

N° 894.

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**GRANDE-BRETAGNE  
ET IRAK**

Accord financier, conclu en exécution de l'article XV du Traité entre la Grande-Bretagne et l'Irak, signé à Bagdad, le 25 mars 1924.

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**GREAT BRITAIN  
AND 'IRAQ**

Financial Agreement made under Article XV of the Anglo-'Iraq Treaty, signed at Baghdad, March 25, 1924.

No. 894. — FINANCIAL AGREEMENT<sup>1</sup> MADE UNDER ARTICLE XV OF THE ANGLO-'IRAQ TREATY<sup>2</sup>, SIGNED AT BAGHDAD, MARCH 25, 1924.

*English and Arabic official texts communicated by His Britannic Majesty's Foreign Office. The registration of this Agreement took place June 15, 1925.*

We, the undersigned Plenipotentiaries of HIS BRITANNIC MAJESTY and of HIS MAJESTY the KING OF 'IRAQ respectively, having been duly authorised, met together this 25<sup>th</sup> day of March, 1924, corresponding to the 19<sup>th</sup> day of Sha'ban, 1342, in order to sign the following Agreement, subsidiary to Article XV of the Treaty of Alliance concluded between Their Majesties aforesaid on the 10<sup>th</sup> day of October, 1922, corresponding to the 19<sup>th</sup> day of Sa'far, 1341, Hijrah, subject to ratification.

THE AGREEMENT.

Whereas a Treaty of Alliance between His Britannic Majesty and His Majesty the King of 'Iraq was signed at Baghdad on the 10<sup>th</sup> day of October, 1922, corresponding with the 19<sup>th</sup> day of Sa'far, 1341, Hijrah, and a Protocol to the same Treaty was signed at Baghdad on the 30<sup>th</sup> day of April, 1923, corresponding with the 14<sup>th</sup> day of Ramadhan, 1341, Hijrah ; and

Whereas by Article XV of the said Treaty it is provided that a separate agreement shall regulate the financial relations between the High Contracting Parties, which shall provide, on the one hand, for the transfer by His Britannic Majesty's Government to the Government of 'Iraq of such works of public utility as may be agreed upon, and for the rendering by His Britannic Majesty's Government of such financial assistance as may from time to time be considered necessary for 'Iraq, and, on the other hand, for the progressive liquidation by the Government of 'Iraq of all liabilities thus incurred, and that such agreement shall be communicated to the Council of the League of Nations ; and

Whereas by Article IV of the same Treaty His Majesty the King of 'Iraq undertakes that he will fully consult the High Commissioner on what is conducive to a sound financial and fiscal policy, and will ensure the stability and good organisation of the finances of the 'Iraq Government so long as that Government is under financial obligations to the Government of His Britannic Majesty ; and

Whereas by Article XVIII of the same Treaty it is provided that nothing shall prevent the High Contracting Parties from reviewing from time to time the provisions of the separate agreement referred to above with a view to any revision which may seem desirable in the circumstances then existing, any modifications which may be agreed upon by the High Contracting Parties being communicated to the Council of the League of Nations :

Now therefore it is agreed as follows :

Article I.

The two Governments hereby recognise the principle that the entire cost of the Civil Administration of 'Iraq shall be borne on 'Iraq revenues, and that the Government of 'Iraq shall, at

<sup>1</sup> The exchange of ratifications took place at Baghdad, December 19, 1924.

<sup>2</sup> Page 13 of this Volume.

the earliest possible date, accept full financial responsibility for the maintenance of internal order, and for the defence of 'Iraq from external aggression.

*Article II.*

Such financial assistance as may for a time be provided by the Government of His Britannic Majesty shall take the form of the maintenance in 'Iraq, at the expense of His Britannic Majesty's Government, of an Imperial Garrison or of local forces controlled by His Britannic Majesty's Government, but shall in no case take the form of a contribution by His Britannic Majesty's Government to the cost of the 'Iraq army or local forces maintained and controlled by the Government of 'Iraq.

*Article III.*

The financial assistance to be provided for the aforesaid purposes shall be progressively reduced as His Britannic Majesty's Government may determine in each financial year, and shall in any case terminate within a period not exceeding four years from the date of the ratification of peace with Turkey.

*Article IV.*

The Government of 'Iraq undertake to devote not less than 25 per cent. of the revenues of 'Iraq towards the cost of the defence and security of 'Iraq.

For the purpose of this article the revenue of 'Iraq shall be regarded as the gross receipts in all cases under each head of revenue service with the exception of the commercial services, other than Posts, Telegraphs and Telephones, of which the net revenues shall be included.

