

LEAGUE OF NATIONS.

December 10th, 1924.

OTTOMAN PUBLIC DEBT. APPOINTMENT OF
AN ARBITRATOR UNDER ARTICLE 47 of the
TREATY OF LAUSANNE.

Note by the Secretary-
General.

The Secretary-General has the honour to forward for the information of the Council the following document received from the Greek Government whose despatch was announced in the telegram from that Government dated November 28th, which has been communicated to the Council. (Document C.723.E.249).

MINISTRY FOR FOREIGN AFFAIRS.

ATHENS, November 26th, 1924.

TO THE COUNCIL OF THE LEAGUE OF NATIONS.

Request for the institution of arbitration proceedings in accordance with the last paragraph of Article 47 of the Treaty of Lausanne.

The Government of the Greek Republic,

In view of the Note of the Chairman of the Council of the Ottoman Public Debt dated November 6th, 1924, regarding the division of the annual charges of the aforementioned Debt and determining the share of these charges for which Greece is liable,

In view of Articles 46-57 of Part II of the Financial Clauses of the Treaty of Lausanne,

Availing itself of the right conferred upon it by the last paragraph of Article 47 of the aforementioned Treaty to appeal if necessary, to the Council of the League of Nations with a view to arbitration,

has the honour, in the following request, to lay the case before the Council of the League of Nations.

The Greek Government's arguments are based upon two diametrically opposed ideas, both of which, however, cannot be rejected at the same time. In their essential points they are based on the following two assumptions.

A. Article 51 of the Treaty of Lausanne lays down the rule for the division of the annual charges of the Ottoman Public Debt between Turkey and the States to which Turkish territory has been ceded or which have been newly constituted on territory detached from Turkey. The criterion thus laid down is that the amount of each share shall ~~bear~~ bear the same proportion to the total amount as the average total revenues of the territories detached from the Ottoman Empire bears to the total average revenue of the Ottoman Empire in the financial years 1910-1911 and 1911-1912. Only one category of revenues is excluded, i.e. customs revenues (in so far as the division between the Balkan States is concerned), for the obvious reason that imports also include goods in transit destined for the hinterland which is not always under the same sovereignty as the coast.

In spite of the restrictive nature of every exception, the Council of the Ottoman Public Debt has made various additions and deductions as is shown in the tables on pp.66-67 of the Collection (Recueil) of documents and tables concerning the Debt.

Either this procedure is contrary to the text and to the spirit of the Treaty and must be reversed - the Council of the Ottoman Public Debt being bound simply to take into account the revenues of Turkey as shown in the aforementioned Recueil (on page 65) and as they result from the general accounts of the State - or else the wider interpretation must be adopted as being more rational and as being deducible moreover by implication from the text of the Treaty.

B. In the latter case, however, and that is the second assumption on which the Greek arguments are founded, another basis for the division must be adopted for salt and alcohol.

1) As regards salt: Although the greater portion of the salt mines of the former Ottoman Empire are, owing to accidental circumstances/ ^{at present} situated in Greek territory, the consumption nevertheless equally concerns other countries: Bulgaria, Albania and the Serb-Croat-Slovene State. It would therefore be more rational to substitute as a criterion the place of consumption for that of collection. In the case of Greece, the consumption, taking into account an average consumption of 8 kg. per person, cannot be higher than 16 million kg., whereas at present Greece is made liable for a consumption of approximately 36 million kg.

2) The same applies to imported alcohol, the greater part of which is intended for consumption in the hinterland.

In short, the Council of the Ottoman Public Debt must either adhere to a strict and rigorous application of the Treaty and reverse the procedure it has followed with regard to the valuation of the average general revenue of the State, or, if it adopts a wider interpretation, it must as a logical consequence adopt the aforementioned basis of division in respect of salt and alcohol.

This is a dilemma which, without inconsistency, cannot be solved.

Therefore, reserving the right of subsequently submitting further memoranda, counter-memoranda, or, in general, any other statements,

may it please the Council of the League of Nations to notify the Government of the Greek Republic that upon its request arbitration proceedings are being instituted, in accordance with

the last paragraph of Article 47 of the Treaty of Lausanne,
and proceed to the appointment of the arbitrator provided
for by this article for the aforementioned purpose.

The Government of the Republic requests that it be allowed
to send representatives to attend the arbitral proceedings when
any appeals which may be lodged by other States are under
consideration. It considers that a procedure in which all
parties are heard would best help the arbitrator in reaching a
decision. Since all questions regarding the division of the
Ottoman Public Debt are interconnected, the admission of every
appeal and of every other recourse would affect the share for
which Greece is liable, and the latter would therefore have an
essential interest in knowing and being allowed to discuss
such questions.

Greek Minister for Foreign Affairs.