II.

All the rights of the Government of the Union of Soviet Socialist Republics concerning the Chinese Eastern Railway (the North Manchuria Railway) shall pass to the Government of Manchoukuo upon the coming into force of the present Agreement, and at the same time the Chinese Eastern Railway (the North Manchuria Railway) shall be placed under the complete occupation and sole management of the Government of Manchoukuo.

Article III.

Upon the coming into force of the present Agreement, the senior Members of administration of the Chinese Eastern Railway (the North Manchuria Railway) who are citizens of the Union of Soviet Socialist Republics shall be released from their duties. The said senior members of the administration of the Railway shall hand over all the archives, records, papers and documents of whatever description in their charge to their respective successors in the new administration of the Railway.

It is understood that the term 'senior members of administration of the Chinese Eastern Railway (the North Manchuria Railway)' employed in the present Article indicates: (a) all the members of the Board of Directors and of the Audit Committee. (b) The General Manager and the Assistant Manager of the Administration. (c) The assistant Chief Controller. (d) All the managers and sub-managers of Departments of the Board of Directors, Audit Committee, Control and Administration. All the agents for Commission, Engineers for Commission. All senior agents, advisers and chiefs of sections and sub-sections.

2. With the aim of ensuring a normal functioning of the Railway, the Government of the Union of Soviet Socialist Republics agree to place at the disposal of the new administration the following persons from among the senior members of the administration of the Railway who are citizens of the Union of Soviet Socialist Republics as advisers for one month from the date of coming into force of the present Agreement: (a) The General Manager of the Administration. (b) The Manager of General Affairs of the Office of Administration. (c) The Manager of the Motive Power Department of Administration. (d) The Chief of the Financial Department of the Administration.

3. At any time after the coming into force of the present Agreement, the Government of Manchoukuo may dismiss any or all of the following persons: (a) All the Chiefs of the railway sections, stations and depots. (b) The Chiefs of all the following auxiliary enterprises of the Railway: a. Forest concessions and lumbering. b. Coalmines. c. Power Stations. d. Printing Plant. e. Auxiliary enterprises of the commercial department. f. Nursery and greenhouses in Harbin. g. Main workshops of the Ways Department. h. Woolwashing works and hydroloading-works. i. Waterworks in Harbin. j. Softdrinks factory. k. Sawmill. l. Gradations of Beans. m. Wastecleaning works. n. Grand Hotel. o. Health Resort and Sanatoria. p. Hospitals and Clinics. q. Library. r. Economic Bureau.

4. Persons referred to in Section I of the present Article shall have the right to remain in Manchoukuo and to retain their railway lodgings for one month after the coming into force of the present Agreement.

Persons referred to in Section 2 of the present Article shall have the right to remain in Manchoukuo and retain their railway lodgings for two months after the coming into force of the present Agreement.

Those persons who have been dismissed by virtue of Section 3 of the present Article shall have the right to receive their regular salary for one month from the date of their dismissal. They shall have the right to remain in Manchoukuo and to retain their railway lodgings for two months from the date of their dismissal.

Article IV.

The Government of Manchoukuo shall succeed to assets and liabilities of the Chinese Eastern Railway (the North Manchuria Railway) in accordance with the list of Assets and Liabilities of

the Railway as on December 31, 1933, presented by the Delegation of the Government of the Union of Soviet Socialist Republics on March 22, 1934, to the Delegation of the Government of Manchoukuo through the Minister of Foreign Affairs of Japan as supplemented by lists which were made on ellipsis and ellipsis, 1935, in order to show the changes sustained by assets and liabilities included in the first list from the date of the first list up to the date of the last list and also to show new assets and liabilities which have risen on and after January 1, 1934.

It is agreed that the provisions of Section 4, Article IX of the Agreement on the general principles for the settlement of questions between the Union of Soviet Socialist Republics and the Republic of China signed at Peking on May 31, 1924, and those of Section 3, Article 1 of the Agreement between the Government of the Union of Soviet Socialist Republics and the Government of the Autonomous Three Eastern Provinces of the Republic of China signed at Mukden on September 20, 1924, shall remain in force.

Article V.

The Government of the Union of Soviet Socialist Republics shall have the right to maintain the following property for the use of their Consulate-General in Harbin in the form of a permanent and rent-free lease: A. The land and buildings now occupied by the said Consulate-General: the locality: Yiochingkai, Chinchia-kang. Area: 14,873.68 square metres. Buildings: Office, Number 1649; 2,174.90 square metres. Residence, Number 1047; 685.37 square metres. Residence, Number 1048; 1,447.61 square metres. Garage and its annex, Number 1052; 245.88 square metres. Guardroom, Number 1052; 38.90 square metres.

B. Land and buildings now occupied by the officials of the said Consulate-General: locality: Haichenckai, Chinchiakang. Area: 2,530 square metres. Building: Number 934; 258.51 square metres.

The following property shall be leased rent-free and *sine die* to the Consul-General of the Union of Soviet Socialist Republics in Harbin on the day of the coming into force of the present Agreement, and shall immediately thereafter be placed and remain under occupation and management of the community of citizens of the Union of Soviet Socialist Republics in Harbin to be used solely for purposes prescribed hereunder:

A. The 4th School of the Chinese Eastern Railway (the North Manchuria Railway), situated at No. 35, Shangwukai, Taoli,

Harbin, with all the buildings and property to be found there, to be used for elementary and secondary education of the said community.

B. The land known under No. 949, at the corner of Kaoshikai and Chingchakai, Taoli, Harbin, with all the buildings on it, which are to be used in future as a hospital.

Within one month from the date of the coming into force of the present Agreement, a library shall be selected for the use of the above-mentioned Fourth School, from the books of the Chinese Eastern Railway (the North Manchuria Railway) library in Harbin, by a mutual agreement between the local authorities of Manchoukuo and the Consul-General of the Union of Soviet Socialist Republics in Harbin. The books so selected shall be transferred to the said school.

Article VI.

The properties occupied by the Chinese Eastern Railway (the North Manchuria Railway) which are claimed by the Government of the Union of Soviet Socialist Republics as belonging to them and not to the Railway, and the properties existing in the territory of the Union of Soviet Socialist Republics which are claimed by the Government of Manchoukuo as belonging to the Chinese Eastern Railway (the North Manchuria Railway), are regarded as having been mutually renounced by the respective Governments in favour of the other Government, and neither Government shall in the future raise against the other Government any demand concerning the said properties.

