

No. 1677

**UNITED STATES OF AMERICA
and
PARAGUAY**

Agreement (with schedules and exchange of notes) relating to reciprocal trade. Signed at Asunción, on 12 September 1946

Official texts: English and Spanish.

Registered by the United States of America on 26 March 1952.

**ÉTATS-UNIS D'AMÉRIQUE
et
PARAGUAY**

Accord (avec listes et échange de notes) relatif aux échanges commerciaux. Signé à Assomption, le 12 septembre 1946

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 26 mars 1952.

No. 1677. AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND PARAGUAY RELATING TO RECIPROCAL TRADE. SIGNED AT ASUNCIÓN, ON 12 SEPTEMBER 1946

The President of the United States of America and the President of the Republic of Paraguay, being desirous of strengthening the traditional bonds of friendship existing between the two countries through the maintenance of the principle of equality of treatment in its unconditional and unlimited form as the basis of commercial relations and through the granting of mutual and reciprocal concessions and advantages for the promotion of trade, have resolved to conclude a Trade Agreement so providing and have appointed for this purpose as their Plenipotentiaries :

The President of the United States of America :

Willard L. Beaulac, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Paraguay; and

The President of the Republic of Paraguay :

His Excellency Doctor Miguel Angel Soler, Minister of Foreign Relations and Worship;

Who, after having exchanged their full powers, found to be in good and due form, have agreed upon the following provisions :

Article I

1. The United States of America and the Republic of Paraguay will grant each other unconditional and unrestricted most-favored-nation treatment in all matters concerning customs duties and subsidiary charges of every kind and in the method of levying such duties and charges, and, further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale, taxation, distribution or use of imported goods within the country.

2. Accordingly, articles the growth, produce or manufacture of either country imported into the other shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or

¹ In accordance with article XVII the agreement came into force on 9 April 1947, the thirtieth day after the proclamation thereof on 10 March 1947 by the President of the United States of America, the publication thereof in the *Gaceta Oficial* of the Republic of Paraguay having taken place on 26 February 1947.

to any rules or formalities other or more burdensome, than those to which the like articles the growth, produce or manufacture of any third country are or may hereafter be subject.

3. Similarly, articles exported from the territory of the United States of America or the Republic of Paraguay and consigned to the territory of the other country shall in no case be subject with respect to exportation and in regard to the above-mentioned matters, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles when consigned to the territory of any third country are or may hereafter be subject.

4. Any advantage, favor, privilege or immunity which has been or may hereafter be granted by the United States of America or the Republic of Paraguay in regard to the above-mentioned matters, to any article originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like article originating in or consigned to the territory of the Republic of Paraguay or the United States of America, respectively.

Article II

Articles the growth, produce or manufacture of the United States of America or the Republic of Paraguay imported into the other country shall, after their release from customs custody, be exempt from all internal taxes, fees, charges or exactions other or higher than those imposed on like articles of national origin.

Article III

1. No prohibition or restriction of any kind shall be imposed by the Government of the United States of America or the Government of the Republic of Paraguay on the importation, sale, distribution or use of any article the growth, produce or manufacture of the other country, or on the exportation of any article destined for the territory of the other country, unless the importation, sale, distribution or use of the like article the growth, produce or manufacture of all third countries, or the exportation of the like article to all third countries, respectively, is similarly prohibited or restricted.

2. If the Government of the United States of America or the Government of the Republic of Paraguay imposes any quantitative regulation on the importation or exportation of any article, or on the sale, distribution or use of any imported article, it shall as a general rule give public notice of the total quantity or value of such article permitted to be imported, exported, sold, distributed or used during a specified period, and of any change in such quantity or value. Furthermore, if the Government of either country allots a share of such total

quantity or value to any third country, it shall as a general rule allot to the other country, with respect to any article in which the latter has an important interest, a share based upon the proportion of the total quantity or value supplied by, or in the case of exports a share based upon the proportion exported to, such other country during a previous representative period.

3. The provisions of this Article relating to imported articles shall also apply in respect of the quantity or value of any article permitted to be imported free of duty or tax or at a lower rate of duty or tax than the rate of duty or tax imposed on imports in excess of such quantity or value.

Article IV

1. If the Government of the United States of America or the Government of the Republic of Paraguay establishes or maintains any form of control of the means of international payment, it shall accord unconditional most-favored-nation treatment to the commerce of the other country with respect to all aspects of such control.

2. The Government establishing or maintaining such control shall impose no prohibition, restriction or delay on the transfer of payment for any article the growth, produce or manufacture of the other country which is not imposed on the transfer of payment for the like article the growth, produce or manufacture of any third country. With respect to rates of exchange and with respect to taxes or charges on exchange transactions, articles the growth, produce or manufacture of the other country shall be accorded unconditionally treatment no less favorable than that accorded to the like articles the growth, produce or manufacture of any third country. The foregoing provisions shall also extend to the application of such control to payments necessary for or incidental to the importation of articles the growth, produce or manufacture of the other country. In general, the control shall be administered so as not to influence to the disadvantage of the other country the competitive relationships between articles the growth, produce or manufacture of the territories of that country and like articles the growth, produce or manufacture of third countries.

