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# TEMPORARY COMMERCIAL AGREEMENT

BETWEEN HIS MAJESTY'S GOVERNMENT IN  
THE UNITED KINGDOM

AND THE  
GOVERNMENT OF THE  
UNION OF SOVIET SOCIALIST REPUBLICS

London, February 16, 1934

[Ratifications exchanged at Moscow, March 21, 1934]

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

LONDON

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TEMPORARY COMMERCIAL AGREEMENT BETWEEN HIS  
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REPUBLICS.

*London, February 16, 1934.*

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THE Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Union of Soviet Socialist Republics considering it desirable, pending the conclusion of a formal Treaty of Commerce and Navigation between them, to enter into a temporary Agreement to regulate trade and commerce, have accordingly agreed as follows:—

ARTICLE 1.

(1) For the purpose of developing and strengthening trade relations between the United Kingdom of Great Britain and Northern Ireland and the Union of Soviet Socialist Republics, the Contracting Parties agree that, without prejudice to any other provisions of this Agreement according more favourable treatment, all facilities, rights and privileges, which in the United Kingdom and the Union of Soviet Socialist Republics respectively are or may be accorded with respect to trade to the subjects or citizens of any other foreign State or to juridical persons including companies constituted under the laws of such State or to the property of such subjects, citizens or juridical persons including companies shall be extended to citizens of the Union of Soviet Socialist Republics or juridical persons including companies constituted under the laws of the Union of Soviet Socialist Republics and to British subjects, British-protected persons or juridical persons including companies constituted under the laws of the United Kingdom respectively and to their property. The natural produce and manufactures of the United Kingdom shall enjoy in the Union of Soviet Socialist Republics, and the natural produce and manufactures of the Union of Soviet Socialist Republics shall enjoy in the United Kingdom, all the facilities, rights and privileges which are at present or may be hereafter accorded to the natural produce and manufactures of any other foreign country, in all that relates to the prohibition and the restriction of imports and exports, customs duties and charges, transport, warehousing, drawbacks and excise.

(2) The expression "British-protected persons" in this Agreement is understood to mean persons belonging to any territory under the protection of His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty or in respect of which a Mandate has been accepted by His Majesty.

## ARTICLE 2.

(1) If either Contracting Party shall give notice to the other that there is reason to believe that, in respect of any class of goods produced or manufactured in the Union of Soviet Socialist Republics or the United Kingdom, as the case may be, and imported for consumption in the United Kingdom or the Union of Soviet Socialist Republics respectively, such prices are being created or maintained by the other Party, or by its State economic organisations, as are likely to frustrate preferences accorded, or detrimentally to affect the production of such goods, in the United Kingdom or the Union of Soviet Socialist Republics respectively, the two Parties agree to enter immediately into negotiations.

(2) Failing a settlement by negotiation, the Party giving the notice under paragraph (1) of this Article may intimate to the other that the provisions of Article 1 will as from a specified date cease to apply in the United Kingdom or the Union of Soviet Socialist Republics as the case may be, in so far as the prohibition and the restriction of imports are concerned, to goods produced or manufactured in the Union of Soviet Socialist Republics or the United Kingdom, respectively, of the class in respect of which notice has been given. On and after the date so specified the first Party may cease to apply the provisions of Article 1 in accordance with the intimation so given.

(3) The date specified in the intimation under paragraph (2) of this Article shall not be earlier than three months from the date on which notice was given under paragraph (1) of this Article.

(4) A Party who has given a notice under paragraph (1) of this Article shall consider any assurances which the other Party may give to the effect that action has been taken which will prevent a recurrence, in respect of those goods, of the position which led to the giving of the notice, and, if satisfied that such action has in fact been taken, shall again extend to those goods the full benefits of Article 1 of this Agreement, if effect has already been given to the intimation under paragraph (2) of this Article, or shall withdraw the intimation if it has not already been put into effect.

## ARTICLE 3.

The Government of the Union of Soviet Socialist Republics, being desirous of applying in an increasing proportion the proceeds of the sale in the United Kingdom of goods imported from the Union of Soviet Socialist Republics to payments for goods purchased in the United Kingdom and for the utilisation of British shipping services, will give effect to the arrangements with regard to an approximate balance of payments set out in the Schedule to the present Agreement.

## ARTICLE 4.

Trade between the United Kingdom and the Union of Soviet Socialist Republics shall be eligible for consideration

on the same basis as trade between the United Kingdom and other foreign countries in connection with any legislative or administrative measures which are or may be taken by the Government of the United Kingdom for the granting of credits to facilitate such trade; that is to say, that, in considering any given transaction, regard shall be had to financial and commercial considerations only.