The above provisions shall not apply to properties (buildings and their sites and other railway properties) of the Transbaikal Railway now existing at Manchuli, and properties of the Ussuri Railway now existing at Suifenhö, which are actually occupied respectively by the said two Railways and shall remain their property under their management.

Article VII.

Out of the sum of One Hundred and Forty Million (140,000,000) yen in Japanese currency referred to in Article I of the present Agreement, the sum of Forty-Six Million Seven Hundred Thousand (46,700,000) yen shall be paid in cash in accordance with the provisions of Article VIII of the present Agreement, and the settlement for the remaining sum of Ninety Three Million Three Hundred Thousand (93,300,000) yen shall be reflected in the

form of payments made by the Government of Manchoukuo for goods delivered to the Government of the Union of Soviet Socialist Republics in accordance with the provisions of Article IX of the present Agreement.

Article VIII.

Out of the sum of Forty Six Million Seven Hundred Thousand (46,700,000) yen to be paid in cash in accordance with the provisions of Article VII of the present Agreement, the sum of Twenty Three Million Three Hundred Thousand (23,300,000) yen shall be paid simultaneously with the signing of the present Agreement.

The remaining sum of Twenty Three Million Four Hundred Thousand (23,400,000) yen as well as the simple interest at the rate of three per cent. per annum is to be paid by the Government of Manchoukuo to the Government of the Union of Soviet Socialist Republics in the form of Treasury Bonds of the Government of Manchoukuo. The said Treasury Bonds are to be issued of following amounts and mature on dates indicated hereunder: six million three hundred and seventy-six thousand five hundred (6,376,500) yen maturing on December 23, 1935; six million two hundred and forty-four thousand eight hundred and seventy-five (6,244,875) yen maturing on September 23, 1936; six million one hundred and thirteen thousand two hundred and fifty (6,113,250) yen maturing on June 23, 1937; five million nine hundred and eighty-one thousand six hundred and twenty-five yen maturing on March 23, 1938. The Treasury Bonds of the Government of Manchoukuo mentioned above are to be issued in favour of the Government of the Union of Soviet Socialist Republics and are to be delivered by the Representative of the Government of Manchoukuo to the Representative of the Government of the Union of Soviet Socialist Republics, simultaneously with the signing of the present Agreement, and shall be laid at the Industrial Bank of Japan, Limited.

In case the exchange rate of yen in the terms of a Swiss franc calculated on the basis of the respective exchange rates of yen and Swiss franc in London on the day before the date of payment of any of the second and subsequent instalments provided for in the present Article should be lower or higher by eight per cent. or more in comparison with the exchange rate of yen in the terms of a Swiss franc as calculated on the basis of the respective exchange rate of yen and Swiss franc in London on the date of the

coming into force of the present Agreement, the amount of the said instalment shall be increased or reduced, as the case may be, so that the value of the Swiss franc of the instalment shall be the same as it is on the date of the coming into force of the present Agreement.

In case the present gold parity of the Swiss franc (one Swiss franc being equivalent to nine thirty-firsts of one gramme of fine gold) should be altered or in case the convertibility of the Swiss franc into gold should be suspended, the following method shall be adopted in place of the method provided for in the preceding paragraph: in case the weight of fine gold whose value, when calculated on the basis of the price of gold and exchange rate of yen in London on the day before the date of payment of any of the second and subsequent instalments provided for in the present Article, is equal to the amount of the instalment, should be less or more by eight per cent. or more in comparison with the weight of fine gold whose value, when calculated on the basis of the price of gold and exchange rate of the yen in London on the date of the coming into force of the present Agreement, is equal to the said instalment, the amount of the instalment shall be increased or reduced, as the case may be, so that the value in fine gold of the instalment shall be the same as it is on the date of the coming into force of the present Agreement.

Article IX.

The settlement for the sum of Ninety Three Million Three Hundred Thousand yen, to be effected in the form of payments made by the Government of Manchoukuo for the goods delivered to the Government of the Union of Soviet Socialist Republics, as provided for in Article VII of the present Agreement, shall be executed in the following manner:

1. The Trade Representation of the Union of Soviet Socialist Republics in Japan will make contracts for the purpose of goods produced or manufactured in Manchoukuo or Japan, with subjects or juridical persons of either of these two countries, up to the sum of Ninety Three Million Three Hundred Thousand yen indicated in Article VII within the period of six months from the date of the coming into force of the present Agreement. The delivery of goods thus purchased shall be effected to the Trade Representation in Japan by the above-mentioned subjects or juridical persons within the period of three years from the date of the coming into force of the present Agreement in accordance with

the terms of contracts concerned, it being understood that the goods so delivered in the course of each of the six equal periods of six months constituting the said three years shall not exceed in value the sum of Thirty One Million One Hundred Thousand yen and that the total amount of goods delivered in the course of each of the three equal periods of one year constituting the said three years shall not exceed in value the sum of Thirty One Million One Hundred Thousand yen.

2. The terms of payment for the goods shall be arranged in such a way that for each such period of six months in the course of the said three years the Government of Manchoukuo shall make a payment not exceeding the sum of Fifteen Million Five Hundred and Fifty Thousand yen for the delivery of goods mentioned in the foregoing section and in case any balance of that sum shall for any reason remain unpaid at the end of any such period of six months, such balance shall be paid off during the next six months and so on, so that the whole sum of Ninety Three Million Three Hundred Thousand yen shall be paid off by the end of the said three years.

3. It is agreed that should the above-mentioned contracts not be concluded within the period of six months after the coming into force of the present Agreement, the Trade Representation shall have the right to make such contracts after the expiration of the said period of six months, and further that, should any parties other than the Trade Representation to contracts concluded in accordance with the foregoing provisions of the present Article fail to carry out such contracts or to fulfil such contract in a proper manner for which reason these contracts are abrogated, the Trade Representation shall in each case have the right to conclude a fresh contract with other subjects or juridical persons of Manchoukuo or Japan, in which case the latter contracts may provide for payment for and delivery of goods to be effected after the three years' term above mentioned.

4. The contracts mentioned in the present Article shall be concluded either c.i.f. or f.o.b. at the choice of the Trade Representation and shall provide for payments in cash for the goods by the Government of Manchoukuo.

