

Free Territory of Trieste
(British/United States Zone)

ECONOMIC COOPERATION

Agreement signed at Trieste October 15, 1948, with annex
Entered into force October 15, 1948
Amended by agreements of December 27 and 28, 1949,¹ and March 29
and April 19, 1951²
Expired June 30, 1953³

62 Stat. 3026; Treaties and Other
International Acts Series 1845

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES OF
AMERICA AND THE BRITISH/UNITED STATES ZONE, FREE TERRITORY
OF TRIESTE

Preamble

The Government of the United States of America and, on behalf of the British/United States Zone, Free Territory of Trieste, the Commander, British/United States Forces, Free Territory of Trieste:

Recognizing that the restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance;

Recognizing that a strong and prosperous European economy is essential for the attainment of the purposes of the United Nations;

Considering that the achievement of such conditions calls for a European

¹ TIAS 2035, *post*, p. 1064.

² 2 UST 1156; TIAS 2261.

³ In accordance with terms of art. X.

recovery plan of self-help and mutual cooperation open to all nations which cooperate in such a plan, based upon a strong production effort, the expansion of foreign trade, the creation or maintenance of internal financial stability and the development of economic cooperation, including all possible steps to establish and maintain valid rates of exchange and to reduce trade barriers;

Considering that in furtherance of these principles the Commander, on behalf of the UK/US Zone, has joined with other like-minded nations in the Convention for European Economic Cooperation signed at Paris on April 16, 1948 under which the signatories of that Convention agreed to undertake as their immediate task the elaboration and execution of a joint recovery program, and that the UK/US Zone is a member of the Organization for European Economic Cooperation created pursuant to the provisions of that Convention;

Considering also that, in furtherance of these principles, the Government of the United States of America has enacted the Economic Cooperation Act of 1948,⁴ providing for the furnishing of assistance by the United States of America to nations participating in a joint program for European recovery, in order to enable such nations through their own individual and concerted efforts to become independent of extraordinary outside economic assistance;

Desiring to set forth the understandings which govern the furnishing of assistance by the Government of the United States of America under the Economic Cooperation Act of 1948, the receipt of such assistance by the UK/US Zone, and the measures which the two parties will take individually and together in furthering the recovery of the UK/US Zone as an integral part of the joint program for European recovery;

Have agreed as follows:

ARTICLE I

(Assistance and Cooperation)

1. The Government of the United States of America undertakes to assist the UK/US Zone, by making available to the Commander or to any person, agency or organization designated by the latter such assistance as may be requested by him and approved by the Government of the United States of America. The Government of the United States of America will furnish this assistance under the provisions, and subject to all of the terms, conditions and termination provisions, of the Economic Cooperation Act of 1948, acts amendatory and supplementary thereto and appropriation acts thereunder, and will make available to the Commander only such commodities, services and other assistance as are authorized to be made available by such acts.

⁴ 62 Stat. 137.

2. The Commander, acting directly and through the Organization for European Economic Cooperation, consistently with the Convention for European Economic Cooperation signed at Paris on April 16, 1948, will exert sustained efforts in common with other participating countries speedily to achieve through a joint recovery program economic conditions in Europe essential to lasting peace and prosperity and to enable the countries of Europe participating in such a joint recovery program to become independent of extraordinary outside economic assistance within the period of this Agreement. The Commander will take action to carry out the provisions of the General Obligations of the Convention for European Economic Cooperation, to continue to participate actively in the work of the Organization for European Economic Cooperation, and to adhere to the purposes and policies of the Economic Cooperation Act of 1948.

3. The Commander will carry out his obligations under this Agreement with due regard for his responsibilities under the relevant clauses of the Treaty of Peace with Italy signed at Paris February 10, 1947.⁵

4. With respect to assistance furnished by the Government of the United States of America to the UK/US Zone and procured from areas outside the United States of America, its territories and possessions, the Commander will cooperate with the Government of the United States of America in ensuring that procurement will be effected at reasonable prices and on reasonable terms and so as to arrange that the dollars thereby made available to the country from which the assistance is procured are used in a manner consistent with any arrangements made by the Government of the United States of America with such country.