#### ARTICLE 5.

(1) In view of the fact that, by virtue of the laws of the Union of Soviet Socialist Republics, the foreign trade of the Union is a State monopoly, the Government of the United Kingdom agree to accord to the Government of the Union of Soviet Socialist Republics the right to establish in London a Trade Delegation, consisting of the Trade Representative of the Union of Soviet Socialist Republics and his two deputies, to form part of the Embassy of the Union of Soviet Socialist Republics.

(2) The head of the Trade Delegation shall be the Trade Representative of the Union of Soviet Socialist Republics in the United Kingdom. By virtue of paragraph (1) of the present Article he and his two deputies shall be accorded all diplomatic privileges and immunities, and immunity shall attach to the offices occupied by the Trade Delegation (5th Floor, East Wing, Bush House, Aldwych, London) and used exclusively for the purpose defined in paragraph (3) of the present Article. No member of the staff of the Trade Delegation, other than the Trade Representative and his two deputies, shall enjoy any privileges or immunities other than those which are, or may be, enjoyed in the United Kingdom by officials of the State-controlled trading organisations of other countries.

(3) The functions of the Trade Delegation shall be—

- (a) to facilitate and encourage the development of trade and commerce between the United Kingdom and the Union of Soviet Socialist Republics;
- (b) to represent the interests of the Union of Soviet Socialist Republics in all that pertains to the foreign trade of the Union and to control, regulate and carry on such trade with the United Kingdom for and on behalf of the Union of Soviet Socialist Republics.

(4) In view of the fact that the Trade Delegation is acting in respect of trade for and on behalf of the Union of Soviet Socialist Republics, the Government of the latter assume responsibility for all transactions concluded in the United Kingdom by the Trade Representative or either of his two deputies. The Government of the Union of Soviet Socialist Republics will not, however, accept any responsibility for the acts of State Economic Organisations

which, under the laws of the Union of Soviet Socialist Republics, are exclusively responsible for their own acts, except in cases where responsibility for such acts has been clearly accepted by the Trade Representative or either of his two deputies, acting for and on behalf of the Government of the Union of Soviet Socialist Republics. All obligations undertaken in the United Kingdom by the Trade Representative or either of his two deputies, acting for and on behalf of the Union of Soviet Socialist Republics, in addition to being signed by the Trade Representative or either of his deputies, must be countersigned by a person to be specially authorised by the Union of Soviet Socialist Republics for the purpose.

(5) The names of the Trade Representative, of his two deputies and of the person authorised as aforesaid shall be supplied to the Government of the United Kingdom from time to time and shall be published in the *Board of Trade Journal*, and the authority of any such Trade Representative, deputy or person authorised to bind the Government of the Union of Soviet Socialist Republics shall be deemed to continue until such time as notice to the contrary is published in like manner.

(6) Any question which may arise in respect of any transaction entered into in the United Kingdom by the Trade Delegation, the Trade Representative or either of his two deputies, acting for and on behalf of the Union of Soviet Socialist Republics, and duly signed in accordance with the provisions of paragraph (4) of the present Article, shall be determined by the Courts of the United Kingdom in accordance with the laws thereof, and, for the purpose of any proceedings which may be instituted in respect of any such transaction, service of the Writ of Summons or other process shall be deemed to be good service if such Writ or process is left at the office in London of the Trade Delegation.

(7) The Union of Soviet Socialist Republics will accept the jurisdiction of the Courts of the United Kingdom in respect of any question referred to in paragraph (6) of the present Article and will not claim any privilege or immunity in connection with any proceedings which may be instituted in pursuance of the said paragraph. Where any writ of summons or other process is served upon them in accordance with the said paragraph (6), the Union of Soviet Socialist Republics will cause the Trade Representative or other person acting on their behalf to take the necessary steps to enable the questions involved in the proceedings to be determined by the Courts of the United Kingdom and to ensure that an appearance to those proceedings is entered on their behalf. Equally, the Trade Delegation, the Trade Representative and his two deputies will accept the jurisdiction of the Courts of the United Kingdom in respect of any question referred to in paragraph (6) of the present Article and will not claim any privilege or immunity, whether under paragraph (2) of the present Article, or otherwise, in connection with any proceedings which may be instituted in pursuance of the said paragraph (6).

(8) All the property of the Union of Soviet Socialist Republics in the United Kingdom shall, notwithstanding any privileges or immunities, be subject to such measures as may lawfully be taken to give effect to the orders of the Courts of the United Kingdom made in any proceedings which may be instituted in pursuance of paragraph (6) of the present Article, other than such property as is necessary for the exercise of the rights of State sovereignty or for the official functions of the diplomatic or consular representatives in the United Kingdom of the Union of Soviet Socialist Republics.