5. When the Representation have concluded a contract for the purchase of goods with subjects or juridical persons of Manchoukuo or Japan, the Trade Representation shall give the Financial Attaché to the Legation of Manchoukuo in Japan a résumé of the contract, a description mentioning the names of the parties to the

contract, the place of origin and the quantity of goods, the total amount of the sums to be paid, the date and place of delivery of the goods and of payment therefor, as well as any other terms of payment and delivery, including any provisions for payment in advance. The said résumé shall be attested by both parties to the contract. Besides this, so far as circumstances permit, the certificates of origin issued by any Chamber of Commerce and Industry in Manchoukuo or Japan in respect of goods, or by any other organization authorized to issue such certificates by the Government of either of these two countries, shall be presented to the Financial Attaché by the seller of the goods.

The Financial Attaché, upon the receipt of the résumé of the contract, provided its contents do not conflict with the provisions of the present Article, shall notify, not later than within seven days thereafter, the Trade Representation and the Seller of goods concerned to the effect that the Government of Manchoukuo undertake to effect payment for goods in conformity with the said résumé of the contract.

For the purpose of obtaining settlement of his accounts the Seller of goods shall hand to the Trade Representation a document entitling the Trade Representation to dispose of the said goods (bill of lading, invoice, &c.).

The Financial Attaché, upon the receipt of the notification given by the Trade Representation to the effect that the delivery of goods referred to in the résumé of the contract has been accomplished, shall issue a cheque to order drawn upon the Industrial Bank of Japan, Limited, as payer, seller of goods as payee and price of goods as its face amount, and shall deliver it to the seller on the date of payment, and, in case the presentation of the certificates of origin of goods above referred to shall have been presented at the time of presentation of the résumé of the contract, against such certificates. The seller of the goods shall give a receipt for the said cheque. A payment in advance to the Seller of the goods may be effected in a similar manner by the Financial Attaché in conformity with the résumé of contract against the advice of the Trade Representation to the effect that such payment shall be made.

6. It is understood that in the present Article the term 'goods manufactured in Manchoukuo or Japan' indicates goods manufactured within either of the said two countries from raw materials imported from any other countries as well as from raw materials produced in either, and that the term 'juridical persons of

Manchoukuo or Japan' indicates juridical persons which are or may be incorporated in accordance with the law of Manchoukuo or Japan respectively.

Article X.

1. A three months' notice shall be given to each of the employees of the Chinese Eastern Railway (the North Manchuria Railway), other than those included in the provisions of Article III of the present Agreement, who are citizens of the Union of Soviet Socialist Republics and whom the Government of Manchoukuo may desire to dismiss for reasons and convenience on the part of the Government of Manchoukuo after the coming into force of the present Agreement.

2. The employees of the Chinese Eastern Railway (the North Manchuria Railway) who are citizens of the Union of Soviet Socialist Republics shall have the right to remain in Manchoukuo for two months after their dismissal in order to dispose of their personal affairs.

3. The employees of the Chinese Eastern Railway (the North Manchuria Railway) who are citizens of the Union of Soviet Socialist Republics shall continue in full enjoyment of their rights in movable and immovable property in accordance with the laws of Manchoukuo.

4. The employees of the Chinese Eastern Railway (the North Manchuria Railway) who are citizens of the Union of Soviet Socialist Republics shall enjoy the full right to dispose of their property in accordance with the laws of Manchoukuo and to carry their property out of Manchoukuo either in its original form or in its money equivalent in any foreign currency.

5. The employees of the Chinese Eastern Railway (the North Manchuria Railway) who are citizens of the Union of Soviet Socialist Republics and who have retired through dismissal or of their own accord and who leave for the territory of the Union of Soviet Socialist Republics within two months after their retirement, shall be granted the privilege of free transport over the Chinese Eastern Railway (the North Manchuria Railway) for themselves, their families and their personal and household effects either to the station of Manchuli or the 59 Station of Suifenho, at their own option.

Article XI.

1. Various descriptions of the retiring allowances and payments —(discharge allowances and other sums due to the employees in

respect of service on the Railway, employees' savings in relief savings association and payments additional thereto on the part of the Railway including the interest, pensions and bloc grants in accordance with the regulations of the relief savings association, as well as pensions and compensations for personal injuries according to 'Regulations of 1912 Relating to Indemnification of persons who have met with accidents')—to the employees of the Chinese Eastern Railway (the North Manchuria Railway) who are citizens of the Union of Soviet Socialist Republics and who may be dismissed or may retire of their own accord after coming into force of the present Agreement, so far as such allowances and payments are in respect of the period before the coming into force of the present Agreement, shall be individually reckoned and paid out in accordance with the regulations of the Chinese Eastern Railway (the North Manchuria Railway) in force up to the date of the coming into force of the present Agreement, as modified by the provisions of the present Article.

Note. The discharge allowances for the period up to November 11, 1930, are to be paid according to the rates existing up to November 11, 1930.

2. The employees who are citizens of the Union of Soviet Socialist Republics and who are dismissed or retire of their own accord after the coming into force of the present Agreement shall be considered as employees who have been dismissed as a result of abolition of offices, so far as concerns the calculations of various descriptions of retiring allowances and payments.

3. The discharge allowances and other payments relative to the service concerning the Railway, and compensation for injuries sustained in such service, as well as savings and prescribed interest thereon, shall be paid within a fortnight from the day of dismissal or retirement, provided that in respect of persons who shall be dismissed, half the amount of such savings shall be paid within two months from the date of notice of such dismissal.

Bloc grants to persons who have been in the service of the Railway for less than ten years as well as payments additional to savings together with the prescribed interest thereon shall be paid in four equal instalments within two years from the date of dismissal or retirement. The first instalment shall be paid within a fortnight, and the second instalment at the end of the year after the date of dismissal or retirement, the third and fourth instalments shall be paid at the end of respectively six and twelve months after the payment of the second instalment. As regards

the last three of these instalments, the Government of Manchoukuo shall issue bonds for amounts due drawn up in the name of respective persons and maturing on dates prescribed above. These bonds shall be delivered to respective recipients simultaneously with the payment of the first instalment above referred to and shall not be transferred thereafter to any other person.

Persons who have been in the service of the Railway for ten years or more shall be deemed entitled to pensions without undergoing examination of their working efficiency, and the said pensions, instead of being annually, shall be paid in bloc grant, that is to say, a sum eight and half times the sum payable annually in respect of pensions shall be paid to recipients in four equal instalments in the course of two years, in accordance with the provisions of the preceding paragraph.