*Article V.*

His Britannic Majesty's Government agree to the transfer to the Government of 'Iraq and, the Government of 'Iraq agree to accept the transfer, of the undermentioned works of public utility at the valuation shown against each of the works specified : —

	Rs.
Irrigation .....	62,12,040
Roads .....	3,20,000
Bridges .....	11,17,500
Posts, Telegraphs and Telephones .....	17,60,000
Total .....	94,09,540

*Article VI.*

The Government of 'Iraq accept the liability to repay to His Britannic Majesty's Government the full value of the works specified in the preceding article representing a total sum of Rs. 94,09,540.

*Article VII.*

The sum of Rs. 94,09,540 shall constitute a debt to be repaid by means of a terminable annuity, calculated so as to repay the capital sum, with interest at 5 per cent. per annum, within twenty years from the conclusion of this Agreement.

The Government of 'Iraq further agree that, if from any cause the whole or part of the annuity payable in any year shall remain unpaid at the close of that year, the amount so outstanding shall

be added to the total debt and converted into an annuity terminable within twenty years from the conclusion of this Agreement, with interest at 5 per cent. per annum. The annuity payments required under this article shall be a first charge on the general revenues of 'Iraq and no prior charge shall be set up without the consent of His Britannic Majesty's Government.

*Article VIII.*

His Britannic Majesty's Government hereby transfer to the Government of 'Iraq as from the 1st day of April, 1923, and for a period not exceeding four years from the ratification of the Treaty of Alliance, the management and administration of the 'Iraq railway system, which shall remain the property of His Britannic Majesty's Government, and the Government of 'Iraq hereby accept the responsibility for administering and managing the said system. So long as the railways are administered and managed by the 'Iraq Government, all receipts of the 'Iraq railways will be kept separate from the general revenues of 'Iraq and will be used solely for meeting (a) current expenditure of the railways and (b) in so far as there may be any surplus of receipts over such current expenditure, the cost of further capital works undertaken with the approval of the High Commissioner or the payment of interest on money borrowed for the purpose of such capital works. So long as the railways are administered or managed by the Government of 'Iraq, His Britannic Majesty's Government will do everything in their power to obtain for that Government any advice or assistance which they may require, the cost of such advice or assistance being charged as a part of the current expenses of the railways. His Britannic Majesty's Government will not sell the railways to any private purchaser within the period of four years from the ratification of the Treaty except with the concurrence of the 'Iraq Government, which shall not be unreasonably withheld, and the 'Iraq Government shall not within the same period lease the railways to any private lessee without the concurrence of His Britannic Majesty's Government. In the event of the Government of 'Iraq desiring within the said period to acquire the ownership of the railways whether for the purpose of selling or leasing them to any private purchaser or lessee or otherwise, His Britannic Majesty's Government shall state the terms upon which they will be prepared to transfer such ownership; and the transfer shall be made upon terms to be mutually agreed. In default of agreement as to such terms the matter shall be referred to three arbitrators of whom one shall be appointed by His Britannic Majesty's Government and one by the Government of 'Iraq. The third arbitrator shall be chosen by the other two arbitrators by agreement, or, failing such agreement, by the President of the Permanent Court of International Justice. The arbitrators shall take into consideration the expenses incurred by His Britannic Majesty's Government in the construction, equipment and maintenance of the railways and the past, actual and prospective value of the railways to the Government and people of 'Iraq and shall decide what payment ought to be made by the Government of 'Iraq to His Britannic Majesty's Government for the transfer of ownership and in what manner and at what dates, having regard to the general financial resources and liabilities of 'Iraq, such payment ought to be made. His Britannic Majesty's Government and the Government of 'Iraq undertake to accept and to give effect to the decision of the arbitrators.

His Britannic Majesty's Government and the Government of 'Iraq agree that on the expiry of the period of four years from the ratification of the Treaty of Alliance the ownership of the railway system shall in default of prior sale or transfer be forthwith transferred to the 'Iraq Government on terms to be mutually agreed, or, failing such agreement, to be decided by arbitration as hereinbefore provided.

*Article IX.*

The Government of 'Iraq agree not to dispose by sale or in any other manner of any of the works specified in Articles V, VI, VII and VIII without the prior consent of His Britannic Majesty's Government, until such time as repayment of the value of all the said works has been completed. Should any of the said works be so disposed of with the concurrence of His Britannic Majesty's Government, the outstanding debt to His Britannic Majesty's Government in respect of the work or works so disposed of shall simultaneously be liquidated by the 'Iraq Government. The

negotiations for such disposal shall be conducted by the High Commissioner and shall be subject to the approval of His Britannic Majesty's Government.