ARTICLE II⁶

(General Undertakings)

1. In order to achieve the maximum recovery through the employment of assistance received from the Government of the United States of America, the Commander will use his best endeavors:

a) to adopt or maintain the measures necessary to ensure efficient and practical use of all the resources available to the UK/US Zone, including

(i) such measures as may be necessary to ensure that the commodities and services obtained with assistance furnished under this Agreement are used for purposes consistent with this Agreement and, as far as practicable, with the general purposes outlined in the schedules furnished by the Commander in support of the requirements of assistance to be furnished by the Government of the United States of America;

⁵ TIAS 1648, *ante*, vol. 4, p. 311.

⁶ For understandings relating to art. II, paras. 1 (a) and (c) and para. 3, see annex, p. 1058.

(ii) the observation and review of the use of such resources through an effective follow-up system approved by the Organization for European Economic Cooperation; and

(iii) to the extent practicable, measures to locate, identify and put into appropriate use in furtherance of the joint program for European recovery, assets, and earnings therefrom, which belong to citizens and juridical persons domiciled within the boundaries of the UK/US Zone and which are situated within the United States of America, its territories or possessions. Nothing in this clause imposes any obligation on the Government of the United States of America to assist in carrying out such measures or on the Commander to dispose of such assets;

b) to promote the development of industrial and agricultural production on a sound economic basis; to achieve such production targets as may be established through the Organization for European Economic Cooperation; and when desired by the Government of the United States of America, to communicate to that Government detailed proposals for specific projects contemplated by the Commander to be undertaken in substantial part with assistance made available pursuant to this Agreement, including whenever practicable projects for increased production of steel and transportation facilities;

c) to balance the governmental budget as soon as practicable and to create or maintain internal financial stability; and

d) to cooperate with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and in reducing public and private barriers to trade among themselves and with other countries.

2. Taking into account Article 8 of the Convention for European Economic Cooperation looking toward the full and effective use of manpower available in the participating countries, the Commander, with due regard for the urgency and importance of the problems of surplus manpower in the UK/US Zone, will accord sympathetic consideration to proposals made in conjunction with the International Refugee Organization directed to the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this Agreement.

3. The Commander will take the measures which he deems appropriate, and will cooperate with other participating countries, to prevent, on the part of private or public commercial enterprises, business practices or business arrangements affecting international trade which restrain competition, limit access to markets or foster monopolistic control whenever such practices or arrangements have the effect of interfering with the achievement of the joint program of European recovery.

ARTICLE III ⁷

(Guaranties)

1. The Government of the United States of America and the Commander will, upon the request of either party, consult respecting projects in the UK/US Zone proposed by nationals of the United States of America and with regard to which the Government of the United States of America may appropriately make guaranties of currency transfer under section 111(b)(3) of the Economic Cooperation Act of 1948.

2. The Commander agrees that if the Government of the United States of America makes payment in United States dollars to any person under such a guaranty, any Italian lire, or credits in Italian lire, assigned or transferred to the Government of the United States of America pursuant to that section shall be recognized as property of the Government of the United States of America.

ARTICLE IV ⁸

(Local Currency)

1. The provisions of this Article shall apply only with respect to assistance which may be furnished by the Government of the United States of America on a grant basis.

2. The Commander will establish a special account in the Banca d'Italia in the name of the Commander (hereinafter called the Special Account) and will make deposits in Italian lire to this account as follows:

(a) The unencumbered balance, at the close of business on the date of this Agreement, in the Special Account in the Banca d'Italia established in accordance with the provisions of Section 6 of Public Law 84, Eightieth Congress,⁹ and Section 103(b) of the Economic Cooperation Act of 1948, together with any further sums which may, from time to time, be required to be deposited in the Special Account. It is understood that subsection (e) of Section 114 of the Economic Cooperation Act of 1948 constitutes the approval and determination of the Government of the United States of America with respect to the disposition of such balance.

