

No. 2940

**UNION OF SOVIET SOCIALIST REPUBLICS
and
HUNGARY**

**Treaty of Commerce and Navigation (with annex). Signed
at Moscow, on 15 July 1947**

Official texts: Russian and Hungarian.

Registered by the Union of Soviet Socialist Republics on 27 September 1955.

**UNION DES RÉPUBLIQUES SOCIALISTES
SOVIÉTIQUES
et
HONGRIE**

**Traité de commerce et de navigation (avec annexe). Signé
à Moscou, le 15 juillet 1947**

Textes officiels russe et hongrois.

Enregistré par l'Union des Républiques socialistes soviétiques le 27 septembre 1955.

[TRANSLATION — TRADUCTION]

No. 2940. TREATY¹ OF COMMERCE AND NAVIGATION
BETWEEN THE UNION OF SOVIET SOCIALIST REPUB-
LICS AND THE HUNGARIAN REPUBLIC. SIGNED AT
MOSCOW, ON 15 JULY 1947

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics and the President of the Hungarian Republic, desiring to promote the further development and strengthening of economic relations between the two countries, have resolved to conclude a Treaty of Commerce and Navigation and have appointed as their plenipotentiaries for this purpose :

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics : Mr. Anastas Ivanovich Mikoyan, Minister of Foreign Trade of the Union of Soviet Socialist Republics;

The President of the Hungarian Republic : Mr. Sándor Rónai, Minister of Trade and Co-operation of the Hungarian Republic; who, having exchanged their full powers, found in good and due form, have agreed as follows :

Article 1

The Contracting Parties shall grant each other unconditionally and without restriction most-favoured-nation treatment in all matters relating to commerce between the two countries and navigation, and also in respect of industry and other forms of economic activity in their territories.

Article 2

The Union of Soviet Socialist Republics and the Hungarian Republic shall, in particular, grant each other most-favoured-nation treatment in all matters relating to customs duties and charges and taxes of all kinds; the interpretation of customs tariffs; procedures for collecting duties; the classification of goods; drawback of customs duties; re-export; the transshipment and warehousing of goods; and the regulations, formalities and charges applied in the customs clearance of goods.

The natural or manufactured products originating in or exported from the territory of one of the Contracting Parties shall in no case be liable, on importation into the territory of the other Party, to any duties, taxes or charges other

¹ Came into force on 19 January 1948, upon the exchange of the instruments of ratification at Budapest, in accordance with article 18.

or higher, or to regulations or formalities other or more burdensome, than those which are or may hereafter be imposed on similar natural or manufactured products of any third country.

Similarly, the natural or manufactured products of one of the Contracting Parties shall in no case be liable, on exportation to the territory of the other Party, to any duties, taxes or charges other or higher, or to regulations or formalities other or more burdensome, than those which are or may hereafter be imposed on similar natural or manufactured products exported to the territory of any third country.

Any advantages, facilities, privileges or immunities which are or may hereafter be granted by the Union of Soviet Socialist Republics or the Hungarian Republic in respect of the natural or manufactured products originating in any third country, or intended for export to the territory of any third country, shall be granted immediately and free of charge in respect of similar products originating in, imported from or intended for export to the territory of the other Contracting Party.

Article 3

The natural or manufactured products of either Contracting Party which are conveyed through the territory of a third State, shall not be liable, on importation into the territory of the other Contracting Party, to duties or charges higher than those to which they would have been liable if they had been imported directly from their country of origin.

These provisions shall apply both to goods which are conveyed directly and to goods which are subjected, while in transit, to trans-shipment, re-packing or warehousing.

Article 4

Where internal charges are payable in its territory on the production, processing, distribution or consumption of goods of a certain category, each of the Contracting Parties shall accord goods of the same category of the other Party the treatment established by it for its domestic goods, or most-favoured-nation treatment, whichever is more advantageous to the other Party.

