

No. 94

**UNITED STATES OF AMERICA
and
CZECHOSLOVAKIA**

**Exchange of Notes constituting an Agreement relating to
commercial policy. Washington, 14 November 1946**

Came into force on 14 November 1946, by the exchange of the said notes.

*English official text communicated by the United States Representative to the
United Nations. The registration took place on 11 August 1947.*

**ETATS-UNIS D'AMERIQUE
et
TCHECOSLOVAQUIE**

**Echange de notes constituant un accord relatif à la politique
commerciale. Washington, 14 novembre 1946**

Entré en vigueur le 14 novembre 1946, par l'échange desdites notes.

*Texte officiel anglais communiqué par le représentant des Etats-Unis auprès de
l'Organisation des Nations Unies. L'enregistrement a eu lieu le 11 août 1947.*

No. 94. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND CZECHOSLOVAKIA RELATING TO COMMERCIAL POLICY. WASHINGTON, 14 NOVEMBER 1946

No. 1

The Acting Secretary of State to the Czechoslovak Ambassador

DEPARTMENT OF STATE

Washington, November 14, 1946

Excellency:

The Government of the United States expresses its satisfaction at the successful conclusion of the discussions with the Government of Czechoslovakia concerning commercial policy, compensation for nationalized properties and related matters of mutual interest in furthering the economic relations between their two countries. These discussions have resulted in agreement by the two Governments on the following matters:

1. The two Governments affirm their continued support of the principles set forth in Article VII of the Mutual Aid Agreement of July 11, 1942,¹ and reiterate their desire to achieve the elimination of all forms of discriminatory treatment in international commerce, and the reduction of tariffs and other trade barriers.

2. The Government of Czechoslovakia is in accord with the general tenor of the "Proposals for Expansion of World Trade and Employment" recently transmitted to the Government of Czechoslovakia by the Government of the United States. Pending the conclusion of the negotiations at the general international conference on trade and employment contemplated by the "Proposals", the two Governments declare it to be their policy to abstain from adopting new measures which would prejudice the objectives of the conference.

3. The two Governments share the view that the conduct of international trade through the mechanism of bilateral barter, clearing, and similar agreements is generally not compatible with the maximization of benefits deriving from

¹United States *Executive Agreement Series* 261; 56 Stat. 1562.

trade or with the goal of eliminating trade discrimination. The Government of Czechoslovakia has expressed the view, however, that the use of such agreements during the postwar transition period has been necessary, but it will direct its efforts to their abandonment and a return to multilateralism at the earliest possible date.

4. The Government of Czechoslovakia has declared that it must maintain a system of import and export controls during the postwar transition period in order to safeguard the equilibrium of its balance of payments while seeking to achieve in an orderly way its plan of economic reconstruction. The Government of Czechoslovakia will administer the issuance of import licenses without discrimination as among foreign sources of supply as soon as Czechoslovakia possesses or is able to obtain sufficient free foreign exchange so that it is no longer necessary for her to make her purchases within the limits of bilateral trade and financial agreements.

5. If the Government of either country establishes or maintains a monopoly or enterprise for the importation, exportation, purchase, sale, distribution or production of any article, or grants exclusive privileges to any enterprise to import, export, purchase, sell, distribute or produce any article, such monopoly or enterprise shall accord to the commerce of the other country fair and equitable treatment in respect of its purchases of articles the growth, produce or manufacture of foreign countries and its sales of articles destined for foreign countries. To this end the monopoly or enterprise shall, in making such purchases or sales of any article, be influenced solely by considerations, such as price, quality, marketability, transportation and terms of purchase or sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing or selling such article on the most favorable terms.

6. The two Governments express their intention at the earliest practicable date to enter into negotiations looking toward the conclusion of a comprehensive treaty of friendship and commerce which will regulate to their mutual satisfaction economic relations between the two countries. Meanwhile the two Governments have taken cognizance of the fact that each continues to accord to articles the growth, produce or manufacture of the other unconditional most-favored-nation treatment with respect to customs duties, the rules and formalities of customs, and the taxation, sale, distribution, and use within its territory of such articles consistent with provisions of the former trade agreement between the two countries dated March 7, 1938.¹

¹ League of Nations, *Treaty Series*, Volume CC, page 87.

7. The Government of the United States and the Government of Czechoslovakia will make adequate and effective compensation to nationals of one country with respect to their rights or interests in properties which have been or may be nationalized or requisitioned by the Government of the other country. In this connection, the Government of the United States has noted with satisfaction that negotiations concerning compensation on account of such claims will shortly begin in Praha.

