

MOST-FAVORED-NATION TREATMENT FOR AREAS OF WESTERN GERMANY UNDER OC- CUPATION OR CONTROL

*Agreement, with interpretative notes, opened for signature at Geneva
September 14, 1948, and signed for the United States Septem-
ber 14, 1948*

Entered into force October 14, 1948

Terminated with respect to the United States June 15, 1952¹

62 Stat. 3653; Treaties and Other
International Acts Series 1886

AGREEMENT ON MOST-FAVORED-NATION TREATMENT FOR AREAS OF WESTERN GERMANY UNDER MILITARY OCCUPATION

Being desirous of facilitating to the fullest extent possible the reconstruction and recovery of the world from the destruction wrought by the recent war,

Believing that one of the most important steps towards such reconstruction and recovery on a sound basis is the restoration of international trade in accordance with the principles of the Havana Charter for an International Trade Organization,² and

Considering that the application of reciprocal most-favoured-nation treatment to the trade of the areas of Western Germany under military occupation will contribute to the foregoing objectives,

The signatories agree to the following provisions:

ARTICLE I

For such time as any signatory of this Agreement participates in the occupation or control of any area in Western Germany, each of the signatories shall accord to the merchandise trade of such area the treatment provided for in the most-favoured-nation provisions of the General Agreement on Tariffs and Trade, dated 30 October 1947,³ as now or hereafter amended.

¹ Pursuant to notice of intention to withdraw deposited Dec. 14, 1951, in accordance with provisions of art. V.

² Unperfected; for excerpts, see *A Decade of American Foreign Policy: Basic Documents, 1941-49* (S. Doc. 123, 81st Cong., 1st sess.), p. 391.

³ TIAS 1700, *ante*, p. 641.

ARTICLE II

The undertaking by a signatory provided for in Article I shall 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-favoured-nation treatment to the merchandise trade of the territory of such signatory.

ARTICLE III

The undertaking in Article I is entered into in the light of the absence, on the date of this Agreement, of effective or significant tariff barriers to imports into the areas referred to therein. In the event that effective or significant tariff barriers are thereafter imposed in any such area, such undertaking shall be without prejudice to the application by any signatory of the principles relating to the reduction of tariffs on a mutually advantageous basis which are set forth in the Havana Charter for an International Trade Organization.

ARTICLE IV

The rights and obligations established by this Agreement are to be understood as entirely independent of any rights or obligations which are or may be established by the General Agreement on Tariffs and Trade or by the Havana Charter.

ARTICLE V

1. This Agreement shall be open for signature at Geneva on this day and shall remain open for signature thereafter at the Headquarters of the United Nations. The Agreement shall enter into force for each signatory upon the expiration of thirty days from the day on which such signatory signs the Agreement.

2. The undertakings in this Agreement shall remain in force until 1 January 1951, and, except for any signatory which at least six months before 1 January 1951 shall have deposited with the Secretary-General of the United Nations a notice in writing of intention to withdraw from this Agreement on that date, they shall remain in force thereafter subject to the right of any signatory to withdraw upon the expiration of six months from the date on which such a notice shall have been so deposited.

3. On the request of any three signatories to this Agreement, and in any event not later than 1 January 1951, the Government of the Kingdom of the Netherlands shall promptly convene a meeting of all signatories with a view to reviewing the operation of the Agreement and agreeing upon such revisions as may be appropriate.

ARTICLE VI

1. The interpretative notes to this Agreement which are contained in the Annex shall constitute an integral part thereof.

2. The original of this Agreement shall be deposited with the Secretary-General of the United Nations, who shall send a certified copy thereof to each member of the United Nations and to each country which participated in the United Nations Conference on Trade and Employment, and he is authorized to effect registration thereof pursuant to paragraph 1 of Article 102 of the Charter of the United Nations.⁴

3. The Secretary-General shall notify each signatory of the date of each signature of this Agreement subsequent to the date of the Agreement or of any notice of intention to withdraw pursuant to paragraph 2 of Article V.

In witness whereof, the respective representatives, duly authorized, have signed this Agreement.

Done at Geneva, in a single copy, in the English and French languages, both texts authentic, this fourteenth day of September 1948.

ANNEX

INTERPRETATIVE NOTES

1. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in Western Germany, referred to in Article I 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 appropriate authorities fails to result within a reasonable time in an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in Article I for any signatory to levy a countervailing duty on imports of such goods, equivalent to the estimated amount of such subsidization, where such signatory 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. In circumstances of special urgency, where delay would cause damage which it would be difficult to repair, action may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

2. The reference to the most-favoured-nation provisions of the General Agreement is understood to cover all the provisions of the General Agreement relevant to most-favoured-nation treatment as well as Article I.

3. The standard of the treatment to be accorded is set by all the most-favoured-nation provisions of the General Agreement (including the exceptions) and accordingly, under the reciprocity clause of Article II of this Agreement, the same standard would be used to measure the treatment received. If in the judgment of a signatory, that signatory was not actually receiving the most-favoured-nation treatment conforming to the standard, it would not consider itself obligated to grant treatment in accordance with

⁴ TS 993, *ante*, vol. 3, p. 1176.

the standard. Differences of view between signatories would naturally, however, be the subject of consultation.

4. The reference in Article III to “the principles relating to the reduction of tariffs on a mutually advantageous basis which are set forth in the Havana Charter”, is designed to permit a signatory to withhold most-favoured-nation treatment in the event of the failure of an area under occupation—assuming that significant or effective tariffs were to be imposed by such area—to negotiate in accordance with the principles of Article 17 of the Havana Charter and in conformity with the established procedure for tariff negotiations.

For the Kingdom of Norway:

TORFINN OFTEDAL

For the United States of Brazil:

Ad referendum

To be effective thirty days after notification to the Secretary-General of the United Nations [translation].

JOÃO CARLOS MUNIZ

For Pakistan:

S. HASNIE

For Ceylon:

Ad referendum

Signature to be effective thirty days after notification to Secretary-General of U.N.

O. GOONETILLEKE

For India:

Ad referendum

Signature to be effective thirty days after notification to Secretary-General of U.N.

C. DESAI

For the United Kingdom:

R. SHACKLE

For the United States of America:

LEROY D. STINEBOWER

For the French Republic:

ANDRÉ PHILIP

For the Kingdom of the Netherlands:

E. DE VRIES

For Belgium:

M. SUETENS

For the Grand Duchy of Luxembourg:

J. WOULBROUN

For Canada:

L. D. WILGROSS

For the Union of South Africa:

Ad referendum

Signature to be effective thirty days after notification to Secretary-General of U.N.

L. C. STEYN

14 October 1948

[The agreement was signed for China on January 18, 1949; for Denmark on November 8, 1949; for the Dominican Republic on September 7, 1949; for Greece on February 7, 1950; and for Syria on September 24, 1949.]