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Memorandum Concerning German Regulations controlling Imports and Exports, and Financial Transactions with Foreign Countries

Memorandum

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Formalia:

Typoskript

Regest:

In diesem Schreiben gibt ein US-amerikanischer Diplomat eine Übersicht über die deutschen Bestimmungen über die Ein- und Ausfuhr sowie den Zahlungsverkehr mit dem Ausland nach dem Weltkrieg. Signifikant ist zum einen, dass abgesehen von bestimmten Gütern (zumeist Lebensmitteln und verwandte Rohmaterialien) alle Handelsgeschäfte der Genehmigung durch den Reichskommissar für Aus- und Einfuhrbewilligungen bedurften. Das System der Kapital- und Devisenkontrolle, das während des Ersten Weltkriegs installiert worden war, wurde über das Ende der Kampfhandlungen hinaus aufrechterhalten. Zum anderen gehörten die Finanzierung von Handelsgeschäften und das Problem, in welcher Währung diese bezahlt werden sollten, ebenfalls zu den drängenden Fragen in der unmittelbaren Nachkriegszeit.

The Hague, Netherlands. October 7, 1919.

Memorandum Concerning German Regulations controlling Imports and Exports, and Financial Transactions with Foreign Countries.

With the exception of articles which are on the so-called free-list, which is given below, all imports into Germany are subject to the license of the State Commissioner for Export and Import Licenses¹ whose head-office is in Berlin, 6 to 8 Lutzow Ufer, Berlin. The legal control of imports is in the hands of the Minister for Economy; the actual issue of licenses, however, is delegated by him to the above-mentioned Commissioner. There are no fixed or definite rules or principles which serve as a basis for the issue of import licenses. In general, however, it may be stated that licenses for luxuries are not granted under any circumstances; licenses for manufactured articles are occasionally granted; licenses for food-stuffs are granted with comparative freedom; and licenses for raw materials are granted if the prices are comparatively reasonable.

It may also be stated that in general, preference is given to imports effected on a credit basis. It is reported that at the present time, licenses for imports of raw cotton are understood to be granted freely, regardless of the terms of payment. The obvious purpose of this control is to secure imports on the most favorable terms possible, having due regard for Germany's most urgent industrial requirements.

There has been current in the United States, a report to the effect that the German Government requires German[2] citizens to pay for purchases abroad, in Marks, with the alternative that payment be made in Dollars if two years' credit is granted. It is definitely learned here that no general requirement of this nature exists. Apparently the Minister for Economy has stated that he is prepared in principle, to issue licenses for the import of certain articles, providing this condition is fulfilled. It has not been possible to ascertain here the articles with

1 Reichskommissar für Aus- und Einfuhrbewilligungen.

reference to which this particular condition was to apply, and it is definitely known that other requirements, - of a different nature have been in effect from time to time with respect to different articles.

A so-called free import list has recently been established. Articles included on this free-list may be imported without license. This list, which is expected to be supplemented from time to time in the future, is now as follows:

Rubber, raw or purified;

Guttapercha, raw or purified;

Balata, raw or purified;

Rubber, guttapercha and balata scrap; worn-out pieces of rubber, guttapercha and balata articles; Asbestos fiber and refined asbestos;

Raw and ground asbestos, amianthus und mill-mountain;

Cocoa-beans, raw or roasted;

Rice, rice tailings, also mixtures of rice or rice tailings with other material;[3]

Leguminous vegetables (peas, lentiles and beans, including field beans), as well as an products and tailings thereof, which are produced by grinding, hulling or crushing.

All exports are at present subject to license. It has recently been announced by the Minister for Economy that a free-list and also a conservation list would be drawn up shortly. The free-list will consist of articles which may pass the frontiers of Germany without governmental export license: It will probably consist of most manufactured articles; the conservation list will probably consist of food-stuffs and raw materials; articles on this conservation list will not be licensed for export. In the meantime, it is reported that each individual application for export license, is being considered on its merits. The main object of the present control is to secure the best possible prices abroad, and to prevent the outflow of articles and material needed in Germany. No restrictions now exist as to the currency in which exports should be paid for. In practice, the Ministry of Economy is guided by advice it receives from special unofficial bureaux which have been set up for each industry for the purpose of making recommendations to that Ministry. These bureaux recommend prices which should be demanded (before export licenses should be granted), and also recommend the quantities of various articles und material which should be licensed for export. Some of these special bureaux have made private agreements with the Reichsbank whereby the proceeds of sales abroad are placed at the disposal of that bank. The Coal Syndicate, for instance, is understood to have made such an agreement.