Article V

1. If the Government of the United States of America or the Government of the Republic of Paraguay establishes or maintains a monopoly for the importation, exportation, sale, distribution or production of any article or grants exclusive privileges to any agency to import, export, sell, distribute or produce any article, the commerce of the other country shall be accorded fair and equitable treatment in respect of the foreign purchases or sales of such monopoly or agency. To this end such monopoly or agency shall, in making its foreign

purchases or sales of any article, be influenced solely by considerations, such as price, quality, marketability 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.

2. The Government of the United States of America and the Government of the Republic of Paraguay, in the awarding of contracts for public works and generally in the purchase of supplies, shall accord fair and equitable treatment to the commerce of the other country as compared with the treatment accorded to the commerce of any third country.

Article VI

1. Laws, regulations of administrative authorities and decisions of administrative or judicial authorities of the United States of America and the Republic of Paraguay, respectively, pertaining to the classification of articles for customs purposes or to rates of duty, shall be published as soon as possible in such a manner as to enable traders to become acquainted with them.

2. No administrative ruling by the Government of the United States of America or the Government of the Republic of Paraguay effecting advances in rates of duties or in charges applicable under an established and uniform practice to imports originating in the territory of the other country, or imposing any new requirement with respect to such importations, shall be effective retroactively or as a general rule with respect to articles either entered, or withdrawn from warehouse, for consumption prior to the expiration of thirty days after the date of publication of notice of such ruling in the usual official manner; provided that, in respect to articles imported into the Republic of Paraguay, the foregoing provisions as to the effective date of administrative rulings may be limited (a) to articles which at the time of such publication are in a Paraguayan customs warehouse, (b) to articles which at such time are *en route* and (c) to articles which at such time are covered by complete export shipping documents already issued. The provisions of this paragraph shall not apply to administrative orders imposing anti-dumping duties, or relating to regulations for the protection of human, animal or plant life or health, or relating to public safety, or giving effect to judicial decisions.

3. Greater than nominal penalties shall not be imposed by the Government of the United States of America or the Government of the Republic of Paraguay in connection with the importation of articles the growth, produce or manu-

facture of the other country because of errors in documentation which are obviously clerical in origin.

4. The Government of the United States of America and the Government of the Republic of Paraguay will accord sympathetic consideration to, and will afford adequate opportunity for consultation regarding, such representations as the other Government may make with respect to the operation of customs regulations, quantitative regulations or the administration thereof, the observance of customs formalities, and the application of sanitary laws and regulations for the protection of human, animal or plant life or health.

5. If the Government of the United States of America or the Government of the Republic of Paraguay makes representations to the Government of the other country in respect of the application of any sanitary law or regulation for the protection of human, animal or plant life or health, and if there is disagreement with respect thereto, a committee of technical experts on which each Government shall be represented shall, on the request of either Government, be established to consider the matter and to submit recommendations with respect thereto.

Article VII

Articles the growth, produce or manufacture of the United States of America, enumerated and described in Schedule I annexed to this Agreement and made an integral part thereof, shall, on their importation into the Republic of Paraguay, be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the Republic of Paraguay in force on that day. Nevertheless, the Government of the Republic of Paraguay reserves the right to consolidate, in connection with a general revision of the customs tariff, the duties, taxes, fees, charges or exactions imposed on or in connection with importation, provided that such consolidation does not have the effect of impairing the value of any concession provided for in Schedule I.

Article VIII

Articles the growth, produce or manufacture of the Republic of Paraguay, enumerated and described in Schedule II annexed to this Agreement and made an integral part thereof, shall, on their importation into the United States of America, be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out.

The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the United States of America in force on that day.

Article IX

The provisions of Articles VII and VIII of this Agreement shall not prevent the Government of the United States of America or the Government of the Republic of Paraguay from imposing at any time on the importation of any article a charge equivalent to an internal tax imposed in respect of a like domestic article or in respect of a commodity from which the imported article has been manufactured or produced in whole or in part.

Article X

In respect of articles the growth, produce or manufacture of the United States of America or of the Republic of Paraguay enumerated and described in Schedules I and II, respectively, imported into the other country, on which *ad valorem* rates of duty, or duties based upon or regulated in any manner by value, are or may be assessed, the general principles applicable in the respective countries for determining dutiable value and converting currencies shall not be altered so as to impair the value of any of the concessions provided for in this Agreement.

Article XI

1. No prohibition, restriction or any other form of quantitative regulation shall be imposed by the Government of the Republic of Paraguay on the importation, sale, distribution or use of any article the growth, produce or manufacture of the United States of America enumerated and described in Schedule I, or by the Government of the United States of America on the importation, sale, distribution or use of any article the growth, produce or manufacture of the Republic of Paraguay enumerated and described in Schedule II.

