

ECONOMIC AND TRADE NOTES

Shanghai

China

May 6, 1933.

(City)

(Country)

(Date)

John J. Ehrhardt

Trade Commissioner

Submitted by:

(Name)

(Title)

11-8051

MAY 29 1933

FOREIGN SERVICE

Remission of Dutch Boxer Indemnity

Final agreements have been reached between the Chinese and Netherlands Governments for the disposal of the Dutch Boxer Indemnity Funds. In a communication between the Chinese Minister of Foreign Affairs and the Netherlands Minister, it has been agreed that 65% of the fund remitted shall be devoted to conservancy work in China while the remaining 35% shall be devoted to cultural purposes. The total amount of the Netherlands Boxer Indemnity was 0.17380% of the total.

Thus, the amount still to be remitted from January 1, 1926 to the year 1940 would equal approximately Guilders 1,800,000. The text of the communication given in the China Press under date of April 16, is as follows:

Remission of Dutch Boxer Indemnity Agreed To

All Payments As From January 1, 1926, Affected; 65 Per Cent. To Go For Conservancy Works And Remainder For Cultural Purposes

Hankow, April 17.- The Chinese Foreign Office to-day released the Note exchanged on April 4 between Dr. Lo Sun-kan, Chinese Foreign Minister, and Dr. Thorbecke, the Netherlands Minister to China, by which the Netherland Government remit all payments on the Boxer Indemnity as from January 1, 1926 to the Chinese Government.

Of the sum remitted 65 per cent. is to be devoted to conservancy work in China and the remaining 35 per cent. to cultural purposes.

Text Of The Notes

The texts of the Notes are as follows:-

Your Excellency.

With reference to the Netherlands share of the indemnity of 1901, I have the honour to recall the declaration voluntarily made by the Netherlands Government in October, 1925, which the Chinese Government promptly acknowledged with gratification to the effect that the Netherlands Government had the intention of utilizing the

24 23

'payments of that indemnity then still due for purposes beneficial to China.

'It is now the understanding of the Chinese Government that in the execution of the above declaration the Netherlands Government will remit all payments of the indemnity as from January 1, 1926 to the Chinese Government to be used for the purpose and in the manner described, as follows:

'1.- Sixty-five per cent. of the fund remitted shall be devoted to conservancy work in China while the remaining 35 per cent. shall be devoted to cultural purposes in the manner provided in paragraphs 5 and 7.

'2.- Of the amount set aside for conservancy work, \$400,000 will be used for the Survey and Research Institute in Nanking and the remainder for conservancy work in the same city.

'3.- The custody and administration of the fund to be devoted to conservancy work in China shall be entrusted to a board of trustees consisting of two Chinese members and one Netherlands member, all appointed by the Chinese Government with one of them designated as chairman.

'4.- For the conservancy work mentioned above, the Chinese Government agrees to employ a Netherlands engineer of high standing, who shall render such technical services as may be required by the Chinese Government. The salary of the engineer will be defrayed out of the fund for conservancy work.

'5.- In regard to the 35 per cent. for cultural purposes, a sum of 400,000 guilders shall be at once set aside out of funds accumulated since January 1, 1926, and now held in custody by the Netherlands Government as an endowment fund in the Netherlands.

'The custody and administration of this endowment fund shall be entrusted to a board of trustees consisting of the Chinese diplomatic representative at the Hague, the President of the Literary Section of the Royal Academy of Science at Amsterdam and the President and the Curator of the University of Leyden.

'6.- In order to further cultural relations between China and the Netherlands 55 per cent. of the yearly income from the cultural endowment fund shall be handed over each year to the Academia Sinica in China which will use 13 out of this 55 per cent. as a subsidy to the activities of that institution and the remaining 40 per cent. in the form of scholarships for Chinese scholars and students to be sent to the Netherlands. If necessary, this proportion may at the request of the Academia Sinica be changed by the board of trustees of the endowment fund.

'The granting of scholarships will be decided by the Academia Sinica in consultation with the Netherlands Minister to China.

'The remaining 47 per cent. of the said yearly income from the cultural endowment fund shall be donated each year to the Sinological Institute at the University of Leyden, which will apply the money in such a manner as will promote cultural relations between China and the Netherlands.

'Both the Sinological Institute and the Academia Sinica shall submit every year a report to the board of trustees of the endowment fund accounting for the funds received during the preceding year.

Blond Calder,
Assistant Commercial Attaché.

'7.- Before determining the amounts representing the 53 and 47 per cent. respectively of the yearly interest on the capital of 400,000 guilders, all expenses in connection with the administration of the endowment fund will be deducted from that yearly interest.

'When, after the deduction of certain advances already made by the Netherlands Government and after the completion of the interest computations a definite amount of the aforesaid 35 per cent. shall have been determined, the difference between this amount and the 400,000 guilders mentioned in paragraph 5 shall be added to the cultural endowment.

'As soon as the cultural endowment is thus increased the shares of the yearly income allotted to the Academia Sinica in China and to the Sinological Institute of the University of Leyden respectively shall be increased in the same proportion as provided in paragraph six.

'8.- All future instalments of the indemnity as they fall due will be paid by the Chinese Government to Her Majesty's Diplomatic representative in China, who will transfer the amount to the account of the board of trustees mentioned in paragraph three.

'I have the honour to request Your Excellency to confirm the above understandings in the name of the Netherlands Government.

'I avail myself etc.

(Signed) Lo Wen-kan.

Dr. Thorbecke's Acceptance

Dr. Thorbecke's reply is as follows:- 'Your Excellency.

'I have the honour to acknowledge receipt of Your Excellency's note of to-day's date, which reads as follows (here follows Dr. Lo Wen-kan's note).

'On behalf of the Netherlands Government I have the honour to inform Your Excellency that I have duly communicated this note to Her Majesty's Government who have instructed me that they agree to the proposals suggested by your Government as to the future utilization of the balance of the Netherlands share of the indemnity.'

(Signed)

W. J. R. THORBECKE.

John J. Ehrhardt,
Trade Commissioner.

JJE:EH:C

Approved for Transmission:

A. Bland Calder,
Assistant Commercial Attache.