(b) Amounts commensurate with the indicated dollar cost to the Government of the United States of America of commodities, services and technical information (including any costs of processing, storing, transporting, repairing or other services incident thereto) made available to the UK/US Zone on a grant basis by any means authorized under the Economic Cooperation

⁷ For an amendment to art. III, para. 2, see agreement of Dec. 27 and 28, 1949 (TIAS 2035), *post*, p. 1064.

⁸ For an understanding relating to art. IV, para. 2(b), and an amendment to art. IV, para. 4, see *ibid*.

⁹ 61 Stat. 125.

Act of 1948. The Government of the United States of America shall from time to time notify the Commander of the indicated dollar cost of any such commodities, services and technical information, and the Commander will thereupon deposit in the Special Account a commensurate amount of Italian lire computed at a rate of exchange which shall be the par value agreed at such time with the International Monetary Fund; provided that this agreed value is the single rate applicable to the purchase of dollars for imports into the UK/US Zone. If at the time of notification a par value for the Italian lira is agreed with the Fund and there are one or more other rates applicable to the purchase of dollars for imports into the UK/US Zone or, if at the time of notification no par value for the Italian lira is agreed with the Fund, the rate or rates for this particular purpose shall be mutually agreed upon between the Commander and the Government of the United States of America. The Commander may at any time make advance deposits in the Special Account which shall be credited against subsequent notifications pursuant to this paragraph.

3. The Government of the United States of America will from time to time notify the Commander of its requirements for administrative expenditures in Italian lire within the UK/US Zone incident to operations under the Economic Cooperation Act of 1948, and the Commander will thereupon make such sums available out of any balances in the Special Account in the manner requested by the Government of the United States of America in the notification.

4. Five percent of each deposit made pursuant to this Article in respect of assistance furnished under authority of the Foreign Aid Appropriation Act, 1949,¹⁰ shall be allocated to the use of the Government of the United States of America for its expenditures in the UK/US Zone and sums made available pursuant to paragraph 3 of this Article shall first be charged to the amounts allocated under this paragraph.

5. The Commander will further make such sums of Italian lire available out of any balances in the Special Account as may be required to cover costs (including port, storage, handling and similar charges) of transportation from any point of entry in the UK/US Zone to the consignee's designated point of delivery in the UK/US Zone of such relief supplies and packages as are referred to in article V.

6. The Commander may draw upon any remaining balance in the Special Account for such purposes as may be agreed from time to time with the Government of the United States of America. In considering proposals put forward by the Commander for drawings from the Special Account, the Government of the United States of America will take into account the need for promoting or maintaining internal monetary and financial stabilization

¹⁰ 62 Stat. 1054.

in the UK/US Zone and for stimulating productive activity and international trade and the exploration for and development of new sources of wealth within the UK/US Zone, including in particular:

(a) expenditures upon projects or programs, including those which are part of a comprehensive program for the development of the productive capacity of the UK/US Zone and the other participating countries, and projects or programs the external costs of which are being covered by assistance rendered by the Government of the United States of America under the Economic Cooperation Act of 1948 or otherwise, or by loans from the International Bank for Reconstruction and Development; and

(b) effective retirement of public debt, especially debt held by banking institutions.

7. Any unencumbered balance, other than unexpended amounts allocated under paragraph 4 of this Article, remaining in the Special Account on June 30, 1952, shall be disposed of within the UK/US Zone for such purposes as may hereafter be agreed between the Governments of the United States of America and the Commander, it being understood that the agreement of the United States of America shall be subject to approval by Act or joint resolution of the Congress of the United States of America.

ARTICLE V

(Travel Arrangements and Relief Supplies)

1. The Commander will cooperate with the Government of the United States of America in facilitating and encouraging the promotion and development of travel by citizens of the United States of America to and within participating countries.