Note 1. The examination of the working efficiency of employees who have been in the service of the Railway for less than ten years will be effected according to regulations of the Chinese Eastern Railway (the North Manchuria Railway) in force up to the date of the coming into force of the present Agreement.

Note 2. Pensions for personal injuries, instead of being paid annually, shall be paid in bloc grants, that is to say, a sum eight and a half times the sum payable annually shall be paid to recipients in the same manner as for persons who have been in the service of the Railway for ten years or more.

4. The employees of the Chinese Eastern Railway (the North Manchuria Railway) who are in debt to the Railway shall have the sum of their indebtedness deducted from various descriptions of retiring allowances and other payments due to them.

5. Various descriptions of retiring allowances and payments shall be paid in the currency of Manchoukuo at the exchange rate against the rouble of the Chinese Eastern Railway (the North Manchuria Railway) existing at the date of the coming into force of the present Agreement and applied by the said Railway for settlements with their employees. The recipients of these retiring allowances and payments shall be allowed to remit the money they have received to other countries after having converted it into foreign currency.

6. Various descriptions of retiring allowances and payments and the Bonds of the Government of Manchoukuo shall be paid or delivered to legal recipients direct, but persons who have returned to the territory of the Union of Soviet Socialist Republics can empower the Consul-General of the Union of Soviet Socialist

Republics in Harbin or any other person to receive them. Persons who have given such authority shall at the same time inform the Chinese Eastern Railway (the North Manchuria Railway) to that effect.

7. Those persons who have retired before the coming into force of the present Agreement and are now being paid pensions shall continue to receive pensions as previously in accordance with the regulations of the Chinese Eastern Railway (the North Manchuria Railway) in force up to the date of the coming into force of the present Agreement, irrespective of whether the said regulations shall remain in force, be modified or abrogated thereafter. In this case section 5 of the present Article shall be applied as regards the exchange rate against the rouble of the Chinese Eastern Railway (the North Manchuria Railway), and, in case the legal recipients should be returning or should have returned to the territory of the Union of Soviet Socialist Republics, as regards remittances to other countries.

8. The sums which are to be paid out by the Administration of Relief Savings Association of the Chinese Eastern Railway (the North Manchuria Railway) to employees who are citizens of the Union of Soviet Socialist Republics and of which neither the legal recipients nor their proxies or successors have demanded payment up to the date of the coming into force of the present Agreement shall be disposed of in accordance with the regulations of the Chinese Eastern Railway (the North Manchuria Railway) in force up to the date of the coming into force of the present Agreement.

9. The employees who have been dismissed or have retired after the coming into force of the present Agreement shall, during the period of one month from the date of their dismissal or retirement retain their full rights with regard to their railway lodgings, under the same conditions as before.

Article XII.

It is understood that the term 'the Chinese Eastern Railway (the North Manchuria Railway)' includes all the rights, enterprises and property appurtenant thereto.

Article XIII.

The Governments of Manchoukuo and of the Union of Soviet Socialist Republics with the view to promote and facilitate the intercourse and traffic between the two countries, shall conclude,

within three months from the date of the coming into force of the present Agreement, a separate agreement which will provide for the settlement of questions concerning the conveyance of passengers, luggage and goods in transit, direct service for passengers, luggage and goods between the railway stations of the Union of Soviet Socialist Republics and those of the Chinese Eastern Railway (the North Manchuria Railway), and also technical conditions permitting direct services without reloading of goods between the Ussuri Railway and the Chinese Eastern Railway (the North Manchuria Railway) via the station of Suifenho.

Within the period of the said three months, the two Governments shall conclude another separate agreement which will provide for the telegraphic connexion between the telegraphic lines hitherto operated by the Chinese Eastern Railway (the North Manchuria Railway) and those of the Union of Soviet Socialist Republics.

Article XIV.

The present Agreement shall come into force on the date of its signature.

In Witness whereof the respective Plenipotentiaries have signed the present Agreement and have affixed thereto their seals.

Done in duplicate in the English language in the city of Tokyo, this 23rd day of the Third month of the Second year of Kangteh, corresponding to the 23rd day of March, 1935.

PROTOCOL.

Whereas the Agreement between Manchoukuo and the Union of Soviet Socialist Republics for the cession to Manchoukuo of the rights of the Union of Soviet Socialist Republics concerning the Chinese Eastern Railway (the North Manchuria Railway) was signed at Tokyo on March 23, 1935; whereas the said Agreement provides that the settlement for a certain portion of the sum to be paid by the Government of Manchoukuo to the Government of the Union of Soviet Socialist Republics in consideration of the said cession shall be effected in the form of payments made by the former Government for goods delivered to the latter Government; whereas the said Agreement also provides with regard thereto that the Trade Representation of the Union of Soviet Socialist Republics in Japan will purchase goods produced or manufactured in Japan or Manchoukuo from subjects or juridical persons of either

of these two countries; whereas it is essential that the transactions between the said Trade Representation and subjects or juridical persons of Japan and Manchoukuo be fairly and normally concluded; and whereas the Government of Japan are ready to contribute in the spirit of goodwill to the fulfilment of the aforesaid Agreement; now the Governments of the Union of Soviet Socialist Republics, Japan and Manchoukuo have agreed upon the following articles:

Article I.

When the Trade Representation of the Union of Soviet Socialist Republics purchases goods produced or manufactured in Japan or Manchoukuo from subjects or juridical persons of either of these two countries in accordance with Article IX of the Agreement between the Union of Soviet Socialist Republics and Manchoukuo for the cession to Manchoukuo of the rights of the Union of Soviet Socialist Republics concerning the Chinese Eastern Railway (the North Manchuria Railway), the Governments of Japan and Manchoukuo shall afford all the possible facilities and assistance to the Trade Representation in order that the negotiations conducted may be fair and normal in such manner as to ensure the conclusion of the purchase contracts within six months from the date of the coming into force of the above-mentioned Agreement and that the purchase contracts may be fulfilled exactly.

It is understood that in the present Protocol the terms 'goods manufactured in Japan or Manchoukuo' and 'juridical persons of Japan or Manchoukuo' are respectively used in the meaning given by Article IX of the above-mentioned Agreement.

Article II.

The Government of Japan and the Government of Manchoukuo declare that they are prepared to take necessary measures through the authorities concerned, in order that the subjects or juridical persons as aforesaid, in their negotiations for contracts with the Trade Representation, may not ask for unduly high prices, thereby making the conclusion of contracts impossible.