Article 5

Neither of the Contracting Parties shall impose on imports from or exports to the territory of the other Party, any restrictions or prohibitions which are not applicable to all other countries, with the exception of restrictions and prohibitions applied without distinction to all countries in like circumstances for reasons of public order, national security and public health, for the prevention of plant

and animal diseases, the protection of vegetable seeds against degeneration and the protection of works of art and historical and archaeological treasures, as well as restrictions and prohibitions with respect to gold, silver, coins, currency and securities, and goods which are or may hereafter be subject to a State monopoly in the territory of either of the Contracting Parties.

Article 6

Subject to compliance with the existing regulations concerning temporary admission to the territories of the two Contracting Parties, the following articles shall be exempt from customs duties and other charges on importation and exportation :

(a) samples of goods, including samples mounted on cardboard, which cannot be used as articles of consumption;

(b) marked containers, imported in order to be refilled, and also containers which have been used for imported articles and which are to be re-exported at the end of a specific period;

(c) natural or manufactured products imported for processing or repair which are to be re-exported in their processed or repaired form;

(d) articles intended for tests and experiments;

(e) machinery and parts thereof sent for testing;

(f) instruments and tools for fitters, whether imported or exported by them or sent to them before or after they have crossed the frontier;

(g) goods intended for exhibitions, competitions and fairs.

Article 7

The vessels of each of the Contracting Parties, their crews, passengers and cargoes shall be accorded in the ports of the other Party most-favoured-nation treatment with regard to entering, clearing and stationing; loading and discharging; dues and charges of every kind levied on behalf of and for the benefit of the State, municipalities, corporations, public authorities or other institutions or organizations; the mooring of vessels and the allocation of berths for loading and discharging in ports, roadsteads, bays, estuaries and basins; supplies of fuel, lubricating oils, water and food; repairs; the use of pilotage services, canals, locks, bridges, movable bridges and installations, signals and lights used to mark navigable waters; the use of cranes, weigh-bridges, anchorages, ware-

houses, shipyards, docks and repair yards; the application of rules and formalities, including health and quarantine formalities; and, generally, with regard to all that relates to shipping.

Any advantages, facilities, privileges or immunities which are or may hereafter be granted in these matters by either of the Contracting Parties to any third country shall be extended immediately and free of charge to the other Party.

Article 8

The nationality of vessels shall be reciprocally recognized in accordance with the laws and regulations of the two Contracting Parties on the basis of the papers and certificates carried by the vessel and issued by the competent authorities of either of the Contracting Parties.

Any tonnage certificates and other technical ship's papers issued or recognized by one of the Contracting Parties shall also be recognized by the other Party.

In accordance with this provision any vessel of either Contracting Party carrying a valid tonnage certificate shall be exempt from re-measurement in the ports of the other Party and the net capacity of the vessel entered in the certificate shall be taken as the basis for calculating harbour dues.

Article 9

If a vessel of one of the Contracting Parties is in distress or is wrecked on the coast of the other Party, such vessel and its cargo shall enjoy the same advantages and immunities as are granted under the laws and regulations of the appropriate Party in similar circumstances to vessels of the most-favoured State and their cargoes. The necessary aid and assistance shall be afforded at all times, and in the same measure as in the case of national vessels, to the master, crew and passengers, and to the vessel and its cargo.

It is agreed that articles salvaged from a vessel which has been in distress or wrecked shall not be liable to any customs duties, provided that such articles are not intended for consumption inside the country.

Article 10

The provisions of this Treaty shall not extend to :

- (a) the performances of harbour services, including pilotage and towage;
- (b) coastal shipping; nevertheless, the vessels of either of the Contracting Parties proceeding from one port of the other Party to another for the purpose

of landing the whole or part of a cargo brought from abroad, or of taking on board the whole or part of a cargo for a foreign destination, shall not be regarded as engaged in coastal shipping.