*Article X.*

His Britannic Majesty's Government and the Government of 'Iraq agree that the Port of Basrah shall be transferred to a Port Trust, and that the conditions of this transfer shall be dealt with separately and shall include the following : —

(1) Port receipts and expenditure shall be excluded from 'Iraq General Accounts, and a Port Trust shall be set up with the authority of the 'Iraq Government, and subject to the approval of His Britannic Majesty's Government, to administer the Port.

(2) The valuation of 72,19,000 rupees shall be treated as a debt of the Port Trust to His Britannic Majesty's Government. The terms and conditions on which the Port Trust shall operate shall be subject to the approval of His Britannic Majesty's Government, and shall be dealt with by separate arrangement in consultation with the Government of 'Iraq, who hereby agree to facilitate the negotiations for the establishment of the Port Trust, and to secure the position in 'Iraq of the said Port Trust by such legislation as may be necessary.

*Article XI.*

(1) The Government of 'Iraq agree that all lands and buildings, the property of the 'Iraq Government now in the occupation of His Britannic Majesty's Government for military and other purposes, shall remain in the undisturbed occupation of His Britannic Majesty's Government until such time as they are no longer required : provided that after the termination of the Anglo-'Iraq Treaty and subject to the provisions of any further Treaty or Agreement which may be concluded in pursuance of the Protocol to the said Treaty, His Britannic Majesty's Government shall not retain such land or buildings for a period longer than may be reasonably necessary for the sale or disposal of any buildings or works, the property of His Britannic Majesty's Government, situate thereon.†

(2) The 'Iraq Government agree to transfer to His Britannic Majesty's Government, free of charge, waste Government land required for military and other purposes by His Britannic Majesty's Government, and such land as well as the buildings thereon, or to be erected thereon, shall remain the property of His Britannic Majesty's Government for so long as such land and buildings are required by His Britannic Majesty's Government : provided that after the termination of the Anglo-'Iraq Treaty and subject to the provisions of any further Treaty or Agreement which may be concluded in pursuance of the Protocol to the said Treaty, His Britannic Majesty's Government shall not require the transfer of any further waste Government land for military purposes and shall not retain any such land already so transferred for military purposes for a period longer than may be reasonably necessary for the disposal of such land and the buildings thereon as provided in sub-clause 5 of this article.

(3) Privately owned land or buildings required at any time before the termination of the Anglo-'Iraq Treaty by His Britannic Majesty's Government for military and other purposes shall at the request of His Britannic Majesty's Government be acquired or leased by the 'Iraq Government under such Expropriation Law as may from time to time be in force, and the 'Iraq Government shall receive the purchase price or rental from His Britannic Majesty's Government. The 'Iraq Government agree to promulgate such legislation as may be necessary for the compulsory acquisition or leasing of any privately owned land or buildings required by His Britannic Majesty's Government for military and other purposes and any such legislation shall, in the case of land compulsorily leased on behalf of His Britannic Majesty's Government, empower His Britannic Majesty's Government on or before the expiration of such lease to remove any works or buildings erected on such land by His Britannic Majesty's Government and shall further provide that where

the land or building is to be acquired or leased on behalf of His Britannic Majesty's Government, a representative of His Britannic Majesty's Government to be selected by the High Commissioner shall serve in any Assessment Board constituted under such laws. As regards privately owned land of which ownership is acquired under this sub-clause by His Britannic Majesty's Government for military purposes, the 'Iraq Government shall have the right, at the termination of the Treaty, to purchase by agreement or arbitration the land and the buildings thereon. As regards privately owned land of which the leasehold is obtained under this sub-clause by His Britannic Majesty's Government for military purposes, the period of the lease shall be for the period of the Treaty, but shall be extended after the termination of the Treaty at the request of His Britannic Majesty's Government for such time as may be reasonably necessary to enable His Britannic Majesty's Government to dispose of the buildings thereon.

(4) The 'Iraq Government shall place no obstacle in the way of His Britannic Majesty's Government purchasing by agreement privately owned land or buildings.

(5) His Britannic Majesty's Government shall have full power to sell land acquired by them prior to the conclusion of this Agreement, and to be acquired under paragraphs 3 and 4 of this article, together with the buildings thereon, and to appropriate for their own use the proceeds of such sale, if at any time such land is no longer required by His Britannic Majesty's Government. His Britannic Majesty's Government shall have full power to dispose of land, together with the buildings thereon, transferred to them under paragraph 2 of this article, subject to payment to the Government of 'Iraq of the sale or rental value of the site, such value to be determined, where possible, by reference to the market value of similar land in the neighbourhood or by agreement between the two Governments.