The Government of the Union of Soviet Socialist Republics declare that they are prepared to take necessary measures with the Trade Representation, so that the Trade Representation, in its negotiations for contracts with subjects or juridical persons of Japan and Manchoukuo, may not ask for unduly low prices, thereby making the conclusion of contracts impossible.

Article III.

In the negotiations for the conclusion of purchase contracts, in case the Trade Representation and the subjects and juridical persons of Japan or Manchoukuo come to disagreement with regard to the price of goods as well as any other terms of payment for and delivery of goods, the parties to the negotiations can jointly or independently apply for mediation regarding the disagreement to a standing mediation commission, which shall be constituted within ten days after the coming into force of the present Protocol and which shall consist of two commissioners appointed by the Government of the Union of Soviet Socialist Republics, one by the Government of Japan and one by the Government of Manchoukuo.

The mediation commission, when they have received such an application shall come to what they deem fair opinion and shall recommend either or both parties to negotiations to conclude a contract in accordance with the said opinion. In case of application with regard to price of goods, the commission in deciding such opinion shall adopt as standard the price of such goods at appropriate exchange in Japan or Manchoukuo, or, in the absence of any such price, the export price, or, in default of any export price, wholesale price, obtaining in the principal appropriate market of Japan or Manchoukuo, as the case may be, while with regard to goods the price of which cannot be fixed on the basis of price at the exchange, export price or wholesale price as above mentioned, the commission shall fix a fair price on the basis of the whole of the information available with regard to those goods.

The consideration of every case by the mediation commission shall be completed within the term of six weeks from the day they have received the application.

Article IV.

In case the Trade Representation and subjects or juridical persons of Japan or Manchoukuo find themselves in disagreement as regards the fulfilment of obligations provided for by the purchase contract concluded between them the parties can apply jointly or independently for mediation regarding the disagreement to the mediation commission mentioned in the first paragraph of Article III, provided that the contract includes a provision to the effect that either party can present such an application.

The mediation commission, when they have received such an application, shall examine the provisions of the contract concerned and all matters relative to disagreement and shall arrive at what they deem fair opinion and recommend to either or both parties to settle the disagreement in accordance with the said opinion.

The term for the consideration of the question by the mediation commission in the circumstance of the present Article shall be the same as in the case of Article III.

Article V.

In case the mediation commission come to no decision within the prescribed term for consideration or should the decision arrived at fail to remove the difficulties within the term of two weeks, the matter shall be transferred, upon application of either or both parties to disagreement, to negotiations between the contracting Governments concerned for a fair and appropriate solution, provided that there exists an agreement in advance between the parties to that effect.

Article VI.

It is understood that should both parties concerned desire, an agreement may be laid down in contract or otherwise providing that decision arrived at by the mediation commission or through negotiations between the contracting Governments concerned in conformity with the provisions of Articles III, IV and V of the present Protocol shall be binding upon both parties, in which case such decision shall take effect in a manner contemplated by the said Agreement.

Article VII.

The present Protocol shall come into force on the date of its signature.

In Witness whereof the Undersigned, duly authorized by their respective Governments, have signed the present Protocol and have affixed thereto their seals.

Done in triplicate in the English language in the city of Tokyo, this 23rd day of March, 1935, corresponding to the 23rd day of the Third month of the 10th year of Showa, corresponding to 23rd day of the Third month of the Second year of Kangteh.

Notes to be exchanged between Japan and the Union of Soviet Socialist Republics

Tokyo, March 23, 10 Showa (1935)

Monsieur l'Ambassadeur,

In accordance with the desire expressed by Your Excellency on behalf of the Government of the Union of Soviet Socialist Republics in the course of the negotiations concerning the conclusion of the Agreement for the cession to Manchoukuo of the rights of the Union of Soviet Socialist Republics concerning the North Manchuria Railway (the Chinese Eastern Railway), signed this day by the Plenipotentiaries of the Union of Soviet Socialist Republics and Manchoukuo, I have the honour to inform you as follows: in view of the close and special relations existing between Japan and Manchoukuo, the Japanese Government undertake to guarantee the exact fulfilment by the Government of Manchoukuo, within the respective limits of the time set forth by the above-mentioned Agreement, of all obligations of payment, in money as well as in goods, which the Government of Manchoukuo are under in favour of the Government of the Union of Soviet Socialist Republics as the result of such cession in accordance with Article VII of the said Agreement.

I avail myself of this opportunity, &c.,

(Signed) K. HIROTA.

Notes to be exchanged between Japan and the Union of Soviet Socialist Republics

Tokyo, March 23, 10 Showa (1935)

Monsieur l'Ambassadeur,

As the result of the guarantee given this day by the Japanese Government to the Government of the Union of Soviet Socialist Republics regarding the fulfilment by the Government of Manchoukuo of all the obligations of payment which the latter are under in favour of the Government of the Union of Soviet Socialist Republics in accordance with the provisions of the Agreement for cession to Manchoukuo of the rights of the Union of Soviet Socialist Republics concerning the North Manchuria Railway (the Chinese Eastern Railway) signed this day by the Plenipotentiaries of the Union of Soviet Socialist Republics and Manchoukuo, I have the honour to inform your Excellency as follows: in case any difficulties should arise in connexion with the execution of payments on the part of the Government of Manchoukuo, the

Japanese Government will make every effort necessary under given circumstances in order that the Government of the Union of Soviet Socialist Republics may receive all payments due to them from the Government of Manchoukuo wholly and within respective limits of times prescribed by the said Agreement, so that the Government of the Union of Soviet Socialist Republics may suffer absolutely no loss in connexion with the said difficulties.

I avail myself of this opportunity to, &c.

(Signed) K. HIROTA.

Tokyo, March 23, 1935.

Monsieur le Ministre,

I have the honour to acknowledge the receipt of Your Excellency's note of to-day's date, in which you are good enough to inform me as follows:

'In accordance with the desire expressed by Your Excellency on behalf of the Government of the Union of Soviet Socialist Republics in the course of negotiations concerning the conclusion of the Agreement for the cession to Manchoukuo of the rights of the Union of Soviet Socialist Republics concerning the North Manchuria Railway (the Chinese Eastern Railway), signed this day by the Plenipotentiaries of the Union of Soviet Socialist Republics and Manchoukuo, I have the honour to inform you as follows: in view of the close and special relations existing between Japan and Manchoukuo, the Japanese Government undertake to guarantee the exact fulfilment by the Government of Manchoukuo, within respective limits of time set forth by the above-mentioned Agreement, of all obligations of payment, in money as well as in goods, which the Government of Manchoukuo are under in favour of the Government of the Union of Soviet Socialist Republics as the result of such cession in accordance with Article VII of the said Agreement.'