2. The foregoing provision shall not prevent the Government of the United States of America or the Government of the Republic of Paraguay from imposing quantitative regulations in whatever form on the importation or sale of any article in conjunction with governmental measures or measures under governmental authority operating to regulate or control the production, market supply, quality or prices of like domestic articles, or tending to increase the labor costs of production of such articles, or to maintain the exchange value of the currency of the country. Whenever the Government of either country

proposes to impose or to alter substantially any quantitative regulation authorized by this paragraph, it shall give notice thereof in writing to the other Government and shall afford such other Government an opportunity to consult with it in respect of the proposed action; and if agreement with respect thereto is not reached the Government which proposes to take such action shall, nevertheless, be free to do so and the other Government shall be free within thirty days after such action is taken to terminate this Agreement in whole or in part on thirty days' written notice.

Article XII

1. If, as a result of unforeseen developments and of the concession granted on any article enumerated and described in the Schedules annexed to this Agreement, such article is being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or similar articles, the Government of either country shall be free to withdraw the concession, in whole or in part, or to modify it to the extent and for such time as may be necessary to prevent such injury. Accordingly, if the President of the United States of America finds as a fact that imports of any article enumerated and described in Schedule II are entering the United States of America under the circumstances specified in the preceding sentence, he shall determine whether the withdrawal, in whole or in part, of the concession with regard to the article, or any modification of the concession, by the imposition of quantitative regulations or otherwise, is necessary to prevent such injury, and he shall, if he finds that the public interest will be served thereby, proclaim such finding and determination, and on and after the effective date specified in such proclamation, and so long as such proclamation remains in effect, imports of the article into the United States of America shall be subject to the customs treatment so determined to be necessary to prevent such injury. Similarly, if the Government of the Republic of Paraguay finds as a fact that any article enumerated and described in Schedule I is being imported into the Republic of Paraguay under the circumstances specified, it may, if it finds that the public interest will be served thereby, withdraw in whole or in part the concession with regard to the article, or modify the concession by the imposition of quantitative regulations or otherwise, to the extent and for such time as may be necessary to prevent such injury.

2. Before the Government of either country shall withdraw or modify a concession pursuant to the provisions of paragraph 1 of this Article, it shall give notice in writing to the Government of the other country as far in advance as may be practicable and shall afford such other Government an opportunity to consult with it in respect of the proposed action; and if agreement with respect thereto is not reached the Government which proposes to take such action shall, nevertheless, be free to do so and the other Government shall be

free within thirty days after such action is taken to terminate this Agreement in whole or in part on thirty days' written notice.

Article XIII

1. The Government of the United States of America and the Government of the Republic of Paraguay agree to consult to the fullest possible extent in regard to all matters affecting the operation of the present Agreement. In order to facilitate such consultation, a Commission consisting of representatives of each Government shall be established to study the operation of the Agreement, to make recommendations regarding the fulfillment of the provisions of the Agreement, and to consider such other matters as may be submitted to it by the two Governments.

2. If the Government of the United States of America or the Government of the Republic of Paraguay should consider that any measure adopted by the other Government, even though it does not conflict with the terms of this Agreement, has the effect of nullifying or impairing any object of the Agreement, such other Government shall give sympathetic consideration to such written representations or proposals as may be made with a view to effecting a mutually satisfactory adjustment of the matter.

Article XIV

1. The provisions of this Agreement relating to the treatment to be accorded by the United States of America and the Republic of Paraguay, respectively, to the commerce of the other country shall apply to the respective customs territories of the two countries.

2. Furthermore, the provisions of this Agreement relating to most-favored-nation treatment shall apply to all territory under the sovereignty or authority of the United States of America or the Republic of Paraguay, except that they shall not apply to the Panama Canal Zone.

Article XV

1. The advantages now accorded or which may hereafter be accorded by the United States of America or the Republic of Paraguay to adjacent countries in order to facilitate frontier traffic, and advantages accorded by virtue of a customs union to which either country may become a party, shall be excepted from the operation of this Agreement.

2. The advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba shall be excepted from the operation of this Agreement. The provisions of this paragraph shall continue

to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America.

Article XVI

1. Nothing in this Agreement shall be construed to prevent the adoption or enforcement of measures

- (a) imposed on moral or humanitarian grounds;
- (b) designed to protect human, animal or plant life or health;
- (c) relating to prison-made goods;
- (d) relating to the enforcement of police or revenue laws;
- (e) relating to the importation or exportation of gold or silver;
- (f) relating to the control of the export, sale for export, or transit of arms, ammunition, or implements of war, and, in exceptional circumstances, all other military supplies;
- (g) relating to neutrality;
- (h) relating to public security, or imposed for the protection of the country's essential interests in time of war or other national emergency.

2. The provisions of this Agreement relating to the sale, taxation or use of imported articles within the United States of America are understood to be subject to the constitutional limitations on the authority of the Federal Government.

Article XVII

1. This Agreement shall be proclaimed by the President of the United States of America and shall be made effective in the Republic of Paraguay in conformity with the laws of that country. It shall enter into force on the thirtieth day following the day of the proclamation thereof by the President of the United States of America and publication thereof in the *Gaceta Oficial* of the Republic of Paraguay, or, should such proclamation and publication take place on different days, on the thirtieth day following the date of the later in time of such proclamation or publication, and, subject to the provisions of Article XI and Article XII, shall remain in force for a period of two years thereafter.