8. The two Governments agree to afford each other adequate opportunity for consultation regarding the matters mentioned above, and the Government of Czechoslovakia, recognizing that it is the normal practice of the Government of the United States to make public comprehensive information concerning its international economic relations, agrees to make available to the Government of the United States full information, similar in scope and character to that normally made public by the United States, concerning the international economic relations of Czechoslovakia.

The Government of the United States will be pleased to receive from the Government of Czechoslovakia a statement confirming its understanding of this agreement reached by the two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

Dean ACHESON
Acting Secretary of State

His Excellency Dr. Juraž Slávik,
Ambassador of Czechoslovakia

No. 2

The Czechoslovak Ambassador to the Acting Secretary of State

CZECHOSLOVAK EMBASSY

Washington, D. C., November 14, 1946

Excellency:

The Government of Czechoslovakia expresses its satisfaction at the successful conclusion of the discussions with the Government of the United States concerning commercial policy, compensation for nationalized properties and related matters of mutual interest in furthering the economic relations between their two countries. These discussions have resulted in agreement by the two Governments on the following matters:

1. The two Governments affirm their continued support of the principles set forth in Article VII of the Mutual Aid Agreement of July 11, 1942, and reiterate their desire to achieve the elimination of all forms of discriminatory treatment in international commerce, and the reduction of tariffs and other trade barriers.

2. The Government of Czechoslovakia is in accord with the general tenor of the "Proposals for Expansion of World Trade and Employment" recently transmitted to the Government of Czechoslovakia by the Government of the United States. Pending the conclusion of the negotiations at the general international conference on trade and employment contemplated by the "Proposals", the two Governments declare it to be their policy to abstain from adopting new measures which would prejudice the objectives of the conference.

3. The two Governments share the view that the conduct of international trade through the mechanism of bilateral barter, clearing, and similar agreements is generally not compatible with the maximization of benefits deriving from trade or with the goal of eliminating trade discrimination. The Government of Czechoslovakia has expressed the view, however, that the use of such agreements during the postwar transition period has been necessary, but it will direct its efforts to their abandonment and a return to multilateralism at the earliest possible date.

4. The Government of Czechoslovakia has declared that it must maintain a system of import and export controls during the post-war transition period in order to safeguard the equilibrium of its balance of payments while seeking to achieve in an orderly way its plan of economic reconstruction. The Government of Czechoslovakia will administer the issuance of import licenses without discrimination as among foreign sources of supply as soon as Czechoslovakia possesses or is able to obtain sufficient free foreign exchange so that it is no longer necessary for her to make her purchases within the limits of bilateral trade and financial agreements.

5. If the Government of either country establishes or maintains a monopoly or enterprise for the importation, exportation, purchase, sale distribution or production of any article, or grants exclusive privileges to any enterprise to import, export, purchase, sell, distribute or produce any article, such monopoly or enterprise shall accord to the commerce of the other country fair and equitable treatment in respect of its purchases of articles the growth, produce or manufacture of foreign countries and its sales of articles destined for foreign countries. To this end the monopoly or enterprise shall, in making such purchases or sales of any article, be influenced solely by considerations, such as

price, quality, marketability, transportation and terms of purchase or sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing or selling such article on the most favorable terms.

6. The two Governments express their intention at the earliest practicable date to enter into negotiations looking toward the conclusion of a comprehensive treaty of friendship and commerce which will regulate to their mutual satisfaction economic relations between the two countries. Meanwhile the two Governments have taken cognizance of the fact that each continues to accord to articles the growth, produce or manufacture of the other unconditional most-favored-nation treatment with respect to customs duties, the rules and formalities of customs, and the taxation, sale, distribution, and use within its territory of such articles consistent with provisions of the former trade agreement between the two countries dated March 7, 1938.

7. The Government of the United States and the Government of Czechoslovakia will make adequate and effective compensation to nationals of one country with respect to their rights or interests in properties which have been or may be nationalized or requisitioned by the Government of the other country. In this connection, the Government of the United States has noted with satisfaction that negotiations concerning compensation on account of such claims will shortly begin in Praha.

8. The two Governments agree to afford each other adequate opportunity for consultation regarding the matters mentioned above, and the Government of Czechoslovakia, recognizing that it is the normal practice of the Government of the United States to make public comprehensive information concerning its international economic relations, agrees to make available to the Government of the United States full information, similar in scope and character to that normally made public by the United States, concerning the international economic relations of Czechoslovakia.

The Government of the Czechoslovak Republic is pleased to confirm by the present note its understanding of this agreement reached by the two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

Dr. Juraj SLÁVIK

His Excellency Dean G. Acheson
Acting Secretary of State
Washington, D. C.