

although they had no obligatory force, nevertheless contained extremely valuable indications in view of the high authority of that body.

The Court had noted that it was impossible to limit the rights of the Polish postal service to what might be called the area of the harbour waters. Here he agreed with the observations made by the Polish delegate.

The Court considered that the expression under discussion could refer only to a territorial conception and that, therefore, when the treaties or agreements referred to the port of Danzig and the rights, postal or others, attaching to the port, these expressions could only refer to a territorial district.

The Court based this assertion upon three kinds of arguments:

First, it quoted the current meaning of the word "port" which did not merely define the surface of the water in the port but also the necessary services surrounding the water.

The second argument was based on the idea in accordance with which the port of Danzig had been constituted, an argument which was quite independent of politics. The port had been constituted for purely economic reasons, and had been set up owing to the necessity of enabling Poland to use the harbour. Certain consequences followed from this necessity in regard to the railway and postal services.

The third argument on which the Court based its opinion was to be found in the texts of the Treaty of Paris and the Agreement of Warsaw, in which the expression "*dans le port*" was used ("*im Hafen von Danzig*").

The opinion of the Court, based on these three arguments, emphasised very clearly that the expression "port of Danzig" only referred to a territorial district, and consequently to a district within the town of Danzig.

These considerations appeared to him to be of great importance.

As regards the boundaries of this district the Court had not given any opinion, and had declared that it had not the necessary information enabling it to form any opinion. It was in order to fix these boundaries that an expert enquiry was necessary

M. HYMANS agreed.

M. PAUL-BONCOUR said that, according to the opinion of the Court, a territorial district was necessary in the Free City in order to enable Poland to exercise the rights which she was recognised to possess, and to ensure the working of the services above mentioned. It was in regard to the boundaries of this district that the experts would be able to furnish indispensable information.

The PRESIDENT said that the Council was agreed on the matter. He associated himself completely with the opinion which had been expressed by the French representative.

He would venture to add that these views were those which had guided him in drafting the report.

The resolution proposed by the Rapporteur was adopted, with the modification that a jurist should be added as a fourth expert.

1517. Free City of Danzig Delimitation of the Polish Munitions Depot in the Danzig Harbour.

The PRESIDENT, Rapporteur, said that the Council at its first meeting had asked him to examine this question, which the High Commissioner had suggested by telegram should be placed on the agenda, and to decide whether it was possible for the Council to deal with it during the present session. He had received the documents late, and one of the parties had informed him that it was not ready to discuss the question.

In these circumstances, he did not think it was possible for the Council to deal with it at that moment, and the question must take its natural course according to the ordinary procedure.

Agreed.

M. Strasburger, M. Sahn and Mr. MacDonnell withdrew.

1518. Work of the Financial Committee during its Eighteenth Session.

M. HYMANS, Rapporteur, read the following report and resolutions

"The Council has been informed of the work of the Financial Committee in connection with the financial reconstruction of Austria and Hungary by the special committees dealing with these questions.

"The Financial Committee's agenda included two problems in connection with Danzig (see Report of Financial Committee, Annex 774). The first concerns the municipal loan which has been successfully issued since the Council's last session. The Committee recommends the Council to accept the arbitration duties provided for in certain clauses of the General Bond between the lenders and the banks; the Council will doubtless agree to accept these duties.

"The second problem concerns the external obligations of the Free City of Danzig to the Conference of Ambassadors. The Council will observe that two of these obligations can probably

be discharged shortly and will take note of the procedure by which the Free City of Danzig intends to make proposals for the discharge of its third debt to the Conference of Ambassadors.

"The Council will remember that representatives of the fiscal administrations of seven European countries have held several sessions at Geneva to study the problems of double taxation and tax evasion from the administrative and practical points of view. The final report and the resolutions of these experts, dated February 7th, 1925, were published in March 1925.

"The investigations regarding double taxation undertaken by the League of Nations are being followed with the closest attention by the International Chamber of Commerce. At its next biennial Congress, which will shortly be held at Brussels, this body will discuss a draft resolution proposed by its special committee which is based on the text drawn up by the technical experts of the League of Nations and closely follows its main principles. This augurs well for the future of the investigations into this problem.

"In the course of its present session the Financial Committee has considered the report and resolutions of the technical experts both on double taxation and on tax evasion. It has signified its general agreement with the principles put forward by the experts and, particularly with the suggestion to convene a conference of technical experts belonging to numerous countries for the purpose of transforming the conclusions of the experts' report into the preliminary draft of an international convention.

"As I proposed in my report of March 11th, 1925, the Council has already given its general authorisation to this conference; I venture to remind it of this decision and to propose that the Secretariat, which is acquainted with the views of the Financial Committee, should be instructed to send invitations to the Governments.

"The Council will doubtless be gratified to learn of the great progress which has been made towards an effective solution of these two delicate technical questions, which are of great importance to the various countries and to the commercial world.

"I accordingly propose that the Council should adopt the four following draft resolutions:

" *I. Danzig Municipal Loan.*

" 1. The Council has learned with satisfaction that the conditions on which, on March 14th, it approved the proposed Danzig Municipal Loan have been fulfilled, and that the loan was issued with complete success at the beginning of April 1925.

" 2. In accordance with Articles 32 and 36 of the General Bond relating to the loan, which has been accepted by the Municipality of Danzig:

" (a) The trustee is empowered to draw the attention of the Council to breaches of the General Bond by the Municipality.

" (b) Any disputes arising between the Municipality the financial institutions in charge of the service of the loan, and the trustee shall be settled by a decision of the Council of the League of Nations or of any person appointed by it.

" (c) The Free City may on behalf of the Municipality appeal to the Council of the League of Nations if it considers that the trustee has abused his authority.

" The Council, as requested, approves these stipulations.

" *II. Danzig — Conference of Ambassadors.*

" The Council notes the opinion expressed by the Financial Committee in regard to the request made in the letter from the Conference of Ambassadors concerning its claims on the Free City of Danzig.

" The Council requests the Secretary-General to communicate this opinion to the Conference of Ambassadors, and, for its information, to the Reparation Commission.

" *III. Double Taxation and Tax Evasion.*

" The Council notes the great progress made in the examination of the problems of double taxation and tax evasion. It has received the report and the resolutions of the technical experts, which were published in March 1925 at the suggestion of the Financial Committee. It notes that the Financial Committee is in agreement with the principal conclusions of this document and that it supports the recommendation made to summon a conference of technical experts on a wider basis. On these latter points the Council confirms its previous decision given on March 10th, 1925, and instructs the Secretary-General to issue the necessary invitations on its behalf.

" *IV. Esthonia.*

" The Council has received the interesting report of the Financial Committee on the economic and financial situation of Esthonia, which was prepared after the investigation carried out by M. Avenol and Mr. Loveday. It notes with satisfaction the results of the co-operation between the Financial Committee and the Esthonian Government.

The report and the resolutions were adopted.