#### *Article XII.*

The 'Iraq Government undertake that, notwithstanding the termination of the Treaty of Alliance, the financial obligations accepted by them in Articles V—XI of this Agreement shall continue in force until repayment of all sums due by them to His Britannic Majesty's Government under this Agreement has been completed, and shall be faithfully fulfilled. They further agree that until the completion of such repayment no prior charge on the general revenues of 'Iraq shall be created in order to secure a loan or for any similar purpose without the prior consent of His Britannic Majesty's Government. Such consent shall not be withheld if His Britannic Majesty's Government are satisfied that the object for which such prior charge is to be created is one which will tend to secure the sound financial development of 'Iraq, and will not impair the capacity of the 'Iraq Government to discharge their liabilities to His Britannic Majesty's Government.

#### *Article XIII.*

The ordinary expenses of civil government and administration and the salaries and expenses of the High Commissioner and his staff will be borne entirely by the Government of 'Iraq. His Britannic Majesty's Government will invite Parliament to make a contribution amounting to half of the expenditure approved by the Secretary of State upon salaries and other expenses of the High Commissioner and his staff. The Government of 'Iraq will provide quarters for the accommodation of members of the staff of the High Commissioner subject to the payment of reasonable rent by the officers concerned.

#### *Article XIV.*

(1) The Government of 'Iraq agree that the following articles shall be exempt from Customs duties on import or export : —

- (a) All articles for the personal use of the High Commissioner.
- (b) All articles for the official use of the High Commissioner and his staff and of the Imperial and other forces or services maintained in 'Iraq at the expense of His Britannic Majesty's Government, all articles imported by or consigned to the Navy, Army and Air Force Institute or any other official canteen for His Britannic Majesty's Forces, and all personal effects introduced on arrival in 'Iraq by members

of the High Commissioner's staff and of such forces or services, provided that if any articles imported or introduced under this exemption are disposed of to other parties than those entitled to this exemption, the Customs duty then in force shall be paid by the person, service, force or institute making such disposal.

- (c) All imported articles addressed to individual members or recognised messes of His Britannic Majesty's forces on production of a certificate that they are for the use of the individual or mess concerned.
- (d) All articles exported by members of His Britannic Majesty's forces on production of a certificate that they are not exported for sale.

(2) Duty shall be paid on all articles not imported directly by the authorities, forces and services detailed above, but the 'Iraq Government agree to grant a rebate of the duty so paid on production of a certificate from a competent authority that the articles on which duty has been paid have been delivered to and received for the official use of the High Commissioner and his staff and of the Imperial and other forces maintained in 'Iraq at the expense of His Britannic Majesty's Government.

*Article XV.*

The Government of 'Iraq agree not to levy any tax on the forces or services of His Britannic Majesty's Government in respect of offices, buildings, land or premises occupied by such forces or services for official purposes.

*Article XVI.*

The Government of 'Iraq undertake to provide for the due payment of all sums which may be payable to officials of British nationality in the employment of the 'Iraq Government in accordance with the provisions of the terms of the contracts of those officials, and this undertaking shall continue in force during the continuance and on the termination of such contracts.

*Article XVII.*

The Government of 'Iraq recognise their liability to meet as they fall due all sums or charges in respect of the Ottoman Public Debt which may be assigned to the Government of 'Iraq under the Treaty of Peace with Turkey.

*Article XVIII.*

The forces and services of His Britannic Majesty's Government, including the Navy, Army and Air Force Institute or any other official canteen of His Britannic Majesty's Forces, shall pay at most-favoured rates for all services rendered by Departments of the 'Iraq Government.

*Article XIX.*

His Britannic Majesty's Government agree to contribute towards the cost of upkeep and maintenance of roads and bridges used for traffic by His Britannic Majesty's Forces. The expenses incurred by His Britannic Majesty's Government on public roads and bridges shall be taken into account in assessing such contribution.

In witness of which the respective Plenipotentiaries have affixed their signatures thereto. Done at Baghdad, in duplicate, this twenty-fifth day of March, one thousand nine hundred and twenty-four of the Christian Era, corresponding with the nineteenth day of Sha'ban, one thousand three hundred and forty-two, Hijrah.

H. DOBBS,

*His Britannic Majesty's High Commissioner for 'Iraq.*

JA'FAR AL 'ASKARĪ,

*Prime Minister of the 'Iraq Government.*