In reply, I beg to state that I take note of your communication as above mentioned.

I avail myself of this opportunity, etc.

(Signed) C. YOURENEFF.

THE FINAL PROTOCOL

In proceeding this day to the signature of the Agreement between the Union of Soviet Socialist Republics and Manchoukuo

for cession to Manchoukuo of the rights of the Union of Soviet Socialist Republics concerning the Chinese Eastern Railway (the North Manchuria Railway), the Plenipotentiaries of the Union of Soviet Socialist Republics and Manchoukuo have agreed upon the following stipulation:

Article I.

1. It is understood that handing over of archives, records, papers and documents as stipulated in Section I of Article III of the Agreement is not intended to involve anything in nature of rendering accounts.

2. Whereas the new Administration of the railway is at liberty whether to adopt or note the advice given by advisers mentioned in Section 2 of Article III of the Agreement, the said advice can on no occasion result in any responsibility being imposed on the Government of the Union of Soviet Socialist Republics or on these persons.

Article II.

The stipulation of Article V of the Agreement concerning the property which is to be placed under the occupation and management of the community of citizens of the Union of Soviet Socialist Republics in Harbin shall not in any way preclude the application of the law of Manchoukuo as to said property, its occupation and management.

Article III.

The Government of Manchoukuo agree to grant subsidies, in the same manner as up to the date of the coming into force of the Agreement, to schools which are under the management of the 4th Section of the Educational Department of the Office of the Pin-Chiang province and used for the education of the children of the employees of the Chinese Eastern Railway (the North Manchuria Railway) who are citizens of the Union of Soviet Socialist Republics, for three months after the coming into force of the Agreement.

Article IV.

The school inventory purchased from the funds supplied by the parents who are citizens of the Union of Soviet Socialist Republics, as well as stage appurtenances acquired by the former Vice-Chairman of the Board of Directors of the Chinese Eastern Railway (the North Manchuria Railway) are to be turned over to the

Consul-General of the Union of Soviet Socialist Republics in Harbin as property not belonging to the Chinese Eastern Railway (the North Manchuria Railway).

Article V.

The Government of Manchoukuo take no exception to the liquidation of the Co-operative Society of the employees of the Chinese Eastern Railway (the North Manchuria Railway) in accordance with its articles and will permit certain members of the Society who are citizens of the Union of Soviet Socialist Republics and whose presence is required for the purpose of such liquidation to remain in Manchoukuo till the completion thereof.

Article VI.

Until the conclusion within the prescribed period of a separate Agreement concerning the telegraphic connexion provided for in Article XIII of the Agreement, the *status quo* of such connexion shall be maintained.

The present Final Protocol shall continue an integral part of the above-mentioned Agreement and come into force simultaneously with the said Agreement.

Done in duplicate in the English language in the city of Tokyo, this Twenty-third day of March, 1935, corresponding to the Twenty-third day of the Third month of the Second year of Kangteh.

APPENDIX IX

DECREE OF THE HIGH COMMISSIONER OF THE
FRENCH REPUBLIC IN SYRIA CONCERNING CUS-
TOMS TARIFFS (1926).

Arrêté No. 296

Monsieur Henry de Jouvenel, Sénateur, Haut-Commissaire de la République Française auprès des États de Syrie, du Grand Liban, des Alaouites et du Djebel Druze,

Vu les décrets du Président de la République Française en date des 23 novembre 1920 et 10 novembre 1925,

Vu les traités de commerce conclus en 1861 entre la Turquie d'une part et divers États européens et les États-Unis d'Amérique d'autre part,

Vu les règlements douaniers ottomans des 17 avril 1863, 1er avril 1909 et 31 décembre 1910,

Vu les arrêtés Nos. 467 du 19 novembre 1920, 743 du 26 février 1921, 970 du 28 juillet 1921 et 1671 du 18 novembre 1922 portant création et réglementation en Syrie et au Liban de l'expertise officielle,

Vu les arrêtés 1079 du 22 octobre 1921, 1424 du 27 janvier 1922, 1579 du 11 septembre 1922, 1658 du 4 novembre 1922, 1922 du 6 avril 1923 et 2320 du 7 décembre 1923 portant réglementation en Syrie et au Liban du remboursement des droits à la ré-exportation,

Vu l'arrêté No. 2542/1 du 3 avril 1924 relevant de 11 à 15 pour cent les droits de douane perçus à l'importation des marchandises,

Vu les arrêtés 2581 du 29 avril 1924 et 181/S du 23 juillet 1925, réglementant le régime tarifaire des alcools d'importation,

Vu l'arrêté No. 262 du 29 avril 1926 instituant une surtaxe sur les cartes à jouer,

Vu l'arrêté No. 281 du 7 mai 1926 élevant de 50 à 120 piastres par Kg., les droits perçus à l'importation des tobacs étrangers,

Sur le rapport de l'Inspecteur Général des Douanes,

Après avis du Comité d'Études Économiques,

Sur la proposition du Secrétaire Général.

ARRÊTÉ:

Article 1er. A compter du 1er juin 1926 les droits de douane ad valorem sont élevés, à l'importation, de 15 à 25 % à l'exception:

1° des articles suivants à l'égard desquels le taux de 11 % est maintenu

Animaux vivants	11%
Céréales et leurs farines	11%
Riz et farines de riz	11%
Pommes de terre	11%
Conserves alimentaires (viandes & poissons)	11%
Beurre	11%
Fromages	11%
Lait	11%
Dattes	11%
Eaux Minérales	11%
Bois et matériaux de construction à l'exclusion de ceux repris au tarif spécifique	11%

2° des articles dont la liste est annexée au présent arrêté et qui sont taxés d'après un tarif spécifique.

Les graines de vers à soie, de coton et de textiles sont exemptes de droits à l'importation.

Article 2. Par exception aux dispositions de l'article 1er les marchandises originaires de la Turquie seront provisoirement soumises au tarif spécial inséré au projet de convention du 22 septembre 1922 et qui figure en annexe au présent arrêté.

Article 3. Les marchandises en cours de transport et celles expédiées du pays d'origine antérieurement à la date d'application du présent arrêté bénéficieront de l'application de l'ancien tarif de 15%.