2. Unless six months before the expiration of the aforesaid period of two years the Government of the United States of America or the Government of the Republic of Paraguay shall have given in writing to the other Government notice of intention to terminate this Agreement upon the expiration of the

aforsaid period, the Agreement shall remain in force thereafter, subject to the provisions of Article XI and Article XII, until six months from the date on which notice of intention to terminate it shall have been given by either Government.

IN WITNESS WHEREOF, the respective Plenipotentiaries sign this Agreement and affix their seals hereto.

DONE in duplicate, in the English and Spanish languages, both authentic, in the City of Asunción this twelfth day of September 1946.

For the President of the United States of America :
Willard L. BEAULAC
[SEAL]

For the President of the Republic of Paraguay :
M. A. SOLER
[SEAL]

SCHEDULE I

Paraguayan Tariff Paragraph Number	Description of Article	Unit	Duties (In Guaranies or ad valorem)	
			Basic Duty	Surtax
43	Prunes in general	100 L.K.	10.00	11%
55	Fruits and berries dried or desiccated, not elsewhere specified, for food	100 G.K.	8.00	11%
Ex-60	Nuts, in the shell :			
	Walnuts	G.K.	0.13	11%
Ex-63	Raisins :			
	Seedless	G.K.	0.15	11%
154	Tobacco :			
	(a) In cigarettes	Thousand	5.73	11%
156	Lubricating oils for machinery and vehicles in general including grease, of whatever origin, composition or mixture, not elsewhere specified :			
	Oil	100 G.K.	9.55	11%
	Grease	100 G.K.	8.02	11%
255	Turpentine	100 G.K.	7.16	11%
261	Varnishes, driers, and gumlac, prepared, including wood stains	G.K.	0.30	11%
	<i>Note:</i> No article classified under paragraph 261 will pay, without taking into account the surtax, a duty less than, <i>ad valorem</i>		22%	11%
283	Toilet colors, eyebrow and eyelash pencils, lipsticks and rouge, depilatory preparations, nail polish and color; powdered sheets for the dressing table, and in general all cosmetics not specified, perfumed or not	L.K.	3.82	11%
286	Shaving soap, in paste, solid, powdered, cream, liquid, or any other form	L.K.	1.43	11%

SCHEDULE I (Continued)

Paraguayan Tariff Paragraph Number	Description of Article	Unit	Duties (In Guaranies or ad valorem)	
			Basic Duty	Surtax
290	Toilet soap not elsewhere specified, in paste, cream, solid, liquid, or powdered form <i>Note:</i> No article classified under paragraph 290 will pay, without taking into account the surtax, a duty less than, <i>ad valorem</i>	L.K.	0.95	11%
			33%	11%
292	Paste, powder, soap, and any preparation not specified, for dental cleaning and hygiene, perfumed or not <i>Note:</i> Nothing in this Agreement shall prevent the application to articles enumerated and described in paragraphs 283, 286, 290, and 292 of the provisions of the following Notes which appear in Section "E" of Customs Tariff Law No. 667 of September 27, 1924: " <i>Note (XI)</i> —Any article classified under paragraphs 278 to 280 inclusive, 282 to 284 inclusive, 286, 289 to 296 inclusive, and 298 to 300 inclusive, if imported in flasks, bottles, boxes, tins, jars, or other immediate containers other than those regularly used for retail sale, or if packed without any part of the inner or outer container used for retail sale will be subject to a surcharge of 100% of the specified duty. " <i>Note (XII)</i> —If extracts of scent, toilet water, toilet soap, or toilet powder are imported in an individual box or case, or if similar combinations are imported in an individual box or case, joint duties shall be charged at the highest rate corresponding to any one of the articles so combined."	L.K.	1.43	11%
356	Colophony rosin, Burgundy pitch, vegetable tar and pitch	100 G.K.	0.72	11%
376	All other mineral, chemical and pharmaceutical products, compounded or not, not elsewhere specified, including pharmaceutical specialties and alkaloids, in any pharmaceutical form		7%	11%
533	Horseshoe nails, of iron	100 G.K.	8.00	11%
543	Axes, hatchets and adzes, with or without handles	L.K.	0.10	11%
546	Horseshoes, of iron	100 G.K.	4.00	11%
666	Typewriter ribbons	Dozen	2.29	11%
667	Mechanical coin counters; cash registers; calculating machines; bookkeeping machines; parts of the foregoing		11%	11%
675	Typewriters, covers for same, and parts		16.5%	11%
690	Storage batteries, and parts or elements for same		11%	11%
694	Wireless installations and parts, for telegraphy, telephony, telephotography, radio direction, and similar apparatus, intended for the transmission, application or amplification of electric current <i>Note:</i> It is understood that, with regard to radio receivers, the duties agreed upon shall apply only to those which contain up to and including five tubes.		14%	11%

SCHEDULE I (Continued)