2. The Commander will, when so desired by the Government of the United States of America, enter into negotiations for agreements (including the provision of duty-free treatment under appropriate safeguards) to facilitate the entry into the UK/US Zone of supplies of relief goods donated to or purchased by United States voluntary non-profit relief agencies and of relief packages originating in the United States of America and consigned to individuals residing in the UK/US Zone.

ARTICLE VI¹¹

(Consultation and Transmittal of Information)

1. Parties to this Agreement will, upon request of either of them, consult together regarding any matter relating to the application of this Agreement or to operations or arrangements carried out pursuant to this Agreement.

¹¹ For an understanding relating to art. VI, para. 2(a), see annex, p. 1059.

2. The Commander will communicate to the Government of the United States of America in a form and at intervals to be indicated by the latter after consultation with the Commander:

(a) detailed information of projects, programs and measures proposed or adopted by the Commander to carry out the provisions of this Agreement and the General Obligations of the Convention for European Economic Cooperation;

(b) full statements of operations under this Agreement, including a statement of the use of funds, commodities and services received thereunder, such statements to be made in each calendar quarter;

(c) information regarding the economy of the UK/US Zone and any other relevant information, necessary to supplement that obtained by the Government of the United States of America from the Organization for European Economic Cooperation, which the Government of the United States of America may need to determine the nature and scope of operations under the Economic Cooperation Act of 1948, and to evaluate the effectiveness of assistance furnished or contemplated under this Agreement and generally the progress of the joint recovery program.

ARTICLE VII

(Publicity)

1. The Government of the United States of America and the Commander recognize that it is in their mutual interest that full publicity be given to the objectives and progress of the joint program for European recovery and of the actions taken in furtherance of that program. It is recognized that wide dissemination of information on the progress of the program is desirable in order to develop the sense of common effort and mutual aid which are essential to the accomplishment of the objectives of the program.

2. The Government of the United States of America will encourage the dissemination of such information and will make it available to the media of public information.

3. The Commander will encourage the dissemination of such information both directly and in cooperation with the Organization for European Economic Cooperation. He will make such information available to the media of public information and take all practicable steps to ensure that appropriate facilities are provided for such dissemination. He will further provide other participating countries and the Organization for European Economic Cooperation with full information on the progress of the program for economic recovery.

4. The Commander will make public in the UK/US Zone in each calendar quarter, full statements of operations under this Agreement, including information as to the use of funds, commodities and services received.

ARTICLE VIII

(Missions)

1. The Commander agrees to receive a Special Mission for Economic Cooperation which shall conform to any administrative arrangements established by the President of the United States of America pursuant to Section 109(d) of the Economic Cooperation Act of 1948 and which will discharge the responsibilities of the Government of the United States of America in the UK/US under this Agreement.

2. The Commander, upon appropriate notification from the Government of the United States of America, will accord appropriate courtesies to the Special Mission and its personnel, the United States Special Representative in Europe and his staff, and the members and staff of the Joint Committee on Foreign Economic Cooperation of the Congress of the United States of America, and will grant them the facilities and assistance necessary to the effective performance of their responsibilities to assure the accomplishment of the purposes of this Agreement.

3. The Commander, directly and through his representatives on the Organization for European Economic Cooperation, will extend full cooperation to the Special Mission, to the United States Special Representative in Europe and his staff, and to the members and staff of the Joint Committee. Such cooperation shall include the provision of all information and facilities necessary to the observation and review of the carrying out of this Agreement, including the use of assistance furnished under it.

ARTICLE IX

(Definitions)

As used in this Agreement:

1. The "UK/US Zone" means that zone of the Free Territory of Trieste under the joint administration of the United Kingdom and United States military commands.

2. The "Commander" means the Commander, British-United States Forces, Free Territory of Trieste.

3. The term "participating country" means

(i) any country which signed the Report of the Committee of European Economic Cooperation at Paris on September 22, 1947, and territories for which it has international responsibility and to which the Economic Cooperation Agreement concluded between that country and the Government of the United States of America has been applied, and

(ii) any other country (including any of the zones of occupation of

Germany, and areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration;

for so long as such country is a party to the Convention for European Economic Cooperation and adheres to a joint program for European recovery designed to accomplish the purposes of this Agreement.

