

German Payments in Trade With Canada

Editor's Note—Below we are publishing a translation of the text of Runderlass No. 165/36 D.St. 78/36 Ue.St. of November 14, 1936, (Circular of the Reichsstelle for the Supervision of Foreign Exchange) in regard to German payments as to trade with Canada. As reported in the December 1936 issue of the "German American Commerce Bulletin" a most-favored nation trade agreement was signed between Germany and Canada on October 22, 1936. For all firms interested in German-Canadian trade, this Runderlass is of great importance.

A German copy of this Runderlass is on file in the offices of the Board of Trade.

I.

Agreement as to payments concluded between Canada and Germany, effective on November 15, 1936. A publication to this effect has been made in the Reichsgesetzblatt, Part II, No. 41 of November 14, 1936.

The Agreement as to Payments only applies to payments for Canadian goods irrespective of whether or not the goods have been shipped or sent directly to Germany or through ports in third countries, or in the name of, or for the account of persons domiciled in third countries. As Canadian shall be considered such goods as have been produced in Canada or have there undergone, before being imported into Germany, an alteration or processing, the effect of which was a substantial change in their condition for the purposes of the final economically warranted alteration.

The following regulations only apply to obligations arising from the importation of goods, which have become due for the first time after November 14, 1936.

II.

Mode of Payment

1. Payments for Canadian goods are to be carried out, on principle, with foreign exchange to be obtained from the Reichsbank.

The Reichsbank will apportion the foreign exchange requisite for payments for Canadian goods, when a corresponding certificate for the granting of foreign exchange is presented. These foreign exchange certificates will be issued by the control boards within the extent of the amounts placed at their disposal under the provisions of the German-Canadian Payments Agreement.

2. Permits may be granted for the transmission of drafts in Reichsmarks or foreign exchange without cash-clause for the payment of Canadian goods. The draft value may be sent abroad in foreign exchange only to be obtained from the Reichsbank in accordance with No. 1, of this section.

Such drafts may be accepted for collection by domestic banks without any special permit. Amounts collected from such drafts may be used by such banks, without special permits, for obtaining foreign exchange from the Reichsbank.

3. Cheques (in foreign currency) may be transmitted only when acquired from the Reichsbank in accordance with No. 1 of this section.

4. Rembours-credits within and without the Stillstand agreement as well as

Tredefina-credits are permitted to be used.

5. Payments in Reichsmarks into foreigners' free Reichsmarks accounts as well as payments through the mail are not allowed.

III.

Incidental Goods Trade Charges

Payments for incidental charges in the sale of goods in so far as they are not included in the purchase price are governed by the general regulations.

IV.

Private Barter Transactions

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1. Private barter transactions in goods trade with Canada, by which deliveries of goods are set off against one another, can, in general, no longer be allowed. Regarding the question as to whether such transactions may be allowed during the first months after the German-Canadian Payments Agreement has come into force, determination will be made by the Reich Foreign Exchange Administration.

In view of the large number of private barter transactions recently sanctioned in regard to which exports will only take place during the coming months, and in consideration of the large number of applications already made and still awaiting permits for private barter transactions, there is no prospect of further applications being granted.

2. Foreigners' Special Accounts for making payments in Germany in connection with trade with Canada cannot be allowed. The use of the only one, account Aski, existing at present in favor of one Canadian account holder will be regulated under a special decree.

As far as, in special instances, payments from Aski belonging to non-Canadian account holders for exports of German goods to Canada are permitted, payments from these accounts for exports of German goods to Canada may only be made when proof is submitted that the respective export transactions were entered into before this decree was published.

V.

Release of Blocked Accounts for Payments of Goods Exported to Canada

The use of blocked accounts for payment of goods under Ri. II 55 Sec. 2c. is not allowed. The regulations of Circular 73/35 D.St. therefore cannot be applied to goods exported from Germany to Canada.

VI.

Raw Material Credit Transactions

Raw material credit transactions under which German goods are to be exported to Canada are no longer allowed. The same applies to raw material credit transactions under which Canadian goods are to be imported into Germany.

VII.

Transition Regulations

Payments or Transactions of the kind referred to in Sections IV No. 1, V, and VI hereof and approved before publication of this decree may be carried out. The same applies to transactions not yet approved for the approval of which the Foreign Exchange Offices or the Control Boards have been authorized under separate decrees of the Foreign Exchange Administration.

GERMANY'S COLONIAL DEMANDS

"The German colonial problem is not a problem of imperialism. It is not a mere problem of prestige. It is simply and solely a problem of economic existence. Precisely for that reason the future of European peace depends upon it." So writes Dr. Hjalmar Schacht in a 14-page brochure of dynamic reasoning on "Germany's Colonial Demands", issued by the *Foreign Affairs* quarterly. He shows that for the fifteen years before the war, the external trade of the German colonies increased seven-fold. If there is unrest in the countries of the "have-nots", the peace-loving attitude of Britain, contrasted with the unrest elsewhere, Dr. Schacht explains in the quoted words of a speaker in the House of Lords: "It is because she had got all she wanted" namely, more than a quarter of the earth's surface providing her with all needs. Germany, on the contrary, is supplied by her home production in only four cases, more or less adequately supplied in two and completely without supplies in nineteen. Disposing of the fear of German competition, Dr. Schacht shows that trade between Germany and Britain "was never so active as at the time before the war when these two countries were engaged in fair industrial competition". Admitting that sundry happenings in Germany are not approved by Americans, he asks, "What would they themselves do after having lost the war which they fought in the conviction that it was for their existence, if they then were oppressed for twenty years by an unjust peace, and on top of that were deprived of the necessities of life?"

The arguments for colonial possessions are presented by Dr. Schacht in his usual frank and forceful manner. The pamphlet affords much information on the vexing problem with which it deals and postures the German contention in a brilliant and persuasive light.

Much is said nowadays to the effect that Germany is striving for autarchy. People entirely forget that this autarchy has long since been achieved by such countries as France and Great Britain, not to mention Russia and the United States.—Dr. Hjalmar Schacht.

Japan and Italy are no longer among the dissatisfied nations. They have left the have-nots and have joined the ranks of the Haves, those nations which are satisfied. Germany remains the only dissatisfied large Power. So long, then, as the problem of colonial raw materials is not solved for Germany, so long will she remain a source of unrest despite all her love of peace.—Dr. Hjalmar Schacht

A particularly ridiculous charge to which Germany has often to listen in connection with her colonial demands, is that colonies in general and her former colonies in particular are valueless, and that it would not do Germany any good if her colonies were restored to her. This immediately prompts the retort: If the colonies are so bad, why do you keep them?—Dr. Hjalmar Schacht

Niemals ist in der Welt etwas Grosses angerichtet worden ohne Enthusiasmus.

—Kant.

Handelsabk.