Paraguayan Tariff Paragraph Number	Description of Article	Unit	Duties (In Guaranties or ad valorem)	
			Basic Duty	Surtax
702	Electric batteries in general and their elements, of metal, carbon, or any other material <i>Note:</i> No article classified under paragraph 702 will pay, without taking into account the surtax, a duty less than, <i>ad valorem</i>	L.K.	0.10	11%
			14%	11%
703	Telephones and their accessories except those elsewhere provided for		14%	11%
710	Passenger automobiles, passenger busses and omnibusses, with steam, explosion or internal combustion or electric motors, including motors for same and in general automotive vehicles and trucks and trailers for trucks or automobile tractors with a load capacity of more than 3 tons, complete or not, new or used Plus <i>ad valorem</i> <i>Note:</i> No article or manufacture classified under paragraph 710 will pay, without taking into account the complementary duty or the surtax, a duty less than, <i>ad valorem</i>	100 N.K.	14.32	11%
			11%	
			30%	11%
	Passenger busses with a load capacity of less than 3 tons <i>Note:</i> No passenger bus classified under the preceding paragraph shall pay, without taking into account the surtax, a duty less than, <i>ad valorem</i>	100 N.K.	14.32	11%
			22%	11%
716	Automobile trucks for the transportation of goods, including tank trucks, with steam, explosion or internal combustion, or electric motors, complete or not, new or used, with a load capacity not exceeding 3 tons, and spare parts or totally unassembled parts, not elsewhere specified, for all automotive vehicles		11%	11%
740	Spare wheels for passenger automobiles, mounted with tires or not, even though entering with the automobiles for which they are intended as spares	L.K.	0.53	11%
743	Automotive tractors and parts for same		Free	11%
780	Automatic refrigerators, of wood or any other material, of any system, for the preservation of foods, refrigeration of beverages and similar uses, and their parts and accessories	G.K.	0.10	11%
872	Paper called hygienic, for water-closets	L.K.	0.06	11%
1173	Disks, cylinders, or other means for reproducing sound, for phonographs and talking machines, in blank		11%	11%
Ex-1175	Dictating machines and parts and accessories therefor, for the purpose of recording and reproducing acoustically and electrically, conversations, conferences, and correspondence <i>Note:</i> This paragraph refers exclusively to dictating machines in general, and excludes phonographs in general, talking machines or apparatus, or sound reproducers, and their parts not specifically provided for.		19%	11%
1186	Needles for phonographs and talking machines in general, of any material Plus <i>ad valorem</i>	L.K.	0.48	11%
			5.5%	

SCHEDULE II

NOTE : The provisions of this Schedule shall be construed and given the same effect, and the application of collateral provisions of the customs laws of the United States of America to the provision of this Schedule shall be determined, in so far as may be practicable, as if each provision of this Schedule appeared respectively in the statutory provision noted in the column at the left of the respective descriptions of articles.

In the case of any article enumerated in this Schedule, which is subject on the day of the signature of this Agreement to any additional or separate ordinary customs duty, whether or not imposed under the statutory provision noted in the column at the left of the respective description of the article, such separate or additional duty shall continue in force, subject to any reduction indicated in this Schedule or hereafter provided for, until terminated in accordance with law, but shall not be increased.

<i>United States Tariff Act of 1930 Paragraph</i>	<i>Description of Article</i>	<i>Rate of Duty</i>
35	Maté, natural and uncompounded, but advanced in value or condition by shredding, grinding, chipping, crushing, or any other process or treatment whatever beyond that essential to proper packing and the prevention of decay or deterioration pending manufacture, not containing alcohol	5% <i>ad valorem</i>
38	Extracts, dyeing and tanning, not containing alcohol : Quebracho Urunday (if on the effective date of the proclamation of this Agreement it is, or shall thereafter be, held by competent administrative or judicial authority to be dutiable under paragraph 38, Tariff Act of 1930)	7 $\frac{1}{2}$ % <i>ad valorem</i> 7 $\frac{1}{2}$ % <i>ad valorem</i>
58	Oils, distilled or essential, not containing alcohol, and not specially provided for : Guaiac wood oil Essence of guayacan (<i>Caesalpinia melanocarpa criseb</i>)	12 $\frac{1}{2}$ % <i>ad valorem</i> 12 $\frac{1}{2}$ % <i>ad valorem</i>
701	Tallow	1 $\frac{1}{4}$ ¢ per lb.
705	Extract of meat, including fluid	7 $\frac{1}{2}$ ¢ per lb.
706	Meats, prepared or preserved, not specially provided for (except meat pastes other than liver pastes, packed in airtight containers weighing with their contents not more than 3 ounces each)	3¢ per lb., but not less than 20% <i>ad valorem</i>
802	Rum (including <i>caña paraguaya</i>), in containers holding each 1 gallon or less	\$2.50 per proof gallon
1530 (a)	Hides and skins of cattle of the bovine species (except hides and skins of the India water buffalo imported to be used in the manufacture of rawhide articles), raw or uncured, or dried, salted, or pickled	5% <i>ad valorem</i>
1558	Articles manufactured, in whole or in part, not specially provided for : Urunday extract if not classifiable under paragraph 38, Tariff Act of 1930	10% <i>ad valorem</i>
1602	Maté, natural and uncompounded and in a crude state, not advanced in value or condition by shredding, grinding, chipping, crushing, or any other process or treatment whatever beyond that essential to proper packing and the prevention of decay or deterioration pending manufacture, not containing alcohol	Free