Article 11

The two Contracting Parties shall grant each other, in respect of the conveyance of goods, passengers and baggage by internal rail, roads or waterways, most-favoured-nation treatment in all matters relating to acceptance of consignments for conveyance, methods and costs of conveyance, and charges connected with conveyance in the same direction and over the same distance.

Article 12

In view of the fact that, under the laws of the Union of Soviet Socialist Republics, foreign trade is a State monopoly which constitutes one of the essential bases of the socialist structure secured by the Constitution of the Union of Soviet Socialist Republics, the Union of Soviet Socialist Republics shall maintain in the Hungarian Republic a Trade Delegation, the legal status of which shall be governed by the provisions of the annex to this Treaty, which shall constitute an integral part thereof.

Article 13

Hungarian bodies corporate and individuals shall enjoy in respect of their persons and property treatment as favourable as that accorded to the bodies corporate and individuals of the most-favoured-nation in the exercise of trade, industry or any other economy activity in the territory of the Union of Soviet Socialist Republics, subject to the conditions under which such activities are permitted by the laws of the Union of Soviet Socialist Republics.

Soviet State economic organizations and other bodies corporate, and Soviet citizens shall enjoy in respect of their persons and property treatment as favourable as that accorded to the bodies corporate and individuals of the most-favoured-nation, in the exercise of trade, industry or any other economic activity in the territory of the Hungarian Republic, subject to the conditions under which such activities are permitted by the laws of the Hungarian Republic.

Individuals and bodies corporate of each Contracting Party shall be entitled to appear in court and shall have free access to the courts of the other Contracting Party. They shall in all cases enjoy the same treatment as individuals and bodies corporate of the most-favoured-nation.

Article 14

The provisions of this Treaty shall not extend to rights and advantages which have been or may hereafter be granted by either of the Contracting Parties for the purpose of facilitating frontier relations with adjacent States within a zone not exceeding 15 kilometres in width on either side of the frontier.

Article 15

In matters relating to the importation and exportation and the conveyance in transit of animals, animal products, living plants, parts of plants, and seeds, the internal laws and regulations of the two Contracting Parties shall be applied in their respective territories, pending the conclusion between the Parties of a veterinary agreement and a corresponding agreement on the protection of plants.

Article 16

The settlement of any disputes which may arise in connexion with contracts relating to commerce between the two Parties may be effected by means of arbitration.

Each Contracting Party shall be prepared, at the request of the other Party, to enter into negotiations with a view to concluding an agreement regarding the best method of arbitration on uniform lines based on the principle of parity.

Article 17

The Contracting Parties undertake to enforce arbitral awards with regard to disputes which may arise in connexion with commercial contracts concluded by their citizens, organizations or institutions, if provision for settlement of the dispute by arbitration by *ad hoc* or permanent body was made in the contract or in a separate agreement drawn up in the form required for the contract itself.

The enforcement of an arbitral award made in accordance with the foregoing provisions of this article may not be refused unless :

- (a) the arbitral award has not become final and operative under the law of the country in which it was made;
- (b) the arbitral award compels one party to the dispute to take some action which is contrary to the laws of the country in which enforcement of the award is sought;
- (c) the arbitral award is contrary to public policy in the country in which enforcement is sought.

Orders for the enforcement of arbitral awards shall be made, and the enforcement itself carried out in accordance with the laws of the Contracting Party enforcing the award.

Article 18

This Treaty shall be ratified as soon as possible and shall enter into force on the day of the exchange of the instruments of ratification, which shall take place at Budapest.

The Treaty shall remain in force until the expiry of a six months' period following the date on which either of the Contracting Parties gives notice of its intention to terminate the Treaty.

IN WITNESS WHEREOF, the plenipotentiaries of the two Contracting Parties have signed this Treaty and have affixed thereto their seals.

DONE in duplicate, at Moscow, on 15 July 1947, in the Russian and Hungarian languages, both texts being equally authentic.

A. MIKOYAN
[L.S.]

SÁNDOR Rónai
[L.S.]