ARTICLE X

(Entry into Force, Amendment, Duration)

1. This Agreement shall become effective on this day's date. Subject to the provisions of paragraphs 2 and 3 of this Article, it shall remain in force until June 30, 1953, or until the authority of the Commander with respect to the UK/US Zone shall have ceased, whichever is the earlier date.

2. If, during the life of this Agreement, either the Government of the United States of America or the Commander should consider there has been a fundamental change in the basic assumptions underlying this Agreement, the other shall be so notified in writing and the Government of the United States of America and the Commander will thereupon consult with a view to agreeing upon the amendment, modification or termination of this Agreement. If, after three months from such notification, no agreement has been reached upon the action to be taken in the circumstances, either party may give notice in writing to the other of intention to terminate this Agreement. Then, subject to the provisions of paragraph 3 of this Article, this Agreement shall terminate either:

(a) six months after the date of such notice of intention to terminate, or

(b) after such shorter period as may be agreed to be sufficient to ensure that the obligations of the Commander are performed in respect of any assistance which may continue to be furnished by the Government of the United States of America after the date of such notice.

3. Article IV shall remain in effect until all the sums in the currency of the UK/US Zone required to be deposited in accordance with its own terms have been disposed of as provided in that Article. Paragraph 2 of Article III shall remain in effect for so long as the guaranty payments referred to in that Article may be made by the Government of the United States of America.

4. This Agreement may be amended at any time by agreement between the parties.

5. The Annex to this Agreement forms an integral part thereof.

6. This Agreement shall be registered with the Secretary-General of the United Nations.

IN WITNESS WHEREOF the respective representatives, duly authorized for the purpose, have signed the present agreement.

Done at Trieste, in duplicate, both texts authentic, this 15th day of October 1948.

T. S. AIREY

Major General T. S. AIREY, C.B., C.B.E.
*Commander, British/United States Zone,
Free Territory of Trieste*

ROBERT P. JOYCE

ROBERT P. JOYCE, *United States Political
Advisor to the Commander, British/
United States Zone, Free Territory
of Trieste, and Ad Interim Represent-
ative for the Economic Cooperation
Administration*

ANNEX

Interpretative Notes

1. It is understood that the requirements of paragraph 1 (a) of Article II, relating to the adoption of measures for the efficient use of resources, would include, with respect to commodities furnished under the Agreement, effective measures for safeguarding such commodities and for preventing their diversion to illegal or irregular markets or channels of trade.

2. It is understood that the obligation under paragraph 1 (c) of Article II to balance the governmental budget as soon as practicable would not preclude deficits over a short period but would mean budgetary policy involving the balancing of the budget in the long run.

3. It is understood that the business practices and business arrangements referred to in paragraph 3 of Article II mean:

(a) fixing prices, terms or conditions to be observed in dealing with others in the purchase, sale or lease of any product;

(b) excluding enterprises from, or allocating or dividing, any territorial market or field of business activity, or allocating customers, or fixing sales quotas or purchase quotas;

(c) discriminating against particular enterprises;

(d) limiting production or fixing production quotas;

(e) preventing by agreement the development or application of technology or invention whether patented or unpatented;

(f) extending the use of rights under patents, trade marks or copyrights granted by either country to matters which, according to its laws and regulations, are not within the scope of such grants, or to products or conditions of

production, use or sale which are likewise not the subjects of such grants; and (g) such other practices as the two Governments may agree to include.

4. It is understood that the Commander is obligated to take action in particular instances in accordance with paragraph 3 of Article II only after appropriate investigation or examination.

5. It is understood that the Commander will not be requested, under paragraph 2 (a) of Article VI, to furnish detailed information about minor projects or confidential commercial or technical information the disclosure of which would injure legitimate commercial interests.