SCHEDULE II (Continued)

<i>United States Tariff Act of 1930 Paragraph</i>	<i>Description of Article</i>	<i>Rate of Duty</i>
1625	Blood, dried, not specially provided for	Free
1627	Bones : crude, steamed, or ground; bone dust, bone meal, and bone ash; and animal carbon suitable only for fertilizing purposes	Free
1670	Dyeing or tanning materials, whether crude or advanced in value or condition by shredding, grinding, chipping, crushing, or any similar process, not containing alcohol : Quebracho wood Bark of curupay (<i>Piptadenia rigida Benth.</i>)	Free Free
1681	Furs and fur skins, not specially provided for, undressed : Fox (other than silver or black fox) Otter Ocelot Wildcat Nutria Jaguar	Free Free Free Free Free Free
1685	Tankage of a grade used chiefly for fertilizers, or chiefly as an ingredient in the manufacture of fertilizers	Free
1688	Hair of horse and cattle (including calf), cleaned or uncleaned, drawn or undrawn, but unmanufactured, not specially provided for : Body hair Other	Free Free
1693	Hoofs, unmanufactured	Free
1694	Horns and parts of, including strips and tips, unmanufactured	Free
1731	Oils, distilled or essential, not containing alcohol : Pettigrain	Free Free
1755	Sausage casings, weasands, intestines, bladders, tendons, and integuments, not specially provided for	Free
1765	Skins of all kinds, raw, and hides not specially provided for : Deerskins Carpincho Wild pig and wild hog	Free Free Free
1780	Tankage, unfit for human consumption	Free
<i>Internal Revenue Code Section</i>	<i>Description of Article</i>	<i>Import Tax</i>
2491 (a)	Tallow	1 $\frac{1}{2}$ ¢ per lb.

EXCHANGE OF NOTES

I

*The Paraguayan Minister of Foreign Relations and Worship to the
American Ambassador*

[SPANISH TEXT — TEXTE ESPAGNOL]

[TRANSLATION¹ — TRADUCTION²]

REPÚBLICA DEL PARAGUAY

REPUBLIC OF PARAGUAY

Asunción, Septiembre 12 de 1946

Asunción, September 12, 1946

Señor Embajador :

Mr. Ambassador :

Tengo el honor de hacer referencia a las conversaciones entre los representantes de los Gobiernos de la República del Paraguay y de los Estados Unidos de América, en conexión con el Convenio Comercial firmado hoy, relativo a las relaciones comerciales entre el Paraguay y países limítrofes y el Uruguay.

I have the honor to refer to the conversations between the representatives of the Governments of the Republic of Paraguay and the United States of America, in connection with the Trade Agreement signed this day, regarding trade relations between Paraguay and contiguous countries and Uruguay.

Durante estas conversaciones, los representantes del Paraguay han señalado que aun cuando el Gobierno de la República del Paraguay está completamente de acuerdo con el principio expresado por los representantes del Gobierno de los Estados Unidos de América, que el comercio internacional debería desarrollarse a lo máximo sobre una base multilateral e incondicional de nación más favorecida, el Gobierno del Paraguay puede considerar necesario, en circunstancias especiales, que se otorguen ciertas preferencias tarifarias a los países limítrofes y al Uruguay.

In the course of these conversations, the Paraguayan representatives have pointed out that although the Government of the Republic of Paraguay is completely in accord with the principle expressed by the representatives of the Government of the United States of America, that international trade should be developed to the fullest extent possible on a multilateral unconditional most-favored-nation basis, the Government of Paraguay may consider it necessary, in special circumstances, to grant certain tariff preferences to contiguous countries and Uruguay.

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.

Los representantes paraguayos indicaron, a este respecto, la recomendación adoptada por el Comité Consultivo Económico Financiero Interamericano, el 18 de septiembre de 1941, de que tales preferencias de tarifas, para que sean instrumento para una sana promoción del comercio, habrían de efectuarse por medio de convenios comerciales que contengan reducciones o exenciones de tarifas; que las partes contratantes se reservarán el derecho de reducir o eliminar los impuestos aduaneros sobre importaciones iguales de otros países; y que semejantes preferencias tarifarias regionales no deberían de entorpecer amplios programas de reconstrucción económica que impliquen reducción de tarifas y la disminución o eliminación de tarifas y otras preferencias comerciales con el fin de dar el mayor impulso posible al comercio internacional, sobre una base multilateral e incondicional de nación más favorecida.