#### ARTICLE 6.

British ships and their cargoes and passengers, and ships of the Union of Soviet Socialist Republics and their cargoes and passengers shall enjoy in the ports and territorial waters of the Union of Soviet Socialist Republics and of the United Kingdom respectively treatment not less favourable in any respect than that accorded to ships of the most favoured nation and their cargoes and passengers.

The provisions of the present Article do not apply to ships registered at the ports of the self-governing Dominions of His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, which are separate members of the League of Nations, or of the mandated and other territories administered under the authority of His Governments in those Dominions, or to the cargoes and passengers of such ships.

Nothing in this article shall entitle British ships to claim any privileges which are or may be accorded by the Union of Soviet Socialist Republics to the fishing fleets of countries situated on the Arctic Ocean.

#### ARTICLE 7.

(1) Nothing in this Agreement shall entitle the Union of Soviet Socialist Republics to claim the benefit of any treatment, preference or privilege which may at any time be in force exclusively between territories under the sovereignty of His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty, protection or mandate.

(2) Nothing in the present Agreement shall apply to—

(a) the special provisions relating to trade contained in treaties which the Union of Soviet Socialist Republics has concluded, or may conclude hereafter, with Estonia, Latvia or Lithuania, or with States on the continent of Asia whose territory borders on the territory of the Union of Soviet Socialist Republics;

- (b) the rights which have been accorded or may be accorded to any third country forming part of a customs union with the Union of Soviet Socialist Republics;
- (c) the privileges which the Union of Soviet Socialist Republics has accorded or may accord to border States with respect to local trade between the inhabitants of the frontier zones.

(3) Nothing in this Agreement shall preclude the right of either of the Contracting Parties to enforce special sanitary or other provisions for the purpose of securing the safety of persons or the protection of animals and plants against diseases and pests, of regulating the trade in arms and ammunition, or of regulating the trade in any particular article under the provisions of any general international convention which is binding on that Contracting Party.

#### ARTICLE 8.

So long as in any territory under the sovereignty of His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty, protection or mandate, other than the United Kingdom and the self-governing Dominions which are separate members of the League of Nations, and the mandated and other territories administered under the authority of His Governments in those Dominions, goods the produce and manufacture of the Union of Soviet Socialist Republics are accorded most favoured nation treatment, subject only to the exception specified in paragraph (1) of Article 7, then goods produced and manufactured in such territory shall enjoy in the Union of Soviet Socialist Republics, completely and unconditionally, treatment as favourable as that accorded to goods the produce and manufacture of the most favoured nation.

Goods the produce or manufacture of Palestine shall not be debarred from the benefits of this Article by reason only of any special customs privileges which may be accorded in Palestine to goods the produce or manufacture of any State the territory of which in 1914 was wholly included in Asiatic Turkey or Arabia.

#### ARTICLE 9.

The present agreement shall be ratified and the ratifications shall be exchanged at Moscow as soon as possible. It shall come into force on the date of the exchange of ratifications and shall remain in force until the expiration of six months from the date upon which either of the Contracting Parties shall have given notice of intention to terminate it.

In witness whereof the undersigned, duly authorised to that effect, have signed the present Agreement and have affixed thereto their seals.

Done in duplicate at London in the English language the sixteenth day of February, 1934.

A translation shall be made into the Russian language as soon as possible and agreed upon between the Contracting Parties.

Both texts shall then be considered authentic for all purposes.

JOHN SIMON.

WALTER RUNCIMAN.

I. MAISKY.

A. OZERSKY.

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## SCHEDULE.

*Balance of Payments.*

1. The payments of the Union of Soviet Socialist Republics in the United Kingdom as hereinafter defined shall bear to the proceeds of the Union of Soviet Socialist Republics in the United Kingdom as hereinafter defined the following proportions :—

In the year ending December 31, 1934	...	1 : 1.7
In the year ending December 31, 1935	...	1 : 1.5
In the year ending December 31, 1936	...	1 : 1.4
In the year ending December 31, 1937	...	1 : 1.2

Thereafter an approximate balance of payments measured by the ratio 1 : 1.1 shall be maintained.