It is reported that the present German Government is not at all satisfied with the present system of control[4] and believes that it will be necessary to reinstitute centralized foreign exchange control with a view to devoting the proceeds of all sales abroad to the purchase of articles indicated by the Government. Unless it becomes possible for the Government to set up some kind of control over banks, - especially foreign banks, - located in Occupied Territory, it will be useless to reinstitute the foreign exchange control system as the banks in that territory have in practice been disregarding the prescriptions of that control and have been carrying on whatever transactions they wished.²

On September 11, 1919, the so-called "Devisenordnung"³ or foreign exchange ordinance of February 8, 1917, together with rules and regulations supplementary thereto which have from time to time been issued, was entirely withdrawn; transfers and remittances may now be made to or from Germany, and paper currency of all kinds may be imported and exported without license. There exists however, a prohibition against the importation of gold (which, indeed, on account of the present high cost of gold in Germany, is unnecessary), and the prohibition against the export of gold which was issued in 1914 is still in force; it will, of course, remain in force by virtue of the Armistice Conventions, until the Peace Treaty comes into effect, and will thereafter continue in force by virtue of the Peace Treaty.

2 Gemeint ist das sog. "Loch im Westen", das aus den Schwierigkeiten resultierte, die Außenhandels- und Kapitalkontrollen in den von den Alliierten besetzten Gebieten durchzuführen.

3 Verordnung über den Verkehr mit ausländischen Zahlungsmitteln vom 8. Februar 1917.

On September 12, 1919, a law against the outflow of capital came into force (see Special Report No. 44 of Sept: 18).⁴ The effect of this law is simply to require that all remittances and transfers of means of payment to foreign countries should be effected through banks; except in those cases where such transfers or remittances are made in the bank's own name and except in cases where the operation represents the taking[5] charge of funds for a foreigner, the banks are required to furnish the tax offices with Information as to the object of the transaction in question. These regulations do not, however, constitute any restrictive control of foreign exchange as such. The term "banks" includes all concerns which do a regular banking business. The Minister of Finance has authority to suspend all business activities of banks which do not give sufficient assurance that banking regulations which the Minister of Finance may eventually issue, will be complied with; the banking regulations referred to have not yet been issued, nor has there been any intimation as to their probable nature. Since the coming into force of this new law against the outflow of capital, the Minister has issued a decree providing that transfers and remittances for one and the same person abroad, or by one and the same person in Germany, amounting to not more than Mk: 1000 in any one day, and not more than Mk: 3,000 in any one calendar month, may be effected without the intermedium of banks.

The importation of all kinds of securities is free. The exportation of foreign securities and of German shipping shares is subject to control. The exportation of other kinds of German securities is free from control. The prohibition against the sale of German colonial shares to foreigners, which came into force on April 9, 1919, was cancelled by a decree which went into effect on September 8, 1919. The prohibition against the sale of German shipping shares to foreigners, which went into effect on January 22, 1918, is still in force technically, but at present is not being carefully observed. There has recently been a considerable rise in the market value of German shipping shares in Berlin. This is[6] partially attributed to the fact that the owners expect to receive from the German Government, compensation for the ships turned over to the Allied and Associated Governments at the same rate as the German Government is to be credited by the Allies for those vessels; this rate is understood to be based on the present market value of the vessels, which is of course, abnormally high. It is believed that the recent active interest in shipping shares is partially due to purchasing for foreign account. The Government is known to be considering the advisability of taking steps to make it impossible for foreigners to acquire control of German shipping companies. Possibly, the desired object will be accomplished by the passage of a law requiring the companies to revise their statutes in such a way as to make it impossible for foreigners to secure shares with voting rights; (the Norddeutsche Lloyd and the Hamburg-America Line have already so revised their statutes). (...)

4 Gemeint ist das 7. Gesetz gegen die Kapitalflucht vom 8. September 1919 (RGBl. 1540).