Las conversaciones a las cuales he aludido han revelado un entendimiento mutuo como sigue :

El Gobierno de los Estados Unidos de América no invocará las estipulaciones del Artículo I del Convenio Comercial firmado hoy con el fin de obtener el beneficio de preferencias tarifarias que respondan a los requisitos de la recomendación infrascripta, adoptada por el Comité Consultivo Económico Financiero Interamericano, que el Paraguay pueda otorgar a un país limítrofe o al Uruguay, quedando entendido que si tal preferencia fuera ofrecida por el Paraguay a un país no limítrofe, otro que el Uruguay, ésta se extendería inmediata e incondicionalmente a los Estados Unidos de América

The Paraguayan representatives have referred in this connection to the recommendation, adopted by the Inter-American Financial and Economic Advisory Committee on September 18, 1941, that any such tariff preferences, in order to be an instrument for sound promotion of trade, should be made effective through trade agreements embodying tariff reductions or exemptions; that the parties to such agreements will reserve the right to reduce or eliminate the customs duties on like imports from other countries; and that any such regional tariff preferences should not stand in the way of any broad programs of economic reconstruction involving the reduction of tariffs and the scaling down or elimination of tariff and other trade preferences with a view to the fullest possible development of international trade on a multilateral unconditional most-favored-nation basis.

The conversations to which I have referred have disclosed a mutual understanding as follows :

The Government of the United States of America will not invoke the provisions of Article I of the Trade Agreement signed this day for the purpose of obtaining the benefit of tariff preferences meeting the requirements of the aforementioned recommendation adopted by the Inter-American Financial and Economic Advisory Committee, which Paraguay may accord to a contiguous country or to Uruguay, it being understood that if any such preference should be offered by Paraguay to any noncontiguous country, other than Uruguay, it would be extended immediately and unconditionally to the United States of America.

Reciba, Señor Embajador, las renovadas seguridades de mi más alta consideración.

Miguel Angel SOLER

A Su Excelencia el Señor Embajador
Extraordinario y Plenipotenciario de
los Estados Unidos de América
Hon. Willard L. Beaulac
Presente

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

Miguel Angel SOLER

His Excellency Willard L. Beaulac
Ambassador Extraordinary and Plenipotentiary of the United States of America
City

II

The American Ambassador to the Paraguayan Minister of Foreign Relations and Worship

EMBASSY OF THE UNITED STATES OF AMERICA

Asunción, September 12, 1946

Excellency :

I have the honor to acknowledge the receipt of Your Excellency's note of today's date with reference to the agreement reached between representatives of the Government of the United States of America and the Government of the Republic of Paraguay, in connection with the Trade Agreement signed this day, regarding trade relations between Paraguay and contiguous countries and Uruguay.

[See note I, second and third paragraphs]

I have the honor to confirm Your Excellency's statement of the understanding reached with reference to this matter as follows :

The Government of the United States of America will not invoke the provisions of Article I of the Trade Agreement signed this day for the purpose of obtaining the benefit of tariff preferences meeting the requirements of the aforementioned recommendation adopted by the Inter-American Financial and Economic Advisory Committee which Paraguay may accord to a contiguous country, or to Uruguay, it being understood that if any such preference should be extended by Paraguay to any non-contiguous country, other than Uruguay, it would be extended immediately and unconditionally to the United States of America.

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

Willard L. BEAULAC

His Excellency Doctor Miguel Angel Soler
Minister of Foreign Relations and Worship

III

*The American Ambassador to the Paraguayan Minister of Foreign
Relations and Worship*

EMBASSY OF THE UNITED STATES OF AMERICA

Asunción, September 12, 1946

Excellency :

I have the honor to refer to the discussions during the course of the negotiation of the Trade Agreement between our two Governments signed this day with regard to the duties and surtaxes to be imposed, upon importation into the Republic of Paraguay, on certain products of the United States of America included in Schedule I of the Agreement. The following is my understanding of the customs treatment which will be accorded by the Republic of Paraguay to such articles the growth, produce or manufacture of the United States of America, upon their importation into the Republic of Paraguay, so long as the Trade Agreement remains in force :

1. Each of the articles enumerated and described in List 1 of this note shall be exempt from ordinary customs duty in excess of that set forth and provided for in List 1, so long as the 50 percent increase in the basic rate of duty on such articles provided for by Decree No. 54,777 of November 22, 1934 remains suspended.

LIST 1

<i>Paraguayan Tariff Paragraph Number</i>	<i>Description of Article</i>	<i>Unit</i>	<i>Duties (in Guaranies)</i>
154	Tobacco :		
	(a) In cigarettes	Thousand	3.82
283	Toilet colors, eyebrow and eyelash pencils, lipsticks and rouge, depilatory preparations, nail polish and color; powdered sheets for the dressing table, and in general all cosmetics not specified, perfumed or not	L. K.	2.55
290	Toilet soap not elsewhere specified, in paste, cream, solid, liquid, or powdered form	L. K.	0.64
	<i>Note:</i> No article classified under paragraph 290 will pay, without taking into account the surtax, a duty less than, <i>ad valorem</i>		22%
292	Paste, powder, soap, and any preparation not specified, for dental cleaning and hygiene, perfumed or not	L. K.	0.95

2. Should the exemption from payment of the 50 percent increase in duty be discontinued in the case of any article enumerated and described in List 1 of this note, such article shall thereafter be exempt from ordinary customs duty in excess of that set forth and provided for in Schedule I of the Trade Agreement.

3. Each of the articles enumerated and described in List 2 of this note shall be exempt from customs surtax, so long as the customs surtax on such article provided for by Decree-Law No. 19,360 of August 12, 1943, as amended by Decree No. 914 of October 22, 1943, remains suspended.