La date des expéditions sera attestée par les connaissements ou tous autres documents revêtus du visa du consul de France du pays d'origine.

Article 4. Pour obtenir à la réexportation, le bénéfice du remboursement des droits sur la base de 25% ou du tarif spécifique minimum les exportateurs seront tenus de produire pendant une période d'un an, les titres de perception attestant l'application du droit de 25 % ou du tarif spécifique minimum au moment de l'importation primitive des produits réexportés.

Article 5. A l'égard des pays ne faisant pas partie de la Société des Nations, mais à l'exclusion des États Unis et de la Turquie, il est institué à la date du 1er juin 1926, un tarif douanier maximum fixé:

1° à 50% de la valeur pour les marchandises taxées ad valorem;

2° au double du droit spécifique pour les produits admissibles à ce tarif.

Article 6. Par dérogation aux dispositions qui précèdent le tarif maximum de 50 % est abaissé à 25 % à l'égard des matières énumérées ci-après:

Animaux vivants	25%
Céréales	25%
Riz	25%
Farine de blé	25%
Pommes de terre	25%
Beurre	25%
Bois de construction	25%
Bois sciés	25%
Verres à vitres	25%
Carreaux ordinaires	25%
Engrais chimiques	25%
Machines agricoles	25%

Article 7. Le taux du remboursement des droits acquis à la réexportation, aux marchandises soumises au tarif général d'entrée, ne devra jamais dépasser 25% de la valeur ou le montant du droit spécifique minimum.

Pour bénéficier du taux de remboursement de 25% ou du tarif spécifique minimum, les exportateurs doivent produire les justifications visées à l'article 4 du présent arrêté.

Article 8. Les exemptions concédées à un titre quelconque à certaines importations en vertu de la réglementation ottomane ou par des textes émanant du Haut-Commissariat de la République Française en Syrie et au Liban ne sont maintenues qu'à l'égard des produits originaires des pays faisant partie de la Société des Nations, des États-Unis et de la Turquie.

Article 9. Le Secrétaire Général et l'Inspecteur Général des Douanes sont chargés, chacun en ce qui le concerne, de l'exécution du présent arrêté.

Beyrouth, le 15 mai 1926

signé: DE JOUVENEL

APPENDIX X

DECREE OF THE HIGH COMMISSIONER OF THE FRENCH REPUBLIC REGULATING COMMERCIAL EXCHANGES BETWEEN THE U.S.S.R. AND THE FRENCH MANDATORY STATES OF THE LEVANT.

Arrêté No. 187/LR du 11 décembre 1933 réglementant les échanges commerciaux entre l'union des Républiques Socialistes Soviétiques et les États du Levant sous Mandat Français.

Le Haut-Commissaire de la République Française,

Vu les décrets du Président de la République Française en date des 23 novembre 1920 et 16 juillet 1933,

Vu l'arrêté No. 296 du 15 mai 1926 déterminant le tarif des droits de douane à appliquer aux marchandises originaires des pays ne faisant pas partie de la Société des Nations,

Vu l'arrêté No. 2731 du 6 août 1929 accordant sous certaines conditions le bénéfice du tarif normal aux marchandises originaires de l'Union des Républiques Socialistes Soviétiques,

Vu l'utilité d'une amélioration des conditions des échanges commerciaux entre les États sous Mandat et l'Union des Républiques Socialistes Soviétiques,

ARRÊTÉ

Article 1. Par dérogation aux prescriptions de l'article 5 de l'arrêté No. 296 du 15 mai 1926, les marchandises originaires de l'Union des Républiques Socialistes Soviétiques n'acquitteront, à leur importation dans les États du Levant sous Mandat Français, que les droits du tarif normal, au lieu des droits du tarif maximum, lorsqu'il sera justifié, dans les conditions précisées à l'article 3, que ces marchandises sont expédiées à des négociants des États sous Mandat en contrevaieur de produits exportés par ces mêmes négociants à destination du territoire de l'Union.

Il est admis, toutefois, pour tenir compte des charges résultant pour l'Union des Républiques Socialistes Soviétiques des conditions inégales du transport maritime des marchandises entre les deux Pays, que les exportations soviétiques sur la Syrie et le Liban pourront excéder de 20% le montant des exportations libano-syriennes sur le territoire de l'Union.

Article 2. Par dérogation aux prescriptions de l'article 8 de l'arrêté No. 296 du 15 mai 1926, les exemptions concédées à un

titre quelconque, en tarif normal, à certaines importations en vertu de la réglementation en vigueur seront étendues aux marchandises originaires de l'U.R.S.S. lorsqu'elles seront importées dans les conditions et sous les réserves précisées à l'article 1 et à l'article 3 du présent arrêté.

Article 3. Pour bénéficier des dispositions du présent arrêté les importateurs de marchandises soviétiques auront à administrer la preuve au Service des Douanes de l'exportation antérieure, à destination de l'Union, de produits originaires des États sous Mandat Français et cette preuve consistera :

(1) dans la production d'un duplicata de déclaration d'exportation revêtu de certificats de vérification et de constatation de sortie par la Douane; le duplicata de la déclaration sera délivré à l'exportateur qui en fera la demande et l'apurement des déclarations d'exportation s'effectuera au fur et à mesure des importations de marchandises soviétiques augmentées du pourcentage visé au 2^e paragraphe de l'article 1er ci-dessus,

(2) dans la production d'une ampliation du connaissance portant une attestation, par l'agent de la Compagnie de navigation, que la marchandise a été chargée à destination de l'U.R.S.S.

Article 4. Il sera tenu, par les soins du service des Affaires Économiques du Haut-Commissariat, un compte courant des exportations respectives des deux Pays, d'après les relevés établis et remis périodiquement par le service des Douanes.

Article 5. Le bénéfice des dispositions des articles 1 et 2 pourra être consenti aux marchandises de toute nature originaires de l'Union des Républiques Socialistes Soviétiques.

Article 6. L'arrêté No. 2731 du 6 août 1929 est abrogé.

Article 7. Le Secrétaire Général, le Conseiller aux Affaires Économiques et l'Inspecteur Général des Douanes sont chargés, chacun en ce qui le concerne, de l'exécution du présent arrêté qui sera applicable à dater du 1er décembre 1933.

Beyrouth, le 11 décembre, 1933

Le Haut-Commissaire

Signé: D. DE MARTEL.

