



Treaty Series No. 42 (1948)

Exchange of Notes

between the Governments of the United Kingdom
of Great Britain and Northern Ireland
and the United States of America on the

Application of Most-Favoured-Nation Treatment to Western Germany and the Free Territory of Trieste

London, 6th July, 1948

*Presented by the Secretary of State for Foreign Affairs
to Parliament by Command of His Majesty*

LONDON
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ONE PENNY NET

Cmd. 7470

**EXCHANGE OF NOTES BETWEEN THE GOVERNMENTS OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND AND THE UNITED STATES OF AMERICA ON THE
APPLICATION OF MOST-FAVOURLED-NATION TREATMENT
TO WESTERN GERMANY AND THE FREE TERRITORY OF
TRIESTE**

London, 6th July, 1948

No. 1

*His Excellency the United States Ambassador to His Majesty's Principal
Secretary of State for Foreign Affairs*

*London,
6th July, 1948.*

Sir,

I have the honour to refer to the conversations which have recently taken place between representatives of our two Governments relating to the territorial application of commercial arrangements between the United States of America and the United Kingdom and to confirm the understanding reached as a result of these conversations as follows :—

1. For such time as either the Government of the United States of America or the Government of the United Kingdom of Great Britain and Northern Ireland participates in the occupation or control of any areas in Western Germany or the Free Territory of Trieste, the other Government will apply to the merchandise trade of such area the provisions of the General Agreement on Tariffs and Trade, dated 30th October, 1947,⁽¹⁾ as now or hereafter amended, relating to most-favored-nation treatment.

2. The undertaking in paragraph 1 above, will apply on the part of the Government of the United States of America or the Government of the United Kingdom of Great Britain and Northern Ireland to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most-favored-nation treatment to the merchandise trade of the United States of America or the United Kingdom of Great Britain and Northern Ireland, respectively.

3. The undertakings in paragraphs 1 and 2, above, are entered into in the light of the absence at the present time of effective or significant tariff barriers to imports into the areas herein concerned. If such tariff barriers are imposed, it is understood that such undertakings shall be without prejudice to the application of the principles set forth in the Havana Charter for an International Trade Organization⁽²⁾ relating to the reduction of tariffs on a mutually advantageous basis.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in Western Germany referred to in paragraph 1 above 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 Government of the United States

⁽¹⁾ Cmd. 7258.

⁽²⁾ Cmd. 7375.

of America fails to reach an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in paragraph 1 for the Government of the United Kingdom to levy a countervailing duty on imports of such goods equivalent to the estimated amount of such subsidization, where the Government of the United Kingdom 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.

5. The undertakings in this note shall remain in force until January 1, 1951, and unless at least six months before January 1, 1951, either Government shall have given notice in writing to the other of intention to terminate these undertakings on that date, they shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

Accept, &c.
(Sd.) L. W. DOUGLAS.

No. 2

*His Majesty's Principal Secretary of State for Foreign Affairs to His Excellency
the United States Ambassador*

*London,
6th July, 1948.*

Your Excellency,

I have the honour to refer to the conversations which have recently taken place between representatives of our two Governments relating to the territorial application of commercial arrangements between the United States of America and the United Kingdom and to confirm the understanding reached as a result of these conversations as follows :—

[As in No. 1]

I have, &c.
(Sd.) ERNEST BEVIN.

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