LIST 2

<i>Paraguayan Tariff Paragraph Number</i>	<i>Description of Article</i>
43	Prunes in general
55	Fruits and berries dried or desiccated, not elsewhere specified, for food
Ex-63	Raisins : Seedless
283	Toilet colors, eyebrow and eyelash pencils, lipsticks and rouge, depilatory preparations, nail polish and color; powdered sheets for the dressing table, and in general all cosmetics not specified, perfumed or not

4. Should the exemption from the payment of customs surtax be discontinued in the case of any article enumerated and described in List 2 of this note, such article may thereafter be subject, notwithstanding the provisions of Article VII of the Trade Agreement, to a customs surtax not in excess of 11 percent *ad valorem*.

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

Willard L. BEAULAC

His Excellency Doctor Miguel Angel Soler
Minister of Foreign Relations and Worship

IV

*The Paraguayan Minister of Foreign Relations and Worship to the
American Ambassador*

[SPANISH TEXT — TEXTE ESPAGNOL]

[TRANSLATION¹ — TRADUCTION²]

REPÚBLICA DEL PARAGUAY

REPUBLIC OF PARAGUAY

Asunción, Septiembre 12 de 1946

Asunción, September 12, 1946

Señor Embajador :

Mr. Ambassador :

Tengo el honor de acusar recibo de la nota de Vuestra Excelencia de esta fecha, relativa a las conversaciones durante el curso de la negociación del

I have the honor to acknowledge the receipt of Your Excellency's note of today's date, concerning the discussions during the course of the nego-

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.

Convenio Comercial entre nuestros dos Gobiernos firmado hoy, referente a los derechos y adicionales a ser impuestos, sobre ciertos productos de los Estados Unidos de América incluidos en la Planilla I del Convenio, a su importación en la República del Paraguay.

Tengo el honor de confirmar el entendimiento expresado en la nota de Vuestra Excelencia.

Sírvase aceptar, Señor Embajador, las renovadas seguridades de mi más alta consideración.

Miguel Angel SOLER

A Su Excelencia el Señor Embajador
Extraordinario y Plenipotenciario de
los Estados Unidos de América
Hon. Willard L. Beaulac
Presente

tiation of the Trade Agreement between our two Governments signed this day with regard to the duties and surtaxes to be imposed, upon importation into the Republic of Paraguay, on certain products of the United States of America included in Schedule I of the Agreement.

I have the honor to confirm the understanding set forth in Your Excellency's note.

Please accept, Mr. Ambassador, the renewed assurances of my highest consideration.

Miguel Angel SOLER

His Excellency Willard L. Beaulac
Ambassador Extraordinary and Pleni-
potentiary of the United States of
America
City

V

*The American Ambassador to the Paraguayan Minister of Foreign
Relations and Worship*

EMBASSY OF THE UNITED STATES OF AMERICA

Asunción, September 12, 1946

Excellency :

I have the honor to refer to conversations between the representatives of the Governments of the United States of America and the Republic of Paraguay, in connection with the Trade Agreement signed this day, relating to the application of Paragraph 2 of Article XV of the Agreement to the Philippine Islands.

Since the inception of the negotiations which have thus culminated in the signature of the Agreement, my Government has intended that advantages accorded to the Philippines should, regardless of any change in political status, be excepted from the operation of the Agreement. Accordingly, as a result of the conversations referred to, it is the understanding of my Government

that the two Governments are in agreement that, notwithstanding the inauguration of an independent Philippine Government on July 4, 1946, Paragraph 2 of Article XV of the Trade Agreement will be interpreted to mean that advantages which the United States now or hereafter accords to the Republic of the Philippines are excepted from the operation of the Agreement.

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

Willard L. BEAULAC

His Excellency Doctor Miguel Angel Soler
Minister of Foreign Relations and Worship

VI

The Paraguayan Minister of Foreign Relations and Worship to the American Ambassador

[SPANISH TEXT — TEXTE ESPAGNOL]

[TRANSLATION¹ — TRADUCTION²]

REPÚBLICA DEL PARAGUAY

REPUBLIC OF PARAGUAY

Asunción, Septiembre 12 de 1946

Asunción, September 12, 1946

Señor Embajador :

Mr. Ambassador :

Tengo el honor de acusar recibo de la nota de Vuestra Excelencia fecha de hoy, y de confirmar el entendimiento de los dos Gobiernos expuesto en la misma de que el Párrafo 2 del Artículo XV del Convenio Comercial firmado hoy será interpretado significando que las ventajas concedidas por los Estados Unidos en la actualidad o en adelante a la República de Filipinas, quedarán exceptuadas de los efectos del Convenio.

I have the honor to acknowledge the receipt of Your Excellency's note of today's date, and to confirm the understanding of the two Governments set forth therein that Paragraph 2 of Article XV of the Trade Agreement signed today will be interpreted to mean that advantages which the United States now or hereafter accords to the Republic of the Philippines are excepted from the operation of the Agreement.

Reciba, Señor Embajador, las renovadas seguridades de mi más alta consideración.

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

Miguel Angel SOLER

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A Su Excelencia el Señor Embajador
Extraordinario y Plenipotenciario de
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