APPENDIX XI
 DETAILS OF SOVIET EXPORTS OF TIMBER TO
 CHINA, JAPAN, INDIA, AND EGYPT¹

China

(In tons)

	1929	1930	1931	1932	1933
Sawn wood	2,069	30,380	58,945	44,897	42,369
Veneers	245	461	1,014	397	1,460
Other timber	22,293	88,755	94,714	85,308	89,108

Japan

(In tons)

	1929	1930	1931	1932	1933
Sawn wood	303	7,287	3,801	19,845
Veneers	119	275	519	218	303
Other timber	347,532	360,960	329,744	231,683	115,115

India

(In tons)

	1929	1930	1931	1932	1933
Sawn wood
Veneers	14	139	95
Other timber	2,439

Egypt

(In tons)

	1929	1930	1931	1932	1933
Sawn wood	233	22,563	59,715	60,189	92,559
Veneers	207	331	188	817	744
Other timber	310	5,222	88	1,586	1,083

¹ Cf. *Vishniavia Torgolia* for respective years.

APPENDIX XII

TEXT OF TREATY OF FRIENDSHIP BETWEEN THE YEMEN AND THE U.S.S.R. OF JULY 1928

(Cf. Arab journal, 'El-Eiman', reprinted in 'The Times' of 16 August 1929)

Article I. The Soviet Government recognizes the complete independence of the whole Yemen and its King H.M. the Imam Yahia Mohammed Hamia Ad Din.

Article II. There shall be a commercial union between the Soviet Government and the Government of the Imam, and the subjects of these two Governments shall have the privilege of and facilities for, transacting their own business with the consent, and the sanction of both Governments. Any subjects of the Soviet Government entering the Imam's territories must be obedient to the law of the Government of the Imam, and likewise any of the Imam's subjects, when in the territory of the Soviet Government, must be obedient to the law of that country.

Article III. The terms of this treaty to secure commercial advantages with friendly intercourse and goodwill are subject to the final ratification of both Governments. The Treaty must first be ratified by the Soviet Government and afterwards transmitted to the Imam's Government for final ratification.

Article IV. This agreement is to hold good for a period of 10 years, with effect from the date when it is finally completed and signed as set forth in Article III above. On the completion of the aforesaid time it will either be extended or altered according to the views of both Governments.

Article V. This friendly and commercial agreement is given the name of Sana Treaty. It consists of five clauses.

Signed at Sana on the 17th Jumad Al Awal 1347. Estakuff for the Soviet Government. Kadi Mohamed Rahib for the Government of the Imam.

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A. = Appendix.

F.E.R. = Far Eastern Region.

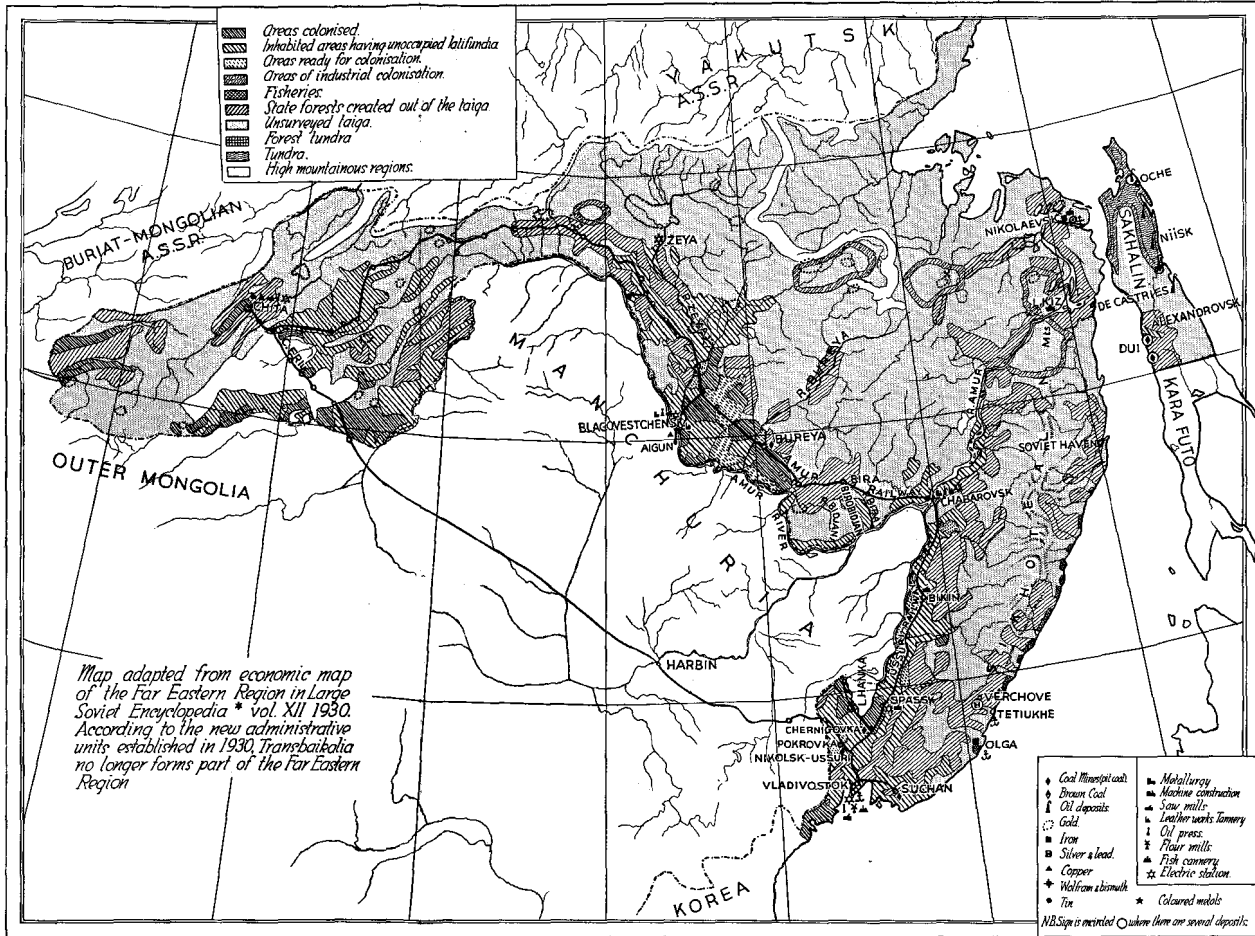
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