2. For the purposes of this Schedule—

- (a) the proceeds of the Union of Soviet Socialist Republics in any year shall be the value of imports of merchandise (excluding goods transhipped under bond) recorded in that year in the Trade Accounts of the United Kingdom as consigned to the United Kingdom from the Union of Soviet Socialist Republics<sup>(1)</sup>, subject to the deduction of 97 per cent. of the value of canned salmon not handled by the trading organisations of the Union of Soviet Socialist Republics; and
- (b) the payments of the Union of Soviet Socialist Republics in the United Kingdom in any year, subject to the provisions of paragraphs 3 and 4 of this Schedule, shall be the sum of the four following amounts :—

(i) the value of exports of United Kingdom produce and manufactures and of imported merchandise (excluding goods transhipped under bond) recorded in that year in the Trade Accounts of the United Kingdom as consigned from the United Kingdom to the Union of Soviet Socialist Republics subject to the deduction of the value of goods exported or re-exported in that year from the United Kingdom to the Union of Soviet Socialist Republics for which payment is not made in the year in which the export or re-export takes place;

(<sup>1</sup>) Goods passing under bond through the territory of the Union of Soviet Socialist Republics will not be recorded among imports consigned to the United Kingdom from the Union of Soviet Socialist Republics unless they are reconsigned from the Union of Soviet Socialist Republics.

(ii) the amount of credits repaid by the Government or trading organisations of the Union of Soviet Socialist Republics in that year (excluding interest) in respect of exports or re-exports of the United Kingdom in previous years;

(iii) the amounts paid by the Government or trading organisations of the Union of Soviet Socialist Republics in that year in respect of the chartering of British ships registered at ports in the United Kingdom; and

(iv) an amount equal to  $6\frac{1}{2}$  per cent. of the sum of the imports of the United Kingdom from the Union of Soviet Socialist Republics in that year (as defined in paragraph (a) above, and excluding 97 per cent. of the value of canned salmon not handled by trading organisations of the Union of Soviet Socialist Republics) and the exports and re-exports of the United Kingdom to the Union of Soviet Socialist Republics in that year (as defined in sub-paragraph (i) above) to represent the excess of all payments of the Union of Soviet Socialist Republics not otherwise specifically provided for over similar payments of the United Kingdom.

3. If in any year the payments of the Union of Soviet Socialist Republics differ from the amount which they should have reached in accordance with the provisions of paragraph 1 above, the amount of any deficiency will be deducted from and the amount of any excess will be added to the sum of the four amounts referred to in the preceding paragraph in computing the payments of the Union of Soviet Socialist Republics in the following year, and the payments of the Union of Soviet Socialist Republics in that year shall be deemed to be the amount arrived at after the deduction of the amount of that deficiency or after the addition of the amount of that excess, as the case may be.

4. The Government of the United Kingdom agree that expenditure incurred by the Government or trading organisations of the Union of Soviet Socialist Republics upon the purchase for export of British ships registered at ports in the United Kingdom, the export of which, being old vessels, is not recorded among the exports of the United Kingdom, is a proper addition to the payments of the Union of Soviet Socialist Republics, and the Government of the Union of Soviet Socialist Republics will from time to time supply the Government of the United Kingdom with a statement showing the names of any such ships, the amounts paid in respect of each ship, and the dates upon which such payments were made.

5. The trading operations of the Union of Soviet Socialist Republics shall be so conducted that the amount by which the payments of the Union of Soviet Socialist Republics in the United Kingdom fall short, in any year, of the amount which they should

have reached in accordance with the provisions of paragraph 1 above shall not be more than  $7\frac{1}{2}$  per cent. of the latter amount.

6. The Government of the Union of Soviet Socialist Republics will supply to the Government of the United Kingdom the following information in respect of each year :—

- (i) A statement of payments (excluding interest) made in that year in respect of exports of United Kingdom produce and manufacture to the Union of Soviet Socialist Republics showing separately payments made in respect of goods exported during that year and goods exported during each previous year.
- (ii) A statement of payments (excluding interest) made in that year in respect of re-exports from the United Kingdom to the Union of Soviet Socialist Republics (excluding goods transhipped under bond) showing separately payments made in respect of goods re-exported during that year and goods re-exported during each previous year.
- (iii) A statement showing the British ships registered at ports in the United Kingdom chartered during that year and the amounts paid in that year by the Government or trading organisations of the Union of Soviet Socialist Republics in respect of any such ship chartered in that or any previous year.
- (iv) A statement showing the declared value at the time of importation of canned salmon imported into the United Kingdom from the Union of Soviet Socialist Republics which has been handled by trading organisations of the Union of Soviet Socialist Republics.

7. The Government of the Union of Soviet Socialist Republics will also furnish the Government of the United Kingdom with a statement showing the payments (excluding interest) made by the Government and trading organisations of the Union of Soviet Socialist Republics in the year ending the 31st December, 1933, in respect of (i) exports to the Union of Soviet Socialist Republics of United Kingdom produce and manufactures, and (ii) exports to the Union of Soviet Socialist Republics of imported merchandise (excluding goods transhipped under bond) which were exported during that year to the Union of Soviet Socialist Republics.

8. In this Schedule, unless the context otherwise requires, the expression "year" means a year beginning on the 1st January and ending on the 31st December. The expression "merchandise" has the same meaning as in the Trade Accounts of the United Kingdom.