COLLECTION AND APPLICATION
OF CUSTOMS REVENUES

Convention signed at Washington December 27, 1924
Senate advice and consent to ratification January 21, 1925
Ratified by the President of the United States January 26, 1925
Ratified by the Dominican Republic August 17, 1925
Ratifications exchanged at Washington October 24, 1925
Entered into force October 24, 1925
Proclaimed by the President of the United States October 26, 1925
Terminated March 10, 1941, by convention of September 24, 1940

44 Stat. 2162; Treaty Series 726

WHEREAS a convention between the United States of America and the
Dominican Republic providing for the assistance of the United States in the
collection and application of the customs revenues of the Dominican Re-
public, was concluded and signed by their respective Plenipotentiaries at the
City of Santo Domingo, on the eighth day of February, one thousand nine
hundred and seven, 1

WHEREAS that convention was entered into to enable the Dominican
Government to carry out a plan of settlement for the adjustment of debts
and claims against the Government; and

WHEREAS, in accordance with that plan of settlement, the Dominican
Republic issued in 1908, bonds to the amount of $20,000,000, bearing 5 per
cent interest, payable in 50 years and redeemable after 10 years at 102 1/2,
and requiring payment of at least 1 per cent per annum for amortization;
and

WHEREAS additional obligations have been incurred by the Dominican
Government in the form of the issuance, in 1918, of bonds to the amount
of $5,000,000, bearing 5 per cent interest, payable in 20 years, and redeem-
able at par on each interest date as the amount of amortization fund available
on such interest dates will permit, and requiring payment of at least 5 per

1 TS 965, post, p. 224. In accordance with terms of art. IX of convention of Sept. 24,
1940, arts. I, II, and V continued in force until Mar. 31, 1941; see exchange of notes,
post, p. 238.

2 TS 465, ante, p. 196.
cent per annum for amortization; and in the form of the issuance of bonds, in 1922, to the amount of $10,000,000, bearing 5½ per cent interest, payable in 20 years, and redeemable after 8 years at 101. and requiring payment after such period of at least $563,916.67 per annum for amortization; and

WHEREAS certain of the terms of the contracts under which these bonds have been issued have proven by experience unduly onerous to the Dominican Republic and have compelled it to devote a larger portion of the customs revenues to provide the interest and sinking fund charges pledged to the service of such bonds than is deemed advisable or necessary; and

WHEREAS it is the desire of the Dominican Government and appears to be to the best interest of the Dominican Republic to issue bonds to a total amount of $25,000,000, in order to provide for the refunding on terms more advantageous to the Republic of its obligations represented by the bonds of the three issues above mentioned still outstanding and for a balance remaining after such operation is concluded to be devoted to permanent public improvements and to other projects designed to further the economic and industrial development of the country; and

WHEREAS the whole of this plan is conditioned and dependent upon the assistance of the United States in the collection of customs revenues of the Dominican Republic and the application thereof so far as necessary to the interest upon and the amortization and redemption of said bonds, and the Dominican Republic has requested the United States to give and the United States is willing to give such assistance:

The United States of America, represented by Charles Evans Hughes, Secretary of State of the United States of America; and the Dominican Republic, represented by Señor José del Carmen Ariza, Envoy Extraordinary and Minister Plenipotentiary of the Dominican Republic in Washington, have agreed:

**Article I**

That the President of the United States shall appoint a General Receiver of Dominican Customs, who, with such Assistant Receivers and other employees of the Receivership as shall be appointed by the President of the United States in his discretion, shall collect all the customs duties accruing at the several customs houses of the Dominican Republic until the payment or retirement of any and all bonds issued by the Dominican Government in accordance with the plan and under the limitations as to terms and amounts hereinbefore recited; and said General Receiver shall apply the sums so collected, as follows:

First, to paying the expenses of the receivership; second, to the payment of interest upon all bonds outstanding; third, to the payment of the annual sums provided for amortization of said bonds including interest upon all bonds held in sinking fund; fourth, to the purchase and cancellation or the retirement and cancellation pursuant to the terms thereof of any of said
bonds as may be directed by the Dominican Government; fifth, the remainder to be paid to the Dominican Government.

The method of distributing the current collections of revenue in order to accomplish the application thereof as hereinbefore provided shall be as follows:

The expenses of the receivership shall be paid by the Receiver as they arise. The allowances to the General Receiver and his assistants for the expenses of collecting the revenues shall not exceed five per cent unless by agreement between the two Governments.

On the first day of each calendar month shall be paid over by the Receiver to the Fiscal Agent of the loan a sum equal to one twelfth of the annual interest of all the bonds issued and of the annual sums provided for amortization of said bonds and the remaining collection of the last preceding month shall be paid over to the Dominican Government, or applied to the sinking fund for the purchase or redemption of bonds or for other purposes as the Dominican Government shall direct.

Provided, that in case the customs revenues collected by the General Receiver shall in any year exceed the sum of $4,000,000, 10 per cent of the surplus above such sum of $4,000,000 shall be applied to the sinking fund for the redemption of bonds.

**Article II**

The Dominican Government will provide by law for the payment of all customs duties to the General Receiver and his assistants, and will give to them all needful aid and assistance and full protection to the extent of its powers. The Government of the United States will give to the General Receiver and his assistants such protection as it may find to be requisite for the performance of their duties.

**Article III**

Until the Dominican Republic has paid the whole amount of the bonds of the debt, its public debt shall not be increased except by previous agreement between the Dominican Government and the United States.

**Article IV**

The Dominican Government agrees that the import duties will at no time be modified to such an extent that, on the basis of exportations and importations to the like amount and the like character during the two years preceding that in which it is desired to make such modification, the total net customs receipts would not at such altered rates have amounted for each of such two years to at least 1 1/2 times the amount necessary to provide for the interest and sinking fund charges upon its public debt.
ARTICLE V

The accounts of the General Receiver shall be rendered monthly to the Ministry of Finance and Commerce of the Dominican Republic and to the State Department of the United States and shall be subject to examination and verification by the appropriate officers of the Dominican and the United States Governments.

ARTICLE VI

The determination of any controversy which may arise between the Contracting Parties in the carrying out of the provisions of this Convention shall, should the two Governments be unable to come to an agreement through diplomatic channels, be by arbitration. In the carrying out of this agreement in each individual case, the Contracting Parties, once the necessity of arbitration is determined, shall conclude a special agreement defining clearly the scope of the dispute, the scope of the powers of the arbitrators, and the periods to be fixed for the formation of the arbitral tribunal and the several stages of the procedure. The special agreement providing for arbitration shall, in all cases, be signed within a period of three months from the date upon which either one of the Contracting Parties shall notify the other Contracting Party of its desire to resort to arbitration. It is understood that on the part of the United States, such special agreements will be made by the President of the United States by and with the advice and consent of the Senate thereto, and on the part of the Dominican Republic, shall be subject to the procedure required by the Constitution and laws thereof.

ARTICLE VII

This agreement shall take effect after its approval by the Contracting Parties in accordance with their respective Constitutional methods. Upon the exchange of ratifications of this convention, which shall take place at Washington as soon as possible, the Convention between the United States of America and the Dominican Republic providing for the assistance of the United States in the collection and application of the customs revenues, concluded and signed at the City of Santo Domingo on the 8th day of February, 1907, shall be deemed to be abrogated.

Done in duplicate in the English and Spanish languages at the City of Washington this 27th day of December, nineteen hundred and twenty-four.

CHARLES EVANS HUGHES [seal]

J. C. ARIZA [seal]