

MOST-FAVORED-NATION TREATMENT FOR AREAS UNDER OCCUPATION OR CONTROL

Exchange of notes at Lisbon September 28, 1948

Entered into force September 28, 1948

Expired in accordance with its terms

62 Stat. 2845; Treaties and Other
International Acts Series 1817

The American Ambassador to the Minister of Foreign Affairs

EXCELLENCY:

I have the honor to refer to the conversations which have recently taken place between representatives of our two Governments relating to the territorial application of commercial arrangements between the United States of America and Portugal and to confirm the understanding reached as a result of these conversations as follows:

1. For such time as the Government of the United States of America participates in the occupation or control of any areas in western Germany and the Free Territory of Trieste, the Government of Portugal will apply to the merchandise trade of such area the provisions relating to the most-favored-nation treatment of the merchandise trade of the United States of America set forth in the Commercial Agreement signed June 28, 1910,¹ or for such time as the Governments of the United States of America and Portugal may both be contracting parties to the General Agreement on Tariffs and Trade, dated October 30, 1947,² the provisions of that Agreement, as now or hereafter amended, relating to the most-favored-nation treatment of such trade. It is understood that the undertaking in this paragraph relating to the application of the most-favored-nation provisions of the Commercial Agreement shall be subject to the exceptions recognized in the General Agreement on Tariffs and Trade permitting departures from the application of most-favored-nation treatment; provided that nothing in this sentence shall be construed to require compliance with the procedures specified in the General Agreement with regard to the application of such exceptions.

¹ TS 514½, *ante*, p. 324.

² TIAS 1700, *ante*, vol. 4, p. 639.

2. The undertaking in point 1, above, will apply to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most-favored-nation treatment to the merchandise trade of Portugal.

3. The undertakings in points 1 and 2, above, are entered into in the light of the absence at the present time of effective or significant tariff barriers to imports into the areas herein concerned. In the event that such tariff barriers are imposed, it is understood that such undertakings shall be without prejudice to the application of the principles set forth in the Havana Charter for an International Trade Organization⁸ relating to the reduction of tariffs on a mutually advantageous basis.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in western Germany referred to in point 1 above may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. So long as such a condition exists, and if consultation with the Government of the United States of America fails to reach an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in point 1 for the Government of Portugal to levy a countervailing duty on import of such goods equivalent to the estimated amount of such subsidization, where the Government of Portugal determines that the subsidization is such as to cause or threaten material injury to an established domestic industry or is such as to prevent or materially retard the establishment of a domestic industry.

5. The undertakings in this note shall remain in force until January 1, 1951, and unless at least six months before January 1, 1951, either Government shall have given notice in writing to the other of intention to terminate these undertakings on that date, they shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

Please accept, Excellency, the renewed assurances of my highest consideration.

LINCOLN MACVEAGH

LISBON, *September 28, 1948*

His Excellency

Dr. JOSÉ CAEIRO DA MATTA
Minister for Foreign Affairs
Lisbon

⁸ Unperfected; for excerpts, see *A Decade of American Foreign Policy: Basic Documents, 1941-49* (U.S. Government Printing Office, 1950), p. 391.

The Minister of Foreign Affairs to the American Ambassador

[TRANSLATION]

LISBON, *September 28, 1948*

MR. AMBASSADOR:

With reference to the conversations which have recently taken place between representatives of our two Governments relating to the territorial application of the commercial arrangements between Portugal and the United States of America, I have the honor to confirm the understanding reached as a result of these conversations, as follows:

[For text of understanding, see numbered paragraphs of U.S. note, above.]

I avail myself of the opportunity to renew to Your Excellency, Mr. Ambassador, the assurances of my highest consideration.

JOSÉ CAEIRO DA MATA

His Excellency

LINCOLN MACVEAGH

*Ambassador of the United States of America
at Lisbon, Portugal,
etc., etc., etc.*