Annex to the Treaty of Commerce and Navigation between the Union of Soviet Socialist Republics and the Hungarian Republic of 15 July 1947.

THE LEGAL STATUS OF THE TRADE DELEGATION OF THE UNION OF SOVIET SOCIALIST REPUBLICS IN THE HUNGARIAN REPUBLIC

Article 1

The Trade Delegation of the Union of Soviet Socialist Republics in the Hungarian Republic shall exercise the following functions; it will :

(a) promote the development of economic relations between the Union of Soviet Socialist Republics and the Hungarian Republic;

(b) represent the interests of the Union of Soviet Socialist Republics in the Hungarian Republic in all matters relating to foreign trade and the property rights of the Union of Soviet Socialist Republics in the Hungarian Republic;

(c) regulate trading transactions between the Union of Soviet Socialist Republics and the Hungarian Republic on behalf of the Union of Soviet Socialist Republics;

(d) carry on trade between the Union of Soviet Socialist Republics and the Hungarian Republic.

Article 2

The Trade Delegation shall form an integral part of the Legation of the Union of Soviet Socialist Republics in the Hungarian Republic and shall have its headquarters at Budapest.

Branches of the Trade Delegation may subsequently be opened in other towns of the Hungarian Republic after agreement between the Government of the Union of Soviet Socialist Republics and of the Government of the Hungarian Republic.

The Trade Delegate of the Union of Soviet Socialist Republics in the Hungarian Republic and his three deputies shall enjoy all the rights and privileges accorded to members of diplomatic missions.

In addition to the persons referred to in the foregoing paragraph, the members and employees of the Trade Delegation who are citizens of the Union of Soviet Socialist Republics shall be exempt from Hungarian taxation on the emoluments they receive in the service of the Government of the Union of Soviet Socialist Republics.

The premises occupied by the Trade Delegation and its branches shall enjoy extra-territoriality.

The Trade Delegation and its branches shall be entitled to use a cipher.

Article 3

The Trade Delegation shall act on behalf of the Government of the Union of Soviet Socialist Republics. The Government of the Union of Soviet Socialist Republics shall be responsible only for commercial contracts concluded or guaranteed in the Hungarian Republic by the Trade Delegation and signed by authorized persons.

Any commercial contracts whatsoever concluded without the guarantee of the Trade Delegation by any State economic organizations of the Union of Soviet Socialist Republics which under the laws of the Union of Soviet Socialist Republics enjoy the status of independent bodies corporate, shall be binding only on the organizations in question and execution in respect of such contracts may be levied only on the property of the said organizations. Responsibility for such transactions shall not be borne either by the Government of the Union of Soviet Socialist Republics or by its Trade Delegation in the Hungarian Republic or by any other State economic organizations of the Union of Soviet Socialist Republics.

Article 4

The Trade Delegation may give its guarantee for contracts concluded between any of the organizations referred to in the second paragraph of article 3 of this annex and any Hungarian individual or body corporate.

Article 5

The Trade Delegation shall enjoy the privileges and immunities arising out of article 2 of this annex, with the following exceptions :

Disputes regarding commercial contracts concluded or guaranteed in the territory of the Hungarian Republic by the Trade Delegation under the first paragraph of article 3 of this annex shall, in the absence of a reservation regarding arbitration or any other jurisdiction, be subject to the competence of the Hungarian courts and shall be settled in accordance with Hungarian law, save as otherwise provided by the terms of individual contracts or by Hungarian legislation. No interim orders may, however, be made against the Trade Delegation. Final judicial decisions against the Trade Delegation in the afore-

mentioned disputes which have become legally valid may be enforced by execution, but such execution may only be levied on the goods and claims outstanding to the credit of the Trade Delegation.

Article 6

The Trade Delegation shall not be subject to the regulations governing commercial registration. It shall publish in the Government publication of the Hungarian Republic the names of the persons authorized to take legal action on its behalf and information concerning the extent to which each such person is empowered to sign commercial contracts on its behalf.